



Not-for-profit Stewardship Group

Access information from meetings of the Not-for-profit Stewardship Group.

Not-for-profit Stewardship Group key messages 25 March 2025



Key topics discussed at the Not-for-profit Stewardship Group meeting 25 March 2025.

Not-for-profit Stewardship Group key messages 19 November 2024



Key topics discussed at the Not-for-profit Stewardship Group meeting 19 November 2024.

Not-for-profit Stewardship Group key messages 17 July 2024



Key topics discussed at the Not-for-profit Stewardship Group meeting 17 July 2024.

Not-for-profit Stewardship Group key messages 19 March 2024



Key topics discussed at the Not-for Profit Stewardship Group meeting 19 March 2024.

Not-for-profit Stewardship group key messages 30 November 2023



Key topics discussed at the Not-for-profit meeting 30 November 2023.

Not-for-Profit Stewardship Group key messages 12 July 2023



Key topics discussed at the Not-for-Profit Stewardship Group meeting 12 July 2023.

Not-for-profit Stewardship group key messages 9 March 2023



Key messages from the Not-for-profit Stewardship group meeting 9 March 2023.

Not-for-profit Stewardship group key messages 5 December 2022



Information about the key topics discussed at the Not-for-profit Stewardship Group meeting 5 December 2022.

Not-for-profit Stewardship Group key messages 21 July 2022



Information about the key topics discussed at the Not-for-profit Stewardship Group meeting 21 July 2022.

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Opening and welcome

The ATO thanked members for attending the meeting and for their ongoing support and collaboration on the not-for-profit (NFP) self-review return. The self-review return is due on 31 March 2025. The ATO acknowledged there is still a lot of work to be done, especially for NFPs with out-of-date Australian business number (ABN) registration details. This reinforces the need for integrity and transparency.

Not-for-profit centre

General update

The ATO shared key highlights from the Helping NFPs get it right keynote presentation. The presentation focused on income tax status and reporting obligations, GST and employer obligations, what attracts the ATO's attention, and what NFPs can do to mitigate risks.

The ATO noted rising debt levels are an emerging risk. NFPs are not exempt from debt collection and should engage with the ATO early. The ATO also shared links to essential guidance and to the ATO **Tip off form**. Members were encouraged to share the presentation slides with their networks.

Operational update

The ATO advised work has doubled compared to this time last year, with an increase in calls and activities leading up to the NFP self-review return due date. Tax concession charity applications and deductible gift recipient (DGR) applications have increased significantly compared to last year.

Additional schedules are being developed as part of streamlining the DGR application process for categories administered by the ATO. Schedules help clients understand the category requirements clearly, which reduces the service standard for processing applications.

DGR risk is an important area of focus, as it is the gateway to exemptions. To ATO will continue work to strengthen that gateway to ensure compliance. A NFP purpose enables access to concessions. Therefore, DGR endorsement, and endorsed NFPs operating for purpose, are important focus areas as part of the ATO's enterprise risks.

Member comments

Members asked if there will be a schedule for school building fund DGR endorsement. There will be a schedule and the ATO will work with the Australian Charities and Not-for-profits Commission (ACNC) to make it accessible, as part of the ACNC application process.

Members asked about the ATO's DGR compliance focus. The ATO's compliance focus is preventative to ensure DGRs are operating for purpose. For this reason, there is a strong focus on guidance to ensure NFPs and advisers get it right from the start. The ATO will undertake compliance when necessary.

Member's discussed Philanthropy Australia's feedback on the specific listing review the importance of thinking about how questions are framed. The ATO is mindful of sensitivity and the need to collaborate with members and the sector to ensure the messages and tone are right.

Technical update

The primary legislation implementing the Global Anti-Base Erosion Model Rules (GloBE Rules) framework in Australia has received Royal Assent. The rules include provisions which define what constitutes a 'non-profit organisation' and 'excluded service entity' for GloBE purposes.

The subordinate legislation containing the detailed computational rules that underpin the GloBE framework has been registered as a legislative instrument. It is subject to disallowance. Notably, it contains provisions that define what constitutes an 'excluded exempt income entity' and 'excluded non-profit subsidiary' for GloBE purposes.

NFPs and intermediaries with queries relating to the implementation of this new measure can contact the Pillar 2 project team at Pillar2Project@ato.gov.au.

Emerging issues – compliance and anti-avoidance

PBI employment entities

A member raised issues relating to employment entities, including public benevolent institution (PBI) structures and uncertainty in the sector surrounding compliance. Members agreed clear guidance with practical examples would be beneficial.

If someone is employed by a PBI undertaking PBI activities, they should be able to access the concessions. However, the ATO is concerned about contrived arrangements where fringe benefits tax (FBT) exemptions are provided to workers employed under labour hire arrangements. Employees are hired to perform work for non-PBI entities and are not directly employed to undertake activities to further the purpose of the PBI. The ATO is aware of these arrangements and is working through compliance implications and signals to market.

The ATO takes an unfavourable view when NFP vehicles are used this way.

Member comments

A member asked if there are plans to publish formal guidance or taxpayer alerts on this topic. The ACNC's view of a PBI was recently reviewed and published. The ATO will consider what further guidance may be needed to ensure that only eligible NFPs access the relevant concessions and apply them correctly.

A member noted some social enterprises and smaller entities evolve over time. They may have received initial advice, but not reviewed their entitlement to tax concessions as their structure and operations develop. Additionally, some advisers are unsure of how to guide NFPs. The ATO will support and work with NFPs trying to do the right thing. Trying to get it right and deliberate non-compliance are different things, and it is the latter that attracts the ATO's attention. There are situations where NFPs are not operating for purpose and have only been created to take advantage of concessions.

Members highlighted that when clients set up a hybrid group with a charitable element, there is often no issue if it is set up correctly at arm's length. Organisations want to remain competitive but also want to ensure they are complying. Guidance with practical examples will help to address uncertainty. The ACNC is undertaking a review of charities with complex structures and expects to update guidance on this topic. Complex structures don't always indicate non-compliance, but organisations don't always need a complex structure to be sustainable.

DGR integrity issues

A member asked if the ATO is still considering DGR pre-filling for income tax deductions as an integrity measure. The ATO project team worked with the Not-for-profit Stewardship Group on the pilot. Based on preliminary results the pilot was placed on hold. The ATO will follow up with the project team for an update.

General compliance observations

The ATO provided an overview of general compliance observations in the NFP sector, including:

- internal restructures and sales of assets by subsidiaries to NFP entities and franking credits
- ancillary fund governance including distributions to non-eligible recipients, not making the minimum distributions, not meeting audit requirements, and not complying with investment strategy requirements
- ensuring NFPs are operating for purpose and meeting all requirements, the ATO noted NFPs accumulating large surplus funds will need to show their accumulation is consistent with the purpose for which it was established
- schools entering arrangements to restructure parent payments, the ATO noted payments made to DGR endorsed school building funds in lieu of school fees are not gifts and are not tax deductible. It is important to ensure school building fund guidelines are met.

Member comments

Members noted auditors raise the accumulated profit issue regularly. The sector would welcome more advice and guidance on this topic. The ATO will review public advice and guidance.

The ATO will consider how to address the issue of school building funds and restructuring parent payments. The ATO will consider meeting with the school sector to ensure there is sufficient, clear guidance on purposes of a school building fund, including meeting gift guidelines. These scenarios highlight the importance of transparency and integrity.

The Helping NFPs get it right presentation will be updated in July and refreshed with the ATO's key messages. It is important for advisers to work with the ATO to address concerns and send appropriate signals to market.

Compliance approach and signals to market

The ATO provided an overview of its risk approach and areas of focus.

Most NFPs are doing the right thing. Therefore, the ATO is focused on front-end compliance as a preventative measure. Whilst the focus is on supporting taxpayers, the ATO must maintain integrity and

transparency in the sector. NFPs are like any other taxpayer, they make mistakes, can be non-compliant, and sometimes use their NFP status to access tax concessions inappropriately.

The NFP self-review return has highlighted compliance issues. There is a shift from self-assessment to other taxable positions, both charitable and taxable. The ATO is committed to supporting NFPs through this transition and acknowledged that transitioning to a taxable position may be significant for many NFPs. The ATO has provided extensive guidance for NFPs that require additional support, including on how to assess taxable income and apply mutuality, which can be complex.

Rising debt levels for some NFPs raises concerns around viability, especially when a NFP that has entered a payment arrangement, defaults on that arrangement. The key message is for NFPs to seek early support from the ATO when they are struggling to meet their reporting and/or payment obligations.

Employer obligations is a significant focus area, given the sector employs 10% of Australia's workforce.

Member comments

Members asked if the ATO has observed instances of insolvent trading. The ATO's focus on transparency and integrity has enabled the increased identification of NFPs that may be having difficulty and need additional support.

A member highlighted an instance where the ATO assisted their client to address issues, without taking a heavy handed approach. The ATO works closely with the debt team to engage NFPs and help them get back on track.

When taxpayers don't engage early, it can be difficult for the ATO to get them back on track. There have been cases where taxpayers have not met their reporting and payment arrangements because of cashflow restrictions, only to see the debt spiral out of control.

The ATO reinforced its focus on risk prevention and tailored treatment options. Most NFPs want to comply, and the ATO wants to support them to do so.

NFP self-review return

The ATO provided an update on NFP self-review return lodgment based on category type, entity size, and lodgment method. While there is an increase in lodgments, the due date of 31 March 2025 is approaching and there is still a long way to go.

Some NFPs will realise they have charitable purposes. These NFPs can still lodge the self-review return for 2023–24, then apply for charity registration with the ACNC. The ATO will work with the ACNC to support NFPs transitioning to their correct taxable status.

The ATO has run targeted campaigns to support NFPs to update their governing documents for the 2024–25 income year. The ATO has assisted many NFPs with lodgment of the self-review return and has made a significant investment in outreach activities to help NFPs lodge.

The ATO gave members an overview of the self-review return communications strategy, activities and results.

Member comments

Some NFPs do not understand what makes up turnover. This question is raised in seminars and sometimes requires additional support to work through. The ATO advised that the question asks for an estimate of the turnover and not the exact figure. The ATO will consider providing further clarification on this topic.

Updating ABN registration details is likely to impact lodgment. There is still uncertainty around the change of registration details form, including who can sign. Additionally, volunteers are reluctant to provide personal details and NFPs are not receiving confirmation when the form is processed. The ATO acknowledged outdated ABN registration details impact a streamlined lodgment process. To assist NFPs, a step-by-step lodgment approach has been published.

There is still some confusion about whether ACNC registered NFPs need to lodge the NFP-self-review return. The ATO confirmed that a registered charity is not required to lodge. However, where a charitable NFP has mistakenly self-assessed as income tax exempt, and realises they are not eligible, they can still complete the return and select the question that asks whether they have charitable purposes. The ATO will work with these NFPs and the ACNC to transition them to the correct taxable status.

ACNC

The ACNC recently undertook a review of charities with complex structures. Learnings from the review will provide further clarification on when these structures are acceptable. Once the process is finalised, the ACNC will consider publishing guidance on complex structures.

The ACNC provided the following operational update:

- There has been a steady increase in applications. Last week saw the highest number of applications for the year.
- There has been an increase in charities using the bulk application process leading up to 31 March 2025.
- There has been increase in calls, primarily from charities that are not registered but should be registered.
- A backlog of bulk applications at the end of last year is now resolved.

Treasury

Due to caretaker conventions, any ancillary fund consultations will happen after the election.

The ACNC advisory board was refreshed, with an increase in representatives to ensure all states and territories are represented.

Community charities guidelines are out for consultation. The guidelines include what is required to maintain compliance. Community charities are a hybrid ATO endorsed category. Steps to endorsement include ACNC registration, compliance with guidelines, and being named in a legislative instrument. Treasury is working closely with ATO and ACNC to establish the endorsement pathway.

Places of worship within CALD communities

Places of worship run by culturally and linguistically diverse (CALD) communities are more than a place to gather for prayer, they serve as cultural and spiritual hubs for communities. For example, during the recent cyclones, local mosques delivered cooked meals, and people

found shelter at places of worship. Most of the funding to run places of worship comes from community donations.


Community places of worship often need to bring qualified practitioners from overseas. This poses some challenges, including with employment conditions. Many people from CALD communities are not working in their qualified field.

Some community members have difficulty understanding their tax obligations. ATO assistance with messaging about tax file number and ABN requirements, and the translation of guidance products, would be very helpful.

Member comments

The ATO will consider suggestions to improve engagement with CALD communities, including working with trusted community leaders. The ATO will continue discussions on how learnings from engagement with Indigenous communities can be applied to improving engagement with CALD communities.

A member noted that many universities participate in Tax Clinic programs. This might be a good option for CALD community members seeking assistance with tax advice.

Treasury highlighted that [GrantConnect](#)  is a centralised publication of forecast and current Australian Government grant opportunities and grants awarded.

Roundtable

GST registration threshold

The group discussed a possible review of the NFP GST registration threshold, noting it hasn't been reviewed for a significant period.

Public advice and guidance

The group discussed which products best suit sector-based advice with a level of certainty. This could be class rulings, practical compliance guides or general web-based guidance, and is often determined on a case-by-case basis. The ATO tailors the advice and guidance product to suit the scenario.

Most NFPs are run by volunteers who often self-serve when it comes to guidance. Members noted the NFP roadmap presents an opportunity to review guidance products holistically to ensure improved services to support CALD communities.

Members and the sector would welcome a deep dive and targeted guidance on FBT concessions, given uncertainty on this topic. Guidance on ancillary funds, including discounts and loans, would also be beneficial.

NFP self-review return and ABN registration

Members noted that aligning the ABN registration process with associate requirements for the various entity types can help with registry and reporting compliance.

The NFP population is an understudied cohort. We can learn more about small, medium and large entities, through the self-review return data.

Discussions regarding structures needs to continue. NFPs are looking to structure for sustainability. Additional guidance will result in better compliance.

Publishing the DGR category on ABN Lookup would make it easier for donors to understand what area the DGR operates in.

NFPs are operating in challenging times, the global environment is impacting the sector. It is a challenge to recruit capable staff. Even larger organisations have had to reduce staff and it is a competitive space in terms of contracts.

Attendees

Attendees list

Organisation	Attendee
ATO	Will Day (Co-chair), Small Business
ATO	Jennifer Moltisanti, Small Business

Arnold Bloch Leibler	Jessica Wills
Australian Charities and Not-for-profits Commission	Natasha Sekulic
Charitas Law	Jae Yang
Charities and Not-for-profits Committee, Law Council of Australia	Seak-King Huang
Clubs Australia	Emily Brennan
Community Foundations Australia	Jane Hawthorne
HWL Ebsworth	Timothy Stokes (Co-chair)
Institute of Certified Bookkeepers	Rob Marshall
Justice Connect	Geraldine Menere
KPMG	Kaylene Hubbard
Not for Profit Accounting Specialists	Ellie Patterson
Philanthropy Australia	Krystian Seibert
Queensland Muslims Inc	Habib Jamal
Saward Dawson	Cathy Braun
SW Accountants and Advisors	Stephen O'Flynn
The Salvation Army Australia	John McIntosh
The Tax Institute	Morag Ingham
Treasury	Peter Robjent
University of South Australia	Kristian Thoroughgood
World Vision Australia	Ben Scuteri

Guest attendees

Guest attendees list

Organisation	Attendee
ATO	Alison Cone, ATO Corporate
ATO	Bruce Matheson, International Support and Programs
ATO	Fran Gobel, Small Business
ATO	Gary Issar, Small Business
ATO	Glenn Cooper, Private Wealth
ATO	James de Clifford, International Support and Programs
ATO	Matthew Faltas, Small Business
ATO	Richard Robinson, Small Business
ATO	Sourina Simmalavong, Small Business

Apologies list

Apologies list

Organisation	Member
Clubs Australia	Simon Sawday
Giuntabell	Nunzio Giunta

Not-for-profit Stewardship Group key messages 19 November 2024

Key topics discussed at the Not-for-profit Stewardship Group meeting 19 November 2024.

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Not-for-profit centre

General update

The Australian Taxation Office (ATO) shared highlights from the keynote presentation Helping not-for-profits get it right, which will be refreshed in 2025.

The ATO also provided an overview of the 2024–25 year to date and areas of focus for 2025. In 2024, the administration of 4 deductible gift recipient (DGR) categories moved to the ATO from other government departments, and the not-for-profit (NFP) self-review return was introduced. The ATO anticipates another busy year in 2025 with the

NFP self-review return and the introduction of a new DGR category for community charities.

Member comments

Members expressed interest in insights and data from the specific listing review. The ATO advised some listed by name changes have already been announced, mostly due to the entity no longer operating. The review didn't discover any significant issues with listed by name DGRs. Analysis of DGR trends is expected to be available towards the end of the financial year. Members also acknowledged the ATO's work to address DGR and tax concession charity application backlogs.

Technical update

Public advice and guidance


The ATO acknowledged member feedback on Taxation Determination TD 93/190 *Income tax: what is the scope of the exemption from income tax provided by subparagraph 23(g)(v) of the Income Tax Assessment Act 1936?* The ATO will establish a sub-working group to review TD 93/190 and is seeking feedback on whether members prefer a Taxation Ruling over a Taxation Determination.

The ATO has refreshed guidance on the authorities who can approve selected types of organisations as approved research institutes. Minor updates have also been made to Taxation Ruling TR 92/2 *Income tax: scientific research – the application of section 73A* to remove outdated references and make miscellaneous editorial updates.

A review of Practice Statement Law Administration PSLA 2014/1 *Administration of penalties for failure to comply with Ancillary Fund Guidelines* is in progress. All ancillary funds endorsed as DGRs must comply with the mandatory guidelines to obtain and maintain DGR endorsement.

Community charities

Legislation to create the new DGR category for community charities, and to require a Treasury minister to make guidelines in respect of those categories, passed in June 2024. Initially the new framework will only apply to the 28 community foundations listed on the Treasury website.

Treasury released the exposure draft of the guidelines and accompanying explanatory material for public consultation in November 2024. See [Building Community – ministerial guidelines for community foundations](#) . Once the guidelines have been finalised, the ATO will proceed to implement the measure.

GloBE rules

Domestic legislation to implement the Pillar 2 reforms has not yet passed parliament. Interested NFPs and advisers should read the Organisation for Economic Co-operation and Development (OECD) model rules and accompanying administrative guidance to understand how the Pillar 2 regime will operate. Jurisdictions generally cannot deviate from the model rules in any substantial manner, as it would mean their domestic legislation ‘unqualifies’ preventing them from collecting top-up tax.

The ATO is undertaking population sizing work to understand how many NFPs could be impacted by the measure. The ATO is also interested in understanding some of the interpretational challenges for NFPs to inform its view on the administration of the measure. The ATO will establish a sub-working group to progress discussions.

NFPs and advisers who have queries, submissions or comments can email the project team at Pillar2Project@ato.gov.au. The ATO is limited to responding to matters relating to implementation of the measure and will refer any policy matters to Treasury.

Compliance

The ATO is focused on the refund of franking credits and eligibility to claim, noting reviews have highlighted some confusion about eligibility. The ATO has provided education on eligibility and how to self-amend if a claiming error is identified. The ATO also delivered cases looking at DGR endorsement and operating for purpose, or a DGR endorsement not being used correctly. When looking at risk, drivers and potential risk events, the ATO considers the impact of changes in environment for the NFP, which includes workforce changes and the loss of expertise.

Member comments

A member asked if the ATO has a specific focus for DGRs. The ATO takes a risk-based approach and does not have a specific focus.

Community feedback and referrals when a DGR is potentially not operating for purpose is reviewed and further action taken where appropriate. NFPs who are unsure or have made a mistake should engage with the ATO to address any concerns.

GST

The group discussed GST risks in the NFP population. By focusing on these risks, the ATO gains a better understanding of how NFPs interact with the GST system, the challenges they encounter, areas where mistakes may occur, and aspects of the law that are considered complex. This helps provide tailored support and guidance.

NFPs have a GST concession under the law. This means they only need to register when their GST turnover is \$150,000 or more. However, some NFPs choose to register when their turnover is below the threshold amount. If an NFP is registered for GST, they can claim credits for GST paid on purchases, but must also remit GST on sales. Most NFPs who are registered for GST use Simpler BAS to report GST. This means they only report G1 Total sales, 1A GST on sales, and 1B GST on purchases, usually on a quarterly basis.

The primary GST risks in the NFP population relate to registration and correct reporting. Key questions NFPs should consider as part of a regular review of their GST obligations include:

- What is the NFPs GST turnover?
- Does the NFP have a GST registration requirement?
- If registered for GST, are business activity statements (BAS) being correctly completed and lodged?
- Is the NFP correctly reporting GST on sales made?
- Is the NFP claiming eligible credits for GST paid?
- Is the NFP paying any net GST amounts outstanding on the BAS?
- Is the NFP correctly cancelling their GST registration in the event of winding up?


The ATO is developing tailored support and guidance to help NFPs better meet their GST obligations. This includes a governance guide incorporating GST content. The ATO is also focused on improving targeted communications and publicly available information.


Member comments

The NFP self-review return has generated questions about the GST turnover threshold for NFPs, and whether it is still appropriate. The ATO advised the annual gross revenue question in the self-review return gives added visibility of an entity's size and potential GST turnover. This allows the ATO to tailor education and support. The ATO noted that any review of the GST turnover threshold is a policy question and a matter for Treasury.

It was noted that approximately 50% of sporting clubs likely have a requirement to be registered for GST but are not registered. Team costs have gone up since the COVID-19 pandemic making it easy to go over the \$150,000 threshold.

Payday Super

On 2 May 2023, the government announced that from 1 July 2026, employers will be required to pay their employees' super guarantee (SG) at the same time as their salary and wages. On 18 September 2024, the government announced further details, including that the ATO's Small Business Superannuation Clearing House (SBSCH) will be closed from 1 July 2026. See [Payday superannuation design details to ensure super is paid on time](#) .

Treasury has published a [Payday Super fact sheet](#)  with further details about the implementation of the measure. Treasury and the ATO will engage with industry and stakeholders on the changes.

Member comments

Members noted NFPs lodge SG using a spreadsheet and most use digital service providers (DSP) like MYOB or Xero. The ATO confirmed it is considering these issues and working with DSPs. Several DSP products offer the ability to report ordinary time earnings (OTE).

The ATO has established the Payday Super Working Group to consult on the implementation of the Payday Super program. A member of the Not-for-profit Stewardship Group has been nominated for membership.

The ATO noted that guidance on honorariums will soon be refreshed, and it will work with members on this topic.

Commissioner of Taxation's address

Commissioner of Taxation Rob Heferen reflected on valuable contributions of stewardship groups and the important role the NFP sector plays in supporting the community and building social cohesion.

The Commissioner thanked members for their input on the design of the NFP self-review return, noting that together we have created a return that is simple to complete. The purpose of the measure is to bring increased transparency and integrity to the system. The ATO appreciates this is drawing out challenges, particularly for smaller organisations that are not income tax exempt. The ATO will continue to support the sector and work with NFPs.

Member comments

Members highlighted there are a large number of NFP regulators, meaning NFPs are required to submit the same information more than once causing regulatory burden. The Commissioner raised confidentiality provisions and noted the ATO will continue to explore opportunities to 'report once, use often'. This topic will be raised at the joint regulators' meeting early next year.


The group discussed the many opportunities and challenges for NFPs to balance budgets in the current environment.

Members also expressed difficulties with updating information held on the Australian Business Register (ABR) and noted there are lengthy delays in receiving a response to requests. This has a flow on impact as ABR information is relied upon by other entities, such as the Australian Charities and Not-for-profits Commission (ACNC) and banks. Additionally, if an entity has outdated details listed on the ABR, they must submit a paper form to change their associate details which is a lengthy process. The Commissioner acknowledged the matters raised and the need for the ATO to consider how processes can become more seamless digital transactions.

Treasury

Treasury opened public consultation on the exposure draft guidelines and accompanying explanatory material for the community charities new measure in November 2024. The consultation period closes on 3 December 2024.

As part of the 2024–25 Budget announcement, the government progressed legislation to amend the tax law to specifically list approximately 10 organisations as DGRs.

The government is continuing to consider the recommendations made in the Productivity Commission's [Future foundations for giving](#)  report released in July 2024. The government will also consider the *NFP Sector Development Blueprint* once it is released by the Blueprint Expert Reference Group and the Economics References Committee's report on the implementation of the NFP self-review return.

Member comments

Members asked if the government is intending to expand eligibility for the new community charity DGR categories, beyond the 28 community foundations named on Treasury's website. Treasury advised that only the 28 community foundations listed on its website will be the subject of a ministerial declaration; however, the government may consider bringing other community foundations into scope in the future.

Members enquired about the specific process a prospective DGR applicant would need to follow to be listed as a community charity. Treasury expects that the process will operate, at least in part, in a similar fashion to the specific listing process. Treasury welcomed member feedback on how the application process should operate, via the public consultation process.

ACNC

The ACNC has experienced an increased level of registration activity throughout the year. This is expected to peak between February and March 2025 and longer wait times may arise throughout this period, depending on an application's complexity.

The ACNC has engaged with peak bodies to provide information on the bulk application process, encourage early applications, distribute educational resources, and provide general assistance in navigating the registration process. The ACNC's relationships with these peak bodies have been crucial to ensuring that NFPs are educated on applicable obligations and the benefits of ACNC registration.

The ACNC will continue to review its processes and will work closely with the ATO to identify trends and mitigate issues as they arise.

Member comments

Members asked if any concerns have been raised about the new charity application question, which asks if the NFP is applying because of the NFP self-review return. The ACNC noted this question does not impact how the application is assessed and advised is included to help the identify:

- groups of related entities the ACNC should consider engaging with, to provide education and support on the registration process
- efficiencies it may introduce in handling registration applications.

Members observed some peak bodies are facing resourcing issues helping their members navigate the ACNC's registration process. At times, peak bodies have had to employ additional staff to provide this assistance.

The ACNC has endeavoured to ease the transition for NFPs as far as possible but observed it will generally depend on how well an NFP is organised and if any technical issues need to be resolved.

NFP self-review return

The ATO gave an update on NFP self-review return lodgments. The top 3 categories that have lodged to date are community service, cultural and sporting. Most lodgments have been made by small and medium NFPs. Where an NFP has self-assessed as taxable, it is primarily due to not falling into one of the self-assessing categories under Division 50 of *Income Tax Assessment Act 1997*.

A new advertising campaign commenced in November, in addition to approved key messages disseminated to peak bodies and government departments (local, state and national) through a public relations campaign.

The dedicated NFP self-review return web page has been refreshed. See **Reporting requirements to self-assess income tax exemption**. The page has been updated to assist with navigation, including a link to access the NFP self-review return guide.

The new **NFP company non-lodgment advice** form is designed to help NFP companies with notifying the ATO of a non-lodgment for their income tax return. A new **NFP tax, super and registry responsibilities**

checklist will assist NFPs to stay on top of their tax, super and registry obligations.

Roundtable

The group discussed areas of focus for 2025. Members emphasised continued difficulties with navigating the change of registration details process. The development of the fillable and downloadable NAT 2943 form for NFPs, and accompanying website guidance is a welcome improvement. Notwithstanding this, members stressed the need for improved communication avenues between the ABR and NFPs and their advisers.

Additionally, members highlighted the importance of improving and consolidating educational resources and public advice and guidance products for NFPs on the following topics:

- GST, particularly in regard to non-commercial activities, determining market value and record keeping
- gifts and donations, particularly with respect to conditionality and the valuation of non-cash donations
- eligibility requirements and application processes for DGR endorsement, particularly for the 4 DGR categories recently transferred to ATO administration, and the new community charity DGR category
- mutuality
- eInvoicing
- ancillary funds
- employer obligations (in particular, FBT and payday superannuation).

Members noted that the NFP roadmap and the NFP self-review return presents an opportunity to ensure NFPs have a holistic understanding of their obligations.

Attendees

Attendees list

Organisation	Member
ATO	Will Day (Co-chair), Small Business
ATO	Jennifer Moltisanti, Small Business
Arnold Bloch Leibler	Jessica Wills
Charitas Law	Jae Yang
Charities and Not-for-profits Committee, Law Council of Australia	Seak-King Huang
Community Foundations Australia	Jane Hawthorne
HWL Ebsworth	Timothy Stokes (Co- chair)
Institute of Certified Bookkeepers	Rob Marshall
Justice Connect	Geraldine Menere
KPMG	Kaylene Hubbard
NFPAS	Ellie Patterson
Philanthropy Australia	Krystian Seibert
Queensland Muslims Inc	Habib Jamal
Saward Dawson	Cathy Braun
SW Accountants and Advisors	Stephen O'Flynn
The Dreaming Foundation	Michael Manikas
The Salvation Army Australia	John McIntosh
The Tax Institute	Morag Ingham

Treasury	Peter Robjent
University of South Australia	Kristian Thoroughgood
World Vision Australia	Ben Scuteri

Guest attendees

Guest attendees list

Organisation	Attendee
ATO	Dora Jain, Small Business
ATO	George Grespos, Small Business
ATO	Joy Tillman, Small Business
ATO	Marisa Hewitt, Small Business
ATO	Matthew Faltas, Small Business
ATO	Michelle Allen, Superannuation and Employer Obligations
ATO	Richard Robinson, Small Business
Australian Charities and Not-for-profits Commission	Carina Mitsinikos
Community Council for Australia	David Crosbie

Apologies list

Apologies list

Organisation	Member
Australian Charities and Not-for-profits Commission	Natasha Sekulic
Clubs Australia	Simon Sawday
Giuntabell	Nunzio Giunta

QC 103752

Not-for-profit Stewardship Group key messages 17 July 2024

Key topics discussed at the Not-for-profit Stewardship Group meeting 17 July 2024.

Last updated 25 October 2024

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Not-for-profit centre

General update

The Not-for-profit (NFP) centre presented its year in review, with highlights from 2023–24 and a sneak peek into 2024–25.

The NFP Stewardship Group (NFPSTG), NFP directors and their teams were thanked for their contributions over the past year.

Member comments

Members asked about revocations by the Australian Charities and Not-for-profits Commission (ACNC) and the possibility of notifying NFPs early about the implications. The ATO is working with the ACNC to improve messaging about the tax implications of losing charity registration.

Members suggested the ATO should allow anonymous complaints, noting complaints are beneficial as they show the gaps in the sector help improve processes.

Deductible gift recipient reforms

DGR Registers

The ATO assumed administrative responsibility for 4 unique DGR categories from other government departments, with the changes taking effect from 1 January 2024. See [Deductible Gift Recipient Registers Reform Transitional Provisions](#).

Web guidance has been updated to reflect the changes, see [DGR categories](#). The ATO is now assessing DGR endorsement applications for these categories under normal business processes.

Taxation Ruling TR 95/2 *Income tax: Overseas Aid Gift Deduction Scheme* is now withdrawn and new category descriptions have been updated on Australian business number (ABN) look-up in line with the changes.

The ATO acknowledged the contribution of the other agencies to the success of the measure's implementation, including training and smooth data exchange.

Insights from DGR specific listing review

The ATO continues to provide tailored advice to NFP administrators through a dedicated NFP advice service, phone **1300 130 248**. So far in 2023–24, the team has serviced over 4,400 calls, across a range of NFP topics including entitlement to DGR endorsement and getting started as an NFP.

Profiling has helped identify priorities and we have started action with those specific listings not registered with the ACNC. Following a streamline review has allowed quick engagement with a tailored approach, including interviews. Most of the specific listing DGRs had never engaged with the ATO, and most were highly responsive.

No significant concerns were noted in the review, which was an opportunity to provide education on good governance and the new NFP self-review requirements for those not registered as charities.

NFP advice and guidance

Changes to web content on the refund of franking credits (REFC) are underway. The ATO is consolidating all REFC web guidance pages and providing additional information on eligibility, substituted accounting periods and rules regarding qualified person test and integrity.

No further feedback was received on Taxation Ruling TR 2013/2 *Income tax: school or college building funds* which will now move to publishing.

Consultation on Tax Determination TD 93/190 *Income tax: what is the scope of the exemption from income tax provided by subparagraph 23(g)(v) of the Income Tax Assessment Act 1936?* will open in July 2024. The ATO will seek feedback from the NFPSG and will look at establishing a sub-working group.

Member comments

Members observed information about sending the ATO statements and the timeframes listed for REFCs is inconsistent. Members also noted that links to definitions for qualified persons would be helpful.

Issues and compliance

The group discussed the ATO's privacy and secrecy powers, and emerging risks in the sector including:

- structuring and lack of transparency
- uncapped fringe benefits to religious organisations
- generous fringe benefits tax concessions for public benevolent institutions
- sovereign citizens who set up private NFP foundations and promoters.

Commercial activities were also identified as an emerging risk in the sector. NFPs could potentially enter commercial dealings unaware of their GST obligations. This needs to be considered as more NFPs are exploring alternative income streams such as the sale or development of land and may be unaware of the correct GST treatment of large one-off transactions. NFPs need to seek appropriate advice to ensure they are meeting their GST obligations and applying their income and assets to their purpose.

Entitlement to franking credits – wills and estates

Entitlement to franking credits is subject to certain rules and requirements. The ATO expects NFPs to be aware of these and how they may impact their eligibility when claiming a refund of franking credits. We have observed situations where NFPs have overlooked the rules and requirements when submitting a claim for a refund of franking credits.

Where an NFP is a beneficiary of a will and receives income from a trust estate, such as franked dividends from shares, its entitlement to franking credits depends on having a sufficient economic interest in the shares, thereby satisfying the 'qualified person rule'. In this scenario, the NFP must have a fixed interest in the capital or corpus of the trust. This normally means having a vested and indefeasible interest in the shares that generate the income.

A beneficiary of a trust estate who is entitled to income only, and not the capital or corpus of the trust, is not entitled to franking credits as

they are deemed not to have sufficient economic interest in the shares that generate the franked income. This means an NFP should:

- confirm their interest under the will and whether, for example, it includes an entitlement to income and to the capital or corpus of the trust estate
- obtain advice, where necessary, on the nature of their interest under the will and whether they are eligible to claim franking credits on the income from the trust estate.

Example: When an NFP is entitled to franking credits

Under the terms of a will, NFP A receives a percentage of the income from the trust estate, and the balance of the capital or corpus of the trust estate, including any assets held, on the death of the last of the individual beneficiaries.

In this example, NFP A is regarded as having a fixed interest in the income of the trust estate in the first instance, and in the capital or corpus of the trust on the death of the last of the individual beneficiaries.

NFP A is therefore entitled to the franking credits on the income from the trust.

Example: When an NFP is not entitled to franking credits

Under the terms of a will NFP A and NFP B receive a percentage of the income from the trust. On the death of the last individual beneficiaries, the balance of the capital or corpus of the trust, including any assets held, is paid to NFP B only.

In this example:

- NFP A is regarded as having a fixed interest in the income but not the capital or corpus of the trust and so is not entitled to franking credits on the income from the trust.
- NFP B is regarded as a fixed interest in the income and capital or corpus of the trust and so is entitled to franking credits on the income from the trust.

Member comments

Members found the session informative and would like to continue to see such engagement.

More examples on ATO guidance will be helpful and the ATO will raise with Treasury the potential to redraft the REFC integrity rules.

ACNC

The updated charity registration form has been launched. There are some system issues with applications on the new form from double defaulters that are being resolved.

Charity applications continue to increase compared with last year. The ACNC is taking a proactive approach, including working with peak bodies, running a one-to-many webinar, and implementing a bulk registration application form.

The 2024 Annual Information Statement will be launched in September. Analysis of 2022 financial reporting now available on the ACNC website.

The ACNC learning platform is changing, with 12 governance modules are being updated. Additionally, a new interactive tool for charities will help them assess if they are doing the right thing. For those not yet registered, it will enable them to assess if they meet the requirements.

Enquiries regarding the self-assessment of income tax exemption have been low, indicating improved messaging.

Treasury

Ministerial Guidelines are being developed on the DGR community charity hybrid model. Treasury expects conduct a 4-week consultation, aiming for release by the end of 2024.

There have been 3 new DGR specific listings and 8 removed in the recent budget. They will be removed following the bill amendment.


Productivity Commission consultation resulted in 700 submissions. These must be tabled in Parliament by 21 August 2024 and will be published before that date.

Enhancing the transparency of income tax exemption


The ATO provided an update on the implementation of the measure and the progress of NFP self-review return lodgments. The ATO is continuing to engage with associations.

A pre-lodgment mail campaign commences on 29 July 2024, with information on Online services, the Self-help phone service, and transitional due date on 31 March 2025. Updates to **Taxable NFP organisations** web content includes information on how to notify the ATO of a non-lodgment advice.

The Tax Practitioners Board is still considering if BAS agents can lodge the NFP self-review return.

A webinar for Indigenous organisations was held on 22 August 2024 and is available online, see [ATO and ORIC webinar – does your NFP need to lodge](#) .

Tax time messages include:

- The NFP self-review is now live and can be lodged through online services or using the Self-help phone service.
- Get ready to lodge by setting up MyGov and linking to your NFP's ABN in Online services for business in Relationship Authorisation Manager (RAM).
- Watch ATO webinars at [Not-for-profit ATOtV](#) 

Members received a live demonstration of how to lodge a NFP self-review return using the Self-help phone lodgment service. Members were also given an overview of non-lodgment advice and governance proof of concepts documents with the opportunity for feedback.

Roundtable

Key points discussed included:

- an aligned system approach for charities reporting to the ACNC, ATO and ASIC
- significant compliance and regulatory costs, including
 - the need to consider ways to reduce compliance burden and make compliance easy for NFPs
 - lack of understanding by FBT rebatable organisations resulting in potential non-compliance

- donations and government funding appear to be reducing, including
 - the need for additional guidance on what commercial activities NFPs can engage in and how to best structure donations from wealthy donors
 - pressure on revenue streams resulting in joint ventures occurring
 - the trend of organisations overcomplicating their structures
 - the need to keep the gift ruling refresh on track
- tight budgets, rapid staff turnover, leadership from outside of the sector and a reduction in volunteers putting pressure on NFPs
- the NFP roadmap focus on tax and super obligations, with members expressing interest in the inclusion of justified trusts and noting the need to clarify the definition of an NFP
- the complex environment clubs operate in, including
 - the gambling reform agenda
 - difficulty attracting directors and board members
 - lack of diversity.

Attendees

Attendees list

Organisation	Member
ATO	Will Day (Co-chair)
ATO	Jennifer Moltisanti, Small Business
Arnold Bloch Leibler	Joey Borensztajn
Australian Council for International Development	Jocelyn Condon
Charitas Law	Jae Yang

Charities and Not-for-profits Committee, Law Council of Australia	Seak-King Huang
Giuntabell	Nunzio Giunta
Community Council for Australia	David Crosbie
HWL Ebsworth	Timothy Stokes (Co-chair)
Justice Connect	Geraldine Menere
KPMG	Kaylene Hubbard
The Salvation Army Australia	John McIntosh
The Tax Institute	Morag Ingham
World Vision Australia	Ben Scuteri

Guest attendees

Guest attendees list

Organisation	Attendee
ATO	David Stuart, Enterprise Solutions and Technology
ATO	Frances Gobel, Small Business
ATO	Glenn Cooper, Private Wealth
ATO	Joy Tillman, Small Business
ATO	Marissa Hewitt, Small Business
ATO	Melinda Knight, Small Business

ATO	Nella DiBenedetto, Small Business
ATO	Richard Robinson, Small Business
ATO	Sourina Simmalavong, Small Business
Australian Charities and Not-for-profits Commission	Sallyanne Stonier
Clubs Australia	Alison Tehan
Philanthropy Australia	Krystian Seibert
The Dreaming Foundation	Michael Manikas
Treasury	Tianna Rehwinkel

Apologies list

Apologies list

Organisation	Member
Australian Institute of Company Directors	Phil Butler
Australian Charities and Not-for-profits Commission	Natasha Sekulic
Chartered Accountants Australia and New Zealand	Susan Franks
Clubs Australia	Simon Sawday
Philanthropy Australia	Sam Rosevear
The Dreaming Foundation	Anthony Ward
Treasury	Rachael

QC 103305

Not-for-profit Stewardship Group key messages 19 March 2024

Key topics discussed at the Not-for Profit Stewardship Group meeting 19 March 2024.

Published 4 September 2024

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Not-for-profit centre

General update

The Australian Taxation Office (ATO) has dedicated teams working on deductible gift recipient (DGR) reforms and the Enhancing the transparency of income tax exemption measure.

The ATO has an initial report on GST reporting compliance in government and the not-for-profit (NFP) sector and will provide updates once further analysis is conducted.

Key updates on the Enhancing the transparency of income tax exemption measure include:

- The self-assessing population has dropped from approximately 157,000 to 155,000 as some not-for-profits (NFPs) are taxable, charitable, or no longer operating.
- A webinar on [New reporting requirements for not-for-profits](#)  is now available on [ATOtv](#)  under the NFP channel. The webinar covers how to update Australian business number (ABN) registration details, registering for Online services for business, and how to lodge the NFP self-review return.
- Additional webinars are scheduled on the following topics:
 - what to do if your entity is charitable
 - taxable status following the NFP self-review return
 - Indigenous organisations.
- The first tranche of letters regarding the NFP self-review return will be sent to approximately 150,000 non-charitable NFPs by the end of the month.

Issues and compliance

The growing debt profile of certain NFP entities is concerning, but even more concerning are their responses to this debt and inability to meet tax and super obligations. The failure to engage early with the ATO or tax advisers can result in more complex situations.

Passion for the cause can result in some directors, boards and committees not focusing on their liabilities such as withholding tax or super because they want to continue to operate for the sake of members.

Ultimately these issues don't resolve themselves. NFPs should consider their financial position as part of their annual general meeting (AGM) and, where necessary, engage with the ATO or consult a tax adviser. Early intervention can provide NFPs with options to allow them to continue to operate.

Directors who fail to act in accordance with their responsibilities can be held accountable for debts and associated penalties.

Member comments included:

- NFPs across the sector are facing financial challenges. As a result, many are looking at new ways of raising income, and dipping into reserves due to funding pressures.
- When NFPs have a debt, sometimes directors are the last to find out. If directors are informed early, they can help address debt issues. Directors should ensure they are aware of their NFP's financial position and discuss it at each AGM.
- Commercial risks are emerging in the sector, with NFPs potentially engaging in commercial dealings without being aware of the GST risks. This needs to be considered as more NFPs try different ways to produce income, often unaware of the GST consequences.

Advice and endorsements team

The ATO provides tailored advice to NFP administrators through a dedicated NFP Premium Advice Service, phone **1300 130 248**. So far in 2023–24, the team has handled over 4,400 calls across a range of topics including entitlement to DGR endorsement and initial steps to establish an NFP. Call numbers are trending upward, which is expected with the income tax and DGR measures underway.

In the 2023–24 financial year, 2,000 applications for DGR endorsement and tax concession charity endorsement have been completed. The team is working through a backlog of applications, prioritising those received from other government departments under the **transitional provisions**. A significant improvement is expected by the end of May.

DGR Registers Reform

New DGR endorsement measures came into effect on 1 January 2024. The ATO has published guidance, see **Deductible Gift Recipient Registers Reform Transitional Provisions**, and has issued communications to affected entities.

Members observed that, although the transitional provisions do not require changes to governing documents for already endorsed entities, many are seeking to make changes due to the new law.

Integrity and governance

Work is continuing on the addendum to Taxation Ruling TR 2013/2 *Income tax: school or college building funds* to reflect the expanded definition of 'schools' following decision in *The Buddhist Society of Western Australia Inc v Commissioner of Taxation (No 2)*. The ATO will undertake consultation once a draft is ready.

Work is underway on several important updates to guidance on ato.gov.au, including:


- expanding information on income tax exempt organisations to include examples of what is and what isn't an exempt organisation under each category
- guidance for taxable NFPs to help classify mutual and non-mutual receipts
- NFP refund of franking credit web content to address gaps regarding eligibility.

The ATO is also currently working on the following public advice and guidance products:

- Taxation Determination TD 93/190 *Income tax: what is the scope of the exemption from income tax provided by subparagraph 23(g)(v) of the Income Tax Assessment Act 1936?* will be updated with current legislative references and examples.
- Taxation Ruling TR 2000/10 *Income tax: public libraries, public museums and public art galleries* will be reviewed to include contemporary scenarios such as virtual museums and galleries.
- Practical Compliance Guideline PCG 2022/12 *GST and Residential Colleges* will be reviewed post-implementation.

DGR-specific listing reviews are progressing with completion expected in July or August 2024.

Treasury

The Blueprint Expert Reference Group continues work on the NFP Blueprint (Blueprint). They have been meeting on a monthly basis with minutes available at [The Blueprint Expert Reference Group](#) .


The ATO is reviewing specific listings with work expected to be completed by around mid-2024.

Members requested an update on the 2022 discussion paper on private and public ancillary funds. Treasury advised this is still in progress and noted there is some overlap with the Productivity Commission's work.

Members suggested more resources should be dedicated to the Blueprint to ensure a quality product and expressed their concern that it is not on track and progressing as it should be.

Australian Charities and Not-for-profits Commission (ACNC)

The ACNC has seen an increase in applications for charity registration in recent months, leading to a backlog. To address this, additional staff have been recruited to work on registrations. Additionally, a bulk registration is being developed to streamline applications from some peak organisations.

The ACNC will undertake analysis using data on [related party transactions](#) .

Enhancing the transparency of income tax exemption

Members were given a live demonstration of the NFP self-review return. Transitional lodgment arrangements are in development and there is a **Self-help phone service** for NFPs who cannot lodge using Online services for business. It is also now easier for NFPs to update their contact details, see **Notifying us of changes to your not-for-profit**.

The ATO will issue 2 letters to approximately 150,000 NFPs with an active ABN currently self-assessing as income tax exempt. The first letter will inform NFPs of their annual NFP self-review obligation and will be issued in 5 tranches from March 2024 to May 2024. The second letter will inform NFPs that the NFP self-review return is available for lodgment and will be issued after 1 July 2024.

Roundtable

Key points for consideration included:

- Member associations and professional organisations are self-assessing as income tax exempt and there needs to be clear messaging to these entities. The definition of an NFP needs to be clarified, especially regarding the differences between how the ACNC and the ATO determine this status. It's particularly important to address what happens if they are not a charity – are they self-assessing as NFPs or taxable NFPs?
- Clients have difficulty interpreting Taxation Ruling 2005/13 *Income tax: tax deductible gifts – what is a gift*. The Taxation Ruling is difficult to understand, and it would be beneficial to consider an article to get organisations thinking about what they can and can't do.
- Member benefits is a topic that causes uncertainty and better messaging around this issue would be useful.
- There is significant focus on the Productivity Commission's report on philanthropic giving and the Blueprint and some frustration that these reviews don't go far enough.
- Cost of living pressures have a twofold impact in terms of reduced donations and increased reliance on services of NFPs.
- Financial and staffing pressures on NFPs are forcing them to be more creative to develop new income streams which in turn can increase opportunities to stray from operating for purpose, make compliance errors or otherwise expose the NFP to additional financial risk. It can also see restructuring to access tax concessions for example, FBT exemption across multiple entities or related party transactions.

Attendees

Attendees list

Organisation	Member or Attendee
ATO	Will Day (Co-chair), Small Business
ATO	Jennifer Moltisanti, Small Business

Arnold Bloch Leibler	Joey Borensztajn
Australian Charities and Not-for-profits Commission	Natasha Sekulic
Australian Institute of Company Directors	Phil Butler
Charitas Law	Jae Yang
Charities and Not-for-profits Committee, Law Council of Australia	Seak-King Huang
Clubs Australia	Simon Sawday
Giuntabell	Nunzio Giunta
HWL Ebsworth	Timothy Stokes (Co-chair)
Justice Connect	Geraldine Menere
KPMG	Kaylene Hubbard
Philanthropy Australia	Sam Rosevear
The Dreaming Foundation	Michael Manikas
The Tax Institute	Bridgid Cowling
Treasury	Rachael McCrick
World Vision Australia	Ben Scuteri

Guest attendees

Guest attendees list

Organisation	Attendee
ATO	Dora Jain, Small Business

ATO	Frances Gobel, Small Business
ATO	Joy Tillman, Small Business
ATO	Marisa Hewitt, Small Business
ATO	Nella DiBenedetto, Small Business
ATO	Richard Robinson, Small Business
ATO	Sourina Simmalavong, Small Business
ATO	Stella Lahanas, Enterprise Solutions and Technology

Apologies list

Apologies list

Organisation	Member
Australian Council for International Development	Jocelyn Condon
Community Council for Australia	David Crosbie
The Dreaming Foundation	Anthony Ward

QC 102986

Not-for-profit Stewardship group key messages 30 November 2023

Key topics discussed at the Not-for-profit meeting 30 November 2023.

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Membership updates

Jacky Rowbotham has retired from Treasury, and we welcome Emma Baudinette and Rachael McCririck.

Joe Zabar and Ross Joyce have resigned, and this will be Bridgid Cowling's last meeting as the Tax Institute representative.

Morag Ingham from Findex will be joining as Chair of the (not-for-profit) NFP Technical Committee at the Tax Institute and Kaylene Hubbard from KPMG will join as a member from July 2023.

I thank all departing members for their commitment and contribution to the sector and for working with the ATO on many important NFP matters over the years.

There will be a membership refresh in 2024 with a similar format to the last refresh. Expressions of interest will be called in early 2024 and

interested members will be provided the opportunity to re-apply for their position with the group.

Not-for-profit centre

New measures - Deductible gift recipient (DGR) Registers Reform

The Australian Taxation Office (ATO) administers 48 of 52 DGR categories set out in Division 30 of the *Income Tax Assessment Act 1997*. On 28 June 2023, the Treasury Laws Amendment (Refining and Improving our Tax System) Act 2023 became law. The amendments to the *Income Tax Assessment Act 1997* transfer administrative responsibility of 4 unique DGR categories from other government departments to the ATO.

The changes take effect from 1 January 2024 and repeal provisions that require each of the 4 departments to maintain a separate register.

The new law contains transitional provisions to ensure organisations currently endorsed as DGRs under the 4 unique categories continue to be endorsed if they continue to meet eligibility criteria.

We have worked with each government department to ensure a smooth transition in administration.

Refreshed guidance on the eligibility requirements for the 4 unique categories will be available from 2 January 2024.

Technical updates

Approximately 25 pieces of technical guidance to be reviewed and planned for NFP.

One of the key pieces is the School Building Fund addendum to Taxation Ruling TR 2013/2 Income tax: school or college building funds.

Community sheds guide has been released but minimal feedback was received from the sector.

We are working towards a 2024 release for the updated Mutuality Guide focussing on simplified guidance and examples, for sporting organisations and other NFPs.

Treasury

Treasury's focus recently includes:

- Work to ensure a smooth transfer of administrative responsibility of 4 unique DGR categories from 4 other government departments to the ATO. We worked to ensure as many Registers briefs as possible were progressed before 30 November to minimise backlogs and delays in Registers applications during the transition period.
- Progressing legislation
 - Treasury Laws Amendment (Better Targeted Superannuation Concessions and Other Measures) Bill 2023 containing amendments to the Australian Charities and Not-for-profits Commission (ACNC) Act to enact Area 2 reforms to the Secrecy provisions before Parliament on 30 November 2023.
 - Further policy work on the Area 3 secrecy provisions is ongoing within Treasury.
 - Remake of the Charities (State or Territory Government Entity) Instrument 2023 is out for consultation until 15 December 2023.
 - Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Bill 2023 containing the measure to facilitate certain community charities to achieve DGR status has passed through the house and is now before the senate.
 - The Ministerial Guidelines have yet to be put out for consultation, Treasury hopes to be able to publish those for feedback sometime in the new year.
- Engagement with the Blueprint Expert Reference Group (BERG) ahead of the issues papers release
 - While BERG's work has a slightly different scope and aim to the Productivity Commission's Inquiry into Philanthropy, Treasury is an observer on the BERG committee. Treasury is working closely with the Department of Social Services (DSS) to ensure that any government response to both measures is coherent and consistent across the 2 processes.
- Specific listings
 - Work continues on progressing proposals for specific listings ahead of the release of Mid-year economical and fiscal outlook.

- Treasury is eager to see the findings of the review work the ATO is conducting in early 2024 to survey all organisations that are specifically listed, as visibility of these organisations and their activities is currently low.

ACNC

ACNC are aware of the current delay in processing charity registration applications, and we are working through the work on hand.



To address the delay staff are being upskilled, there is a focus on recruitment, and we are exploring the possibility of streamlining application assessment processes.

Work continues with peak bodies to explore streamlined processes, including bulk registration of applications in certain circumstances, to support the increase in applications expected from the self-assessing income tax exempt measure.

We are considering the possibility of capturing self-assessing income tax exempt measure information through the ACNC registration application to identify NFPs applying because of the measure.


Registration application changes are being made because of the DGR reforms involving the 4 registers coming into effect from 1 January 2024.

First de-identified registration decision has been published:

- Background and context - [ACNC Secrecy Reforms Project](#) 
- [De-identified Reasons For Registration Decision – Proprietary Company Limited By Shares \(Pty Ltd\)](#)  decision.

We are working on an interactive online self-assessment tool that has been user tested through our consultation forums for review and feedback.

Multi factor authentication for the ACNC charity portal is progressing and will start to be enabled in 2024.

The 2023 Annual Information Statement is now available to charities including new questions on [related party transactions](#) .

ACNC webinar on [Related Party Transactions and the Annual Information Statement](#)  is available.

Public Advice and Guidance

TR 2013/2 review update – [Income tax: school or college building funds \(PDF 164KB\)](#) 

Update on the School Building Fund addendum to Taxation Ruling TR 2013/2 **Income tax: school or college building funds** to account for the outcome of the Buddhist Society case:

- ‘School’ will have its ordinary meaning – removing different assessment of recreational and vocational education.
- Updating the language around the term ‘substantially used’ as a school.
- Discussions on the changes progressing with the public advice and guidance unit.
- Aim is to clarify the Commissioner of Taxation’s view and hoping addendum can be finalised early in the new calendar year.
- We will keep the group updated on the progress.

The Blueprint Expert Reference Group presentation

In the 2022–23 October Budget the government announced the measure to develop the NFP Sector Development Blueprint (the NFP Blueprint) and doubling philanthropic giving by 2030.

To deliver the measure the DSS is working with the Community Services Advisory Group (CSAG) to develop the NFP Blueprint.

The Productivity Commission will review the current framework to incentivise philanthropy in the NFP sector.

The development of the NFP Blueprint is expected to provide a roadmap for government reforms and sector led initiatives to boost the sector’s capacity to support and reconnect Australian communities.

The Productivity Commission has been tasked with delivering an inquiry into philanthropy by May 2024.

Development of the NFP Blueprint will complement other strategies and government policy development processes related to the NFP sector. A well-functioning Australia needs a strong NFP sector.

The NFP Blueprint Issues Paper provides you with information on the background and the purpose of the NFP Blueprint and asks specific questions for you to respond to.

Visit the BERG site on dss.gov.au at [The Blueprint Expert Reference Group \(BERG\)](#) [↗](#) for updates.

New ato.gov.au

The ato.gov.au website has been in place for nearly a decade and is coming to the end of its service life.

Research, user consultation and concept testing has supported the development of the new, updated website.

Testing during Private Beta with external participants was very positive and supportive of the work undertaken on the updated website design.

Public Beta commenced early November 2023. Users have been able to access the Beta website by clicking the link in the banner at the top of ato.gov.au

In late November 2023, the new, updated ato.gov.au will become the 'default' website when a user navigates to ato.gov.au. Users can still access the legacy website via a link in the banner on the top of the page.

Your feedback is welcome during Public Beta. The feedback survey is in the banner at the top of new, updated ato.gov.au

The new website will have improved navigation, a refreshed design and enhanced search. Audience segments will be reduced from 6 to 3, Individuals and Families, Business and Organisations and Tax and Super Professionals.

Web content, tools and calculators, Quick codes (QCs), redirects, how user's login to portals and location of the search bar will all remain the same.

Enhancing transparency of income tax exemption

Members were provided a myGovID and Relationship Authorisation Manager (RAM) walk-through by the ATO Digital Experience team.

It is important have up-to-date details and **notify us of changes** before accessing Online services for business. This is to ensure the correct people are authorised to access government online services on behalf of NFPs. See **Set up myGovID and RAM** for more information.

Critical updates

How to prepare a NFP self-review return questions were published to assist NFPs with preparing their answers before the return is available on 1 July 2024.

Updating Australian business number registration details including address, associates and authorised contacts remains a key message for NFPs, and we are exploring options to streamline this process for NFPs. Guidance on **notifying us of your changes to your not for profit** will be updated.

Members were provided the opportunity to review the content and language in correspondence that will be issued to NFPs regarding their new reporting obligation. Insights received around draft correspondence and suggested inclusions will be incorporated into revised drafts or be considered for new public guidance and fact sheet resources.

Other business

Significant NFP reporting obligations and DGR reforms were introduced in 2023 to:

- establish sector visibility across the community
- maintain system integrity
- support a level playing field.

Members worked across several working groups to shape new public advice and guidance products. Members contributed valuable insights on the development of a new NFP self-review return and reporting framework for NFPs who self-assess as income tax exempt.

Key highlights included:

- input and feedback on the design of the return questions and administrative pathways for implementation of the NFP self-review return – member feedback supported a streamlined, effective and easy-to-use return that has tested well

- the review of public advice and guidance products including the development of the new NFP self-review return reporting page, return guide webpage, and contemporary examples of grants and sponsorships for NFPs
- input on Treasury consultations on new legislation and key changes impacting the NFP sector to help shape the implementation of legislative and administrative changes
- collaboration on strategies throughout the implementation of DGR reforms
- the cascading of messages to ensure NFPs are informed and supported.

Focus for 2024:

- 2024 will see the most significant change to the sector since the introduction of the ACNC in 2012.
- From the 2023–24 income year, non-charitable NFPs with an active ABN who self-assess as income tax exempt will be required to lodge an annual NFP self-review return to self-assess as income tax exempt. The first return for the 2023–24 income year is due from 1 July 2024.
- Working collaboratively with members, broader networks and peak bodies to digitally onboard NFPs so they can meet the new reporting obligations will be a major focus including
 - the review of public advice and guidance to ensure products are fit for purpose, input has already been requested on *TR 2013/2 Income tax: school or college building funds* and at least 25 products have been identified for review in 2024
 - the cascading of key messages potentially via joint webinars, podcasts and social media posts – the group's co-chair will facilitate a Tax Institute session with Jennifer Moltisanti in March
 - the development of the NFP roadmap given the government's announcement on doubling philanthropic giving by 2030, and the Productivity Commission's review of philanthropy policy settings.

Attendees

Attendees list

Organisation	Attendee
ATO	Will Day (Co-chair), Small Business
ATO	Jennifer Moltisanti, Small Business
Arnold Bloch Leibler	Joey Borensztajn
Australian Charities and Not-for-profits Commission	Melville Yates
Australian Council for International Development	Jocelyn Condon
Australian Institute of Company Directors	Phil Butler
Charitas Law	Jae Yang
Charities and Not-for-profits Committee, Law Council of Australia	Seak-King Huang
Clubs Australia	Simon Sawday
Giuntabell	Nunzio Giunta
HWL Ebsworth	Timothy Stokes (Co-chair)
Justice Connect	Geraldine Menere
KPMG	Kaylene Hubbard
Philanthropy Australia	Sam Rosevear
The Tax Institute	Bridgid Cowling
Treasury	Rachael McCririck

Worlds Vision Australia	Ben Scuteri
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Guest attendees

Guest list

Organisation	Attendee
ATO	Belinda Clear, Enterprise Solutions and Technology
ATO	Frances Gobel, Small Business
ATO	Ilana Quirke, Enterprise Solutions and Technology
ATO	Joy Tillman, Small Business
ATO	Luke Rimmelzwaan, Office of the Chief Tax Counsel
ATO	Marisa Hewitt, Small Business
ATO	Nella Di Benedetto
ATO	Sean Beven, ATO Corporate
ATO	Richard Robinson, Small Business
Anglicare	Kasy Chambers
Australian Council of Social Service	Robert Sturrock
Department of Social Services	Rose Beatty
The Tax Institute	Morag Ingham
University of WA	David Gilchrist

Apologies

Apologies list

Organisation	Member
Australian Charities and Not-for-profits Commission	Natasha Sekulic
Chartered Accountants Australia and New Zealand	Susan Franks
Community Council for Australia	David Crosbie
The Dreaming Foundation	Anthony Ward
The Salvation Army Australia	John McIntosh
Treasury	Emma Baudinette

QC 101843

Not-for-Profit Stewardship Group key messages 12 July 2023

Key topics discussed at the Not-for-Profit Stewardship Group meeting 12 July 2023.


Last updated 16 October 2023

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- [Second Commissioner's address](#)
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Second Commissioner Jeremy Hirschhorn highlighted the importance of stewards working together to shape effective administration. Members provide a critical voice for the large not-for profit (NFP) sector which plays an important role in the Australian economy.


NFP centre

Web guidance will be updated shortly to include a page on reporting requirements for NFPs to self-assess their income tax exemption. The mutuality guide will also be reviewed.

Post meeting update – web guidance is now live **Reporting requirements to self-assess income tax exemption.**

Some older rulings will be refreshed over the coming months and into 2024. We will run small working groups to test language and examples. This approach has worked effectively and has been well received by the community in the past.

Taxation Ruling TR 2013/2 *Income tax: school or college building funds.* This ruling and related web guidance are being reviewed to reflect the Federal Court decision in Decision Impact Statement **The Buddhist Society of Western Australia Inc v Commissioner of Taxation (No 2).**

- Taxation Ruling TR 95/27 Income tax: public funds
- [Taxation Ruling TR 2000/10 Income tax: public libraries, public museums and public art galleries \(PDF 133KB\)](#) 

We are expecting enquiries to increase this year due to significant reforms in 2023 and 2024. We are committed to working with the sector.

New measures update

Deductible Gift Recipient (DGR) Registers Reform

On 28 June 2023, the *Treasury Laws Amendment (Refining and Improving our Tax System) Act 2023* became law. The amendments to the *Income Tax Assessment Act 1997* transfer the administrative responsibility of 4 unique DGR categories from other government departments to the ATO.

The changes take effect from 1 January 2024 and repeal provisions that require each department to maintain a separate register.

Updating guidance will be key to a smooth transition.

We have been working closely with the other government departments to ensure clear pathways for applications in progress. Guidance on the application process will be updated.


Member comments

- Members asked whether there will be further information on the donation of unlisted shares. The ATO advised it will review its web

content for donors on the valuation process and make updates as required.

- Justice Connect receives great feedback on the NFP Centre and the assistance it provides to clients. The ATO will share the feedback with its teams who work hard to support the sector.
- Members asked what is driving DGR revocations. The ATO advised it has revoked DGRs that are no longer eligible for endorsement under the DGRs required to register as a charity measure.

Treasury


[Building Community – deductible gift recipient status for community foundations](#) . The government is consulting on the Treasury Laws Amendment (Measures for Consultation) Bill 2023: New class of deductible gift recipients to implement the decision to provide DGR status to up to 28 community foundations affiliated with Community Foundations Australia.

The consultation closes on 16 July. It is a short consultation due to drafting pressures.

The endorsement will be facilitated under a hybrid model and will only apply to the 28 community foundations listed in the legislative instrument. Endorsement will provide longevity to these community foundations. The model may be applicable to other entities.

We are working on a draft for greater disclosure under the ACNC secrecy provisions. The Minister is committed to public consultation on this matter.

We have been working with Department of Social Services on doubling philanthropic giving and the sector development blueprint. The Blueprint Expert Reference Group (BERG) has been tasked with developing an issues paper. This will form the basis for broad consultation on the development of an NFP sector development blueprint.


Refer [The Blueprint Expert Reference Group \(BERG\) latest updates](#)  for progress on the issues paper

Member comments

- Members questioned whether community foundations will be able to carry out activities. Treasury confirmed community foundation DGR endorsement can be provided to item 1 DGRs and they can be involved in activities.
- Members asked if an activity comes under one or more of the 52 general DGR categories, whether a community foundation can give to another organisation carrying out that activity, even if it is not an item 1 DGR. Treasury confirmed this is correct.

ACNC

There will be a new Assistant Commissioner as Anna Longley has left The Australian Charities and Not-for-profits Commission (ACNC).

Guidance on [Related Party Transactions](#)  has been issued. From the 2023 Annual Information Statement onwards, all charities (except Basic Religious Charities) are required to report on their related party transactions. Feedback indicates guidance could be simplified.



The annual [Australian Charities Report – 9th Edition](#)  has been released.

- Data shows that \$13.4 billion of charity revenue is made up of donations and bequests.
- Charities distributed \$9.7 billion in grants and donations.
- Data confirms nearly one fifth of registered charities are grant makers.
- Total revenue reported to the ACNC rose to \$190 billion, an increase of \$14 billion on the previous year. Whilst the number of people giving has not increased, donations increased by \$676 million to a total of \$13.4 billion.
- Volunteers continue to underpin the work of the sector and 50% of charities operate with no paid staff. There has been a decrease in number of people volunteering due to Covid-19. People are also volunteering in different ways.
- 4% of charities didn't undertake activities during the year and of that figure 44% indicated it was due to Covid-19.

The [Commissioner's Interpretation Statement: Health Promotion Charities](#)  (CIS) has been released. The CIS does not narrow the

interpretation of Health Promotion Charities (HPC). Theoretically HPCs registered will stay registered. A HPC is 'an institution whose principal activity is to promote the prevention or the control of diseases in human beings'. Other activities such as administrative functions are ancillary to the principal activity.

The Public Benevolent Institution CIS is close to being released as the final version. We have conducted extensive consultation on this matter and believe the CIS will be very clear.

From 1 May 2023, charities intending to fundraise in Queensland will only need to notify the QLD Office of Fair Trading by submitting a charity [ACNC registration notification form](#) . The [ACNC welcomes further fundraising red tape reduction in Queensland](#) .

Member comments

- Members asked whether the ATO is cross-referencing what individuals claim in their tax returns and what DGRs receive, as the ATO has referred to making better use of ACNC AIS data. The ATO advised its systems have internal risk filters for checking donations in tax returns and taxpayers may have to provide evidence for what they are claiming.

New ato.gov.au platform

The ATO is aiming to design a better experience and modern platform with a data driven approach. The platform is built with a new information architecture.

We consulted with 1,000 NFPs to understand their core needs. The feedback was for something simple and easy to use.

The website will have 3 major headings (down from 6):

- Individuals and families
- Business and organisations
- Tax and super professionals.

NFP will be located under Business and organisations.

The search function is anchored.

The website will have a new look and feel, but the actual content is not changing. All links will work when the website goes live on 4 December

2023.

Member comments

- Members asked whether an artificial intelligence (AI) model is being built into the website. The ATO advised its focus right now is ensuring content is correct and well tagged. It is looking at what others are doing with AI.

Single touch payroll

On 2 May 2023 the Australian Government announced that from 1 July 2026, employers will be required to pay their employees' superannuation at the same time as their salary and wages, **Payday superannuation**.(Payday Super)

The team working on Payday Super will engage and consult with stakeholders. The consultation, **Increasing the payment frequency of superannuation guarantee** is registered on ato.gov.au

Treasury will consult separately on the policy for Payday Super.

We are looking to enhance how we match and store single touch payroll and member account transaction service data to proactively support employers to manage super guarantee (SG) compliance under the current rules.

SG payments must be received by the employees' fund on or before the due date. This means employers need to make the contribution before the due date. If employers use an intermediary, like a commercial clearing house, they should know how long the payment process takes and factor that into their payment timeframes.

The double giving agenda

Philanthropy Australia presentation

Philanthropy is important as it leads to a better society. There's power in community led change and philanthropy promotes better sharing of wealth.

Results from the [Redbridge polling and focus groups](#) [↗](#) polling of more than 2,500 people across Australia reveals very strong support for initiatives to increase giving in Australia. It suggests a keen and

open-hearted generosity is alive in the community and that there has been a significant change in sentiment towards a more compassionate approach across society. The survey showed that 74% of respondents agree or strongly agree that 'giving brings people together and strengthens our sense of community'.

Three key pillars or motivations emerged:

- Personal connection – people are motivated to give where they have an emotional connection to a cause.
- Agency – people are motivated to give when they can choose to give on their own terms, including when and how much (money or time) they give.
- Community – the act of giving makes people feel part of a bigger (cohesive) community and connects to an Australian identity of mateship.

Government has a role to play in fostering giving, as philanthropy reaches places the government cannot. Philanthropy amplifies the impact of government and improves national wellbeing and productivity.

Key points for consideration:

- What reforms should we advocate for?
- The government's policy is to double giving by 2030. What are the implications for the ATO? What will the ATO contribute?
- What can each of us contribute?

Further information, [A Strategy to Double Giving by 2030](#) .

Enhancing transparency of income tax exemptions

From the 2023–24 income year, non-charitable not-for-profits with an active ABN will be required to lodge an annual self-review return to access an income tax exemption.

The first return is required to be lodged between July and October 2024 using the existing ATO online and secure platform, Online services for business and Online services for agents.


The annual self-review return is currently under development and user testing will commence shortly. The return will comprise questions that guide NFPs to review their purpose and activities against specific eligibility requirements of an income tax exempt entity.

Members were presented the draft prototype return. Feedback from this session will be used to streamline the return.

The new legislation page **Not-for-profits – enhancing the transparency of income tax exemptions** has updated information on how NFPs can get ready for the reporting changes by self-assessing their tax status now and getting digital ready.

Stay tuned for a dedicated web page to be published soon on Reporting requirements to self-assess income tax exemption.

Post meeting update: **Reporting requirements to self-assess income tax exemption** is now live on ato.gov.au

If you have any questions or feedback, email nfpstewardshipgroup@ato.gov.au 

Attendees

Attendees list

Organisation	Attendee
ATO	Will Day (Co-chair), Small Business
ATO	Jennifer Moltisanti, Small Business
Arnold Bloch Leibler	Joey Borensztajn
Australian Institute of Company Directors	Phil Butler
Clubs Australia	Simon Sawday
Community Council for Australia	David Crosbie
Giuntabell	Nunzio Giunta

HWL Ebsworth	Timothy Stokes (Co-chair)
Justice Connect	Geraldine Menere
Philanthropy Australia	Sam Rosevear
Prolegis Lawyers	Jae Yang
The Salvation Army Australia	John McIntosh
The Tax Institute	Morag Ingham
Treasury	Karen Dunn
Worlds Vision Australia	Ben Scuteri

Guest attendees

Guest list

Organisation	Attendee
ATO	Belinda Black, Superannuation and Employer Obligations
ATO	Claire Miller, Enterprise Solutions and Technology
ATO	Frances Gobel, Small Business
ATO	James Barry, Superannuation and Employer Obligations
ATO	Jeremy Hirschhorn, Second Commissioner
ATO	Joanne Cameron, Superannuation and Employer Obligations
ATO	Joy Tillman, Small Business
ATO	Melinda Knight, Small Business

ATO	Michelle Allen, Superannuation and Employer Obligations
ATO	Richard Robinson, Small Business
ATO	Sean Beven, ATO Corporate

Apologies

Apologies list

Organisation	Member
Australian Council for International Development	Jocelyn Condon
Australian Federation of Disability Organisations	Ross Joyce
Charities and Not-for-profits Committee, Law Council of Australia	Seak-King Huang
Chartered Accountants Australia and New Zealand	Susan Franks
KPMG	Kaylene Hubbard
The Dreaming Foundation	Anthony Ward
The Tax Institute	Bridgid Cowling
Treasury	Jacky Rowbotham

Not-for-profit Stewardship group key messages 9 March 2023

Key messages from the Not-for-profit Stewardship group meeting 9 March 2023.

Last updated 27 July 2023

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Key messages from the Not-for-profit Stewardship group meeting 9 March 2023

Treasury

Transfer of DGR registers reform

Measure was announced as part of the 2017 Deductible gift recipient (DGR) reforms, that will see the administration of four DGR Registers to the ATO.

Treasury opened public consultation on the DGR Registers reform between 19 January and 19 February 2023. Around 40 submissions were received. This informed changes made to draft enabling legislation, including:

- 2 changes to the Overseas aid gift deduction scheme – a DGR will be eligible as a fund not just as an institution. Intuitions will also be able to partner with other entities including individuals.
- The 'In Australia' condition was removed from the Harm Prevention category.

It is expected that the Bill will be tabled during the Autumn 2023 sitting, with a possible effective start date of early 2023.

ACNC secrecy provisions

The 2018 Australian Charities and Not-for-profit Commission (ACNC) Review recommended discretion to disclose information about regulatory activities. The Charities Minister is considering the reform in regard to disclosure around registrations and investigation outcomes.

Exposure legislation and an explanatory memorandum are being drafted with potential to be opened up to public consultations in April 2022.

Removal of cheques

There was recent consultation held on the Strategic Plan for the Payments System, which also discussed the potential for the removal of cheques. It is flagged for discussion at the ACNC Sector Forum in March 2023. There is also potential for a standalone consultation to be opened to consider consequences for this reform.

New Zealand has already implemented a removal, given the service-cost of cheques.

The ATO can still issue refunds by cheque.

Member comments

- Is there any update on the progression of Ancillary Fund proposals? They don't appear to have progressed since the 2022 consultation.

Treasury advised the new government has focussed on other priorities. The sector may seek change through advocacy.

- Has there been any development in Beneficial Ownership?

Another Treasury unit is handling this matter. My Not-for-profits and Tax Administration Branch will advocate to engage the sector on any impacts.

- Member: Consultation paper released on Australian Accounting Standard Boards (AASB) Tier 3 Reporting. It appears regulators will set the operation of that standard. Will AASB rectify this? The impact may be the standard will not progress as intended.

ACNC Advised that they are also drafting a submission.

- Member: Has there been a level of agreement on fundraising principles? Interested in knowing more about how the departure from harmonisation principles would look.

Treasury advised a working group that involves states and territories are looking into this.


- Member: The Charities Minister has been meeting with charities. Is there any update on the Productivity Commission's Philanthropy Review?

Treasury advised the Productivity Commission's draft report is expected around November 2023, with the final report due around May 2024.


ACNC

Since being appointed, a key focus of the new ACNC Commissioner has been on connecting with charities.

The ACNC welcomed the Government's announcement on nationally consistent fundraising principles.

After consultation with the sector, the ACNC has released [guidance for charities around crypto-assets](#) . It includes information on what charities should consider before accepting donations of crypto-assets or investing in these assets. They need to consider the risks involved and if the investment is right for them.

The ACNC published guidance on their website to provide clarification on charity activities in the lead-up to the planned referendum on an Indigenous Voice to Parliament. Charities who want to contribute to these conversations can get more information at Charities, advocacy and the planned referendum on an indigenous voice to parliament. Essentially, if a charity wants to provide a statement of support, this will not jeopardise charity registration. Charities should ensure they can demonstrate why they consider the advocacy further their charitable purpose.

[Related Party Transaction](#)  Reporting is due to start in the 2023 Annual Information Statement (AIS). Charities need to ensure

they are aware of what related party transactions are, know how to identify them and record them.

The ACNC consulted with the sector on the form of the question in the AIS and is looking to balance the need to gather enough information to support effective regulation with minimising the compliance burden.

Work is progressing on the Public Benevolent Institution (PBI) and Health Promotion Charity (HPC) Commissioner's Interpretation Statements. While there is no firm timeframe for finalisation, the ACNC is seeking to make the statements as robust and helpful as possible, by providing detailed information for those who need it.

NFP Centre

The Buddhist Society of Western Australia Inc v Commissioner of Taxation (No 2) [2021] FCA 1363 (4 November 2021)

The Federal Court found the ATO's interpretation of schools was too narrow. Key points of note were that:

- while regular, ongoing and systematic instruction may be provided, the presence of these factors is not essential to satisfy the ordinary meaning of school, and
- the ordinary meaning of school does not require a course education to be vocational as opposed to recreational.

The Decision Impact Statement acknowledges the Federal Court decision.

ATO assessment of school building fund DGR applications will also reflect these findings.

Tax Ruling 2013/2 and web-guidance will be reviewed and updated to reflect the decision. A timeline is yet to be confirmed but is likely to be toward the end of 2023.

We will seek small working groups to test language and examples, which has previously worked effectively and been well received by the community.

GST Ruling 2012/2 Goods and services tax: financial assistance payments

Examples have been developed to support the ruling. These have been progressed through to our corporate writing services for review.

We expect to share the updated content with members before publishing.

Deductible gift recipients (DGR) reforms

DGRs required to be registered charity

Most non-government deductible gift recipients (DGRs) needed to register as a charity by 14 December 2022 to continue to be eligible for DGR endorsement.

We've recently reviewed non-government DGRs against the requirements to be a registered charity or operated by one, and have commenced revoking DGR endorsement of those that are no longer eligible.


DGRs that don't meet the eligibility requirements or haven't been approved by the ATO for a 3-year extension are no longer entitled to DGR endorsement and will have their status revoked. These DGRs will receive a notice with the date, reason for revocation and rights for the decision to be reviewed. A DGR that has their status revoked will be able to re-apply for endorsement if they later satisfy DGR requirements.

Transfer of DGR Registers

Treasury opened public consultation on the **Deductible Gift Recipient (DGR) Registers** reform between 19 January and 19 February 2023.

Enabling legislation has not yet been passed by Parliament. If it is enacted into law, the ATO will gain responsibility for assessing eligibility for four unique DGR categories currently administered by portfolio agencies. The ATO already administers 48 of 52 DGR categories set out in Division 30 of the Income Tax Assessment Act 1997.

The intention of this change is to make all DGR categories consistent in administration, reduce red tape and simplify the application process for seeking DGR status.

Progress of the enabling legislation can be tracked at [Parliament of Australia](#) 

Enhancing the transparency of income tax exemptions

From 1 July 2023, non-charitable not-for-profits with an active ABN will be required to **lodge an annual self-review return to access an income tax exemption**. The self-review return will guide a not-for-profit to review their organisation's tax status and confirm eligibility to income tax exemption. The first return will not be due until after 1 July 2024 for the 2023–24 income year.

We will continue to work with the sector, including the Not-for-profit (NFP) Stewardship Group members, to co-design the form structure and reporting framework. While we do this over the coming year, there are four things that NFPs can do now to prepare for lodgment in 2024:

- Update your NFPs **contact details and notify us of changes** to your organisation. It's an ABN registration requirement to keep your contact details current and it also means you'll receive important information about your tax and super obligations.
- Complete our **worksheets** to review your eligibility for an income tax exemption.
- Find out more about income tax exempt and taxable not-for profits at **Does my not-for-profit need to pay income tax?**
- Stay informed by subscribing to the monthly newsletter at ato.gov.au/nfpnews

Collaborative Session – Transparency of income tax exemption project

The annual self-review return is currently under development and will comprise questions that guide not-for-profits to review their purpose and activities against specific eligibility requirements of an income tax exempt entity.

Members workshopped key impacts and design considerations for four client outcome pathways that will result from the lodgment of the self-review return.

Feedback and insights collated from this session will inform the development of the annual self-review return and the new reporting framework. Consultation will continue over the forward months with NFP Stewardship Group members and sector stakeholders.

Attendees

Attendees list

Organisation	Member
ATO	Louise Clarke (Co-chair), Private Wealth
ATO	Jennifer Moltisanti, Private Wealth
ATO	Prescilla Moses (Secretariat), Private Wealth
Arnold Bloch Leibler	Joey Borensztajn
Australian Charities and Not-for-profits Commission	Anna Longley
Australian Council for International Development	Jocelyn Condon
Chartered Accountants Australia and New Zealand	Susan Franks
Clubs Australia	Simon Sawday
Clubs Australia	Olivia Simpson
Giuntabell	Nunzio Giunta (Co-chair)
HWL Ebsworth	Timothy Stokes
Prolegis Lawyers	Jae Yang
The Salvation Army Australia	John McIntosh
The Tax Institute	Bridgid Cowling
Treasury	Jacky Rowbotham
Worlds Vision Australia	Ben Scuteri

Guest attendees

Guest list

Organisation	Attendee
ATO	Frances Gobel, Private Wealth
ATO	John Churchill, Office of the Chief Tax Counsel
ATO	Joy Tillman, Private Wealth
ATO	Marisa Hewitt, Private Wealth
ATO	Melinda Knight, Private Wealth
ATO	Richard Robinson, Private Wealth
ATO	Stephen Miller, Private Wealth
Justice Connect	Geraldine Menere

Apologies

Apologies list

Organisation	Member
Australian Federation of Disability Organisations	Ross Joyce
Australian Institute of Company Directors	Phil Butler
Charities and Not-for-profits Committee, Law Council of Australia	Seak-King Huang
Community Council for Australia	David Crosbie

Joe Zabar Consulting	Joe Zabar
Philanthropy Australia	Sam Rosevear
The Dreaming Foundation	Anthony Ward

QC 73079

Not-for-profit Stewardship group key messages 5 December 2022

Information about the key topics discussed at the Not-for-profit Stewardship Group meeting 5 December 2022.

Last updated 30 March 2023

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Treasury

Consultation on the exposure draft legislation and explanatory materials for [Strengthening the ABN system](#) [↗](#) closed on 29 November 2022. A not-for-profit (NFP) roundtable was held to discuss sector specific issues. Legislation is anticipated to progress in the new year.

Work continues on progressing 2022 federal election commitments, including:

- Treasury engaging with the Department of Social Services to settle scope and governance of the philanthropy and community sector blueprint – more details are expected to be released in the 2023 Budget
- the Productivity Commission developing Terms of Reference which will guide the review into philanthropic giving and how it may be doubled by 2030 – while timelines are yet to be settled, it is expected to involve a broad consultative process.


Member comments

- Members queried progress on ancillary fund proposals after the consultation held in 2022.

Treasury confirmed submissions have been reviewed, with several processes being worked through with new government Ministers. Members are invited to reach out to Treasury if they have any further suggestions.

- When will a new iteration of draft legislation be made available for the Strengthening the ABN system reforms?

Treasury advised that the review of submissions is, however a new draft would not be expected before 2023.


- A member questioned what the NFP sector impacts would be regarding the application of the [Multinational Tax Integrity: Public Beneficial Ownership Register](#) , as public consultation opened in November and closes on 16 December 2022.

Treasury noted the reform is a government election commitment and the consultation paper outlines proposed design features. Submissions from NFPs will help to uncover any potential issues that may impact the sector.

- A member observed that the Productivity Commission process mentions a review into incentives but is yet to outline more detailed timeframes for doubling structured giving.


Treasury noted it is early in the policy development stage. The Hon Dr Andrew Leigh MP, Assistant Minister for Competition, Charities and Treasury is seeking a genuine partnership with the sector, and a less prescriptive approach is being taken to

encourage the sector to put forward ideas. Members advised the sector has an appetite to hear more, and an announcement or release of information about doubling structured giving would be of value.

The ATO advised that the NFP Roadmap will also be revisited once the [Productivity Commission Terms of Reference](#)  and the Philanthropic Blueprint have taken shape.

ACNC

Sue Woodward has been appointed the new Commissioner of the Australian Charities and Not-for-profits Commission (ACNC) and will commence in the role from 12 December 2022.

The ACNC celebrated its tenth anniversary on 3 December 2022 at the Koorie Heritage Trust. They give thanks to all who joined the celebration. The Hon Dr Andrew Leigh MP, Assistant Minister for Competition, Charities and Treasury attended and delivered a [speech](#)  virtually.

Two new online courses were released on 5 December 2022, bringing the total number of courses in the ACNC learning program to 12. While these materials are pitched toward the needs of charities, feedback has shown NFPs also find them useful. One of the courses released today includes short and practical 'How do I' videos that step through navigation of the Annual Information Statement.

Consultation continues on the Commissioner's Interpretation Statement: Public Benevolent Institutions, with another workshop planned for December. The Statement will be finalised in 2023, noting that it remains a priority for the ACNC. The Commissioner's Interpretation Statement: Health Promotion Charities will be published in 2023.

In the 2023 Annual Information Statement, charities will need to report related party transactions. The ACNC is continuing to consult on inclusions through to February or March in 2023.

Member comments

- Is there an update available on the ACNC Advisory Board selection process?

Treasury advised after the expression of interest issued around 300 applications were received from qualified applicants which are currently being assessed.

NFP Centre

To supplement the NFP overview presentation we are looking to develop and run a series of tax basics webinars, to provide more depth on topics such as GST, fringe benefits tax, and deductible gift recipient (DGR) categories. More details will be available in 2023.

The draft **Practical Compliance Guideline PCG 2022/3 Goods and services tax and residential colleges - ATO compliance approach** closed for consultation on 30 September 2022 and will apply to tax periods starting from 1 January 2023.

- Overall, feedback indicates the PCG has been well received, with some colleges finding their GST outcome is higher compared to the outcome under the tool.
- This is a voluntary guidance product, it is not compulsory and colleges can get valuations if they prefer.
- While the residential colleges tool has been withdrawn from market, clients may request to use the tool for another year if they have exceptional circumstances, such as when a college has already set its price. Colleges will need to provide financials to support their request.

We are continuing to develop contemporary NFP examples that may be incorporated into **Goods and Services Tax Ruling GSTR 2012/2 Goods and services tax: financial assistance payments**. The ATO view has not changed, and we are aiming to provide an update shortly. Thank you to our NFP Stewardship Group members for assisting with this update.

The ATO is deploying a new agent feature in Online services for business. This feature enables clients to nominate a new agent upon initial engagement or a change to an existing agent. Once done, the nominated agent can then add the client in Online services for agents. It is a fraud prevention program that will ensure only authorised agents can link clients, which is being deployed over 4 phases:

- Phase 1 – October 2022 saw the initial pilot roll-out to larger public and multinational businesses

- Phase 2 – from December 2022 roll-out to most remaining large businesses and multinationals
- Phase 3 – from March 2023 roll-out to small business clients, low end private wealth clients and remaining taxpayers from superannuation, NFP and other markets
- Phase 4 – yet to be designed and expected to roll-out to individual clients.

Member comments

- A member requested more detail around the process for nominating an agent, and if an NFP would need to be set-up electronically.

The ATO noted that completing the nomination in Online services for business would require set-up of a Digital Identity to complete the request. It may also be completed through enabled software.

We will engage with the project team to understand other nomination options if available and provide an update on the impacts in 2023.

It was noted the program roll-out is being accelerated due to recent hacking events. Essentially it aims to reduce the risk of an agent being changed or replaced without prior knowledge of the client.

New measures

2017 reform requiring non-government DGRs to be a registered charity

We encourage all DGRs to check they meet the DGR requirements that passed into law in 2021. The 12-month transition period is ending. Most non-government DGRs have until 14 December 2022 to be a registered charity with the ACNC or be operated by one. If a DGR has not started the process to register as a charity, the best thing to do is start the process now.

- Eligible DGRs that need more time to meet the requirements had until 13 December 2022 to apply for a 3-year extension – using the form on our website.
- If a DGR is not able to submit an extension application by the deadline due to exceptional circumstances, we encourage them to

phone the NFP Advice Service on **1300 130 248** as soon as possible.

We have increased our communications over the last few months to encourage DGRs to take action before 14 December 2022 to ensure their endorsement remains active.

- We contacted close to 1,000 DGRs via phone, email or letter. Of those successfully contacted by phone, over 50% engaged in a discussion about the new requirements. Others have declined the call for a range of reasons such as, already being aware of the changes, having recently applied for charity registration, and going to apply for a 3-year extension.
- Early indications are that these communications have led to an increase in charity registration applications, ATO website visits and 3-year extension applications.

For those that do not meet the requirements where we do not hear from them, an automatic revocation of DGR status will commence after February 2023.

Enhancing transparency of income tax exemptions

From 1 July 2023, NFPs that self-assess income tax exemption and have an active ABN will be required to lodge an annual self-review form. The first lodgment will not be due until after 1 July 2024.

Up until this time we plan to hold consultative workshops with the sector, including Not-for-profit Stewardship Group members, to develop the self-review return form structure based on feedback received.


- We started working through this with stewardship group members in September and October and will continue to work through the finer details – such as what happens if a form is not lodged, and what happens with other obligations that may interlink with this form.
- We plan to continue this discussion at our March 2023 meeting, including working through the detail around how the lodgment framework will work in practice and client outcome pathways. This is the start of a collaborative approach that the ATO plans to continue over the course of 2023.

When presenting at community forums, we are starting to receive more questions on this policy change, and how it and other measures may impact the sector. It will be increasingly important to understand these changes by developing the complete roadmap for the sector.

Key messages that can assist the sector to prepare now are:

- Be sure to keep your ABN registration and contact details up to date on the Australian Business Register (ABR) which are required to be updated within 28 days of any changes.
- Use the worksheets available online and conduct a review to ascertain if you can self-assess your income tax exemption.
- Stay informed by subscribing to the ATO's monthly NFP newsletter.

Strengthening the ABN system reform

Treasury recently opened public consultation on exposure draft legislation for [Strengthening the ABN system](#) . Initially announced by the former government in the 2019–20 Budget, the measure intends to make ongoing ABN registration contingent on meeting 2 obligations:

- comply with income tax lodgment requirements
- update the accuracy of details on the ABR annually.

It is early in the process of working through how it will apply. We are working closely with the project team to identify a streamlined design, if required, that would enable both obligations to be met via the self-assessing income tax review form.

Round table discussion

Governance

The latest Australian Institute of Company Directors *NFP Governance and Performance Study* shows the focus on governance is increasing time commitments required of directors due to the sheer breadth of issues needing to be handled.

- Directors must balance dealing with compliance issues along with other focus areas, such as the Royal Commission into Aged Care. 2023 will be very busy, particularly with the increased review of compliance for this sector.

- A challenge will be how we ensure directors know about major changes that impact them and are kept engaged with all the issues. Increased workloads could be impacting lower-than-expected uptake of initiatives, perhaps highlighted by director ID.

Many sporting organisations are focusing on questions such as:

- Are they fulfilling their purpose?
- Does this flow through to their governance settings and arrangements?

The updated sporting ruling was well received. Many feel it provides clear guidance and this will filter down through governance arrangements.

Communicating with the sector

The ATO needs to increase issuing reminders for due dates and deadlines. With increased changes to personnel trending, it is possible deadlines will be missed – particularly for new measures governance and compliance requirements such as DGRs and self-assessment of income tax exemption.

Members noted the ATO's focus on division 50 section 50-50 of Part 2-15 of the *Income Tax Assessment Act 1997*. It was interesting to see stronger compliance messaging around the requirement to operate for purpose and an emerging risk around commercial activities.

Better guidance on DGR categories for Public Benevolent Institutions and overseas aid funds would be appreciated. The ATO noted web content will be reviewed over the coming year with a focus on clearer guidance.


A key priority should be to identify how we bridge the divide for Indigenous NFPs, and marginalised and disadvantaged community groups, so they are comfortable in connecting with government agencies and departments.

The ATO is building a strong relationship with the Office of Registrar of Indigenous Corporations to work on bridging that gap. Some key questions for consideration included:


- How can we bring these groups together and drive whole-of government outcomes?

- How can we improve information flow? Messages issued through traditional channels, like that for director ID and Modernising Business Registers, are not filtering through to these communities.
- Is a more straight-forward and streamlined way to access services possible?

New measures, policy, and regulatory reform

Members would appreciate a response following Treasury's public consultation on the [Distribution guidelines for ancillary funds](#)  – which closed in May 2022.

Changes within the Australian Accounting Standards Board (AASB) Australian Financial Reporting Framework have not specified set limits. Rather, it appears regulators may set limits, but there is a lack of detail on how this will be achieved. There is a concern that this may result in lost opportunity, with investment made into big projects that cannot then be realised.

Interested members can contribute to AASB consultation sessions on the Development of Simplified Accounting Requirements. Consultation sessions run until the end of March 2023, with [dates and times](#)  on the website.

There is a sense of consultation fatigue due to the scope of proposed sector changes and the number of measures being implemented.

The sector is expecting more consultation around the *Strengthening for Purpose: Australian Charities and Not-for-profits Commission Legislative Review 2018*, with further recommendations yet to be progressed. The sequencing of consultations over the next one to 2 years will be critical for managing timely outcomes while simultaneously enacting previously announced measures.

- There is sector interest in hearing more about intended changes for the ACNC – particularly around their remit around the broader NFP population.
- While it may be surprising, many directors and some banks still believe that the Australian Securities and Investments Commission (ASIC) remains the regulator for registered charities. There is some confusion around how to correctly advise a change of director, particularly if they are a company registered with ASIC. Banks are not accepting changes unless made through ASIC, despite the

ACNC being able to issue a letter. The ATO and ACNC could work closely with ASIC and the banks to increase clarity and confidence.

Professional association members are looking forward to contributing to and progressing a regulatory harmonisation agenda in 2023.

Sector roadmap toward 2030

Members called for a focussed discussion on what the 2022 election commitment to Double Giving by 2030 might mean for the sector. For example:

- Could consideration be given to exploring a super bequest framework that would have significant benefit for the community, but a minimal revenue impact?
- What do we know about the NFP Productivity Commission review into Philanthropy and the NFP Sector Blueprint?

The ATO noted we may look at this more broadly in our second 2023 meeting. This would allow time to align to the Productivity Commission Terms of Reference and consideration of the international tax landscape.

- How can the DGR framework be simplified, particularly for overseas aid funds?

Emerging issues, risks, and trends

A high level of staff turnover is evident across many organisations. There is a need for more hands-on tax-basics training and webinars.

Increased efforts on addressing cyber-security and adding safeguards to prevent hacking events may overcomplicate the system and make it harder to navigate, for example, client agent linking. While it may be necessary, all attempts should be made to use natural systems already in use and reduce duplication and red-tape.

The ATO noted we are conscious not to contribute to the burden by over-governance in the NFP sector, which will be especially important in the Enhancing the transparency of income tax exemptions measure. We know NFPs want to do the right thing, although there are pockets of the sector that need further attention.

Attendees

Attendees list

Organisation	Member
ATO	Louise Clarke (Co-chair), Private Wealth
ATO	Jennifer Moltisanti, Private Wealth
Arnold Bloch Leibler	Joey Borensztajn
Australian Charities and Not-for-profits Commission	Anna Longley
Australian Council for International Development	Jocelyn Condon
Chartered Accountants Australia and New Zealand	Susan Franks
Clubs Australia	Simon Sawday
Giuntabell	Nunzio Giunta (Co-chair)
HWL Ebsworth	Timothy Stokes
Prolegis Lawyers	Jae Yang
The Salvation Army Australia	John McIntosh
The Tax Institute	Bridgid Cowling
Treasury	Jacky Rowbotham
Worlds Vision Australia	Ben Scuteri

Guest attendees

Guest list

Organisation	Attendee
ATO	Frances Gobel, Private Wealth
ATO	John Churchill, Office of the Chief Tax Counsel
ATO	Joy Tillman, Private Wealth
ATO	Marisa Hewitt, Private Wealth
ATO	Melinda Knight, Private Wealth
ATO	Richard Robinson, Private Wealth
ATO	Stephen Miller, Private Wealth
Justice Connect	Geraldine Menere

Apologies

Apologies list

Organisation	Members
Australian Federation of Disability Organisations	Ross Joyce
Australian Institute of Company Directors	Phil Butler
Charities and Not-for-profits Committee, Law Council of Australia	Seak-King Huang
Community Council for Australia	David Crosbie
Joe Zabar Consulting	Joe Zabar
Philanthropy Australia	Sam Rosevear

QC 71974

Not-for-profit Stewardship Group key messages 21 July 2022

Information about the key topics discussed at the Not-for-profit Stewardship Group meeting 21 July 2022.

Last updated 29 September 2022

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Welcome and opening

ATO Co-chair, Louise Clarke, welcomed Anthony Ward, Secretary and Company Director of Dreaming Foundation and member of the Indigenous community.

An apology was noted from Joey Borensztajn AM, Partner, Arnold Bloch Leibler.

Administration

Assistant Commission Jennifer Moltisanti will be meeting with Assistant Commissioner Martin Jacobs and Simon Sawday to discuss director ID from a Not-for-profit (NFP) sector perspective, and we will issue further guidance regarding directors appointed off the floor.

Operation Protego is investigating GST fraud which involves offenders inventing fake business and Australian Business Number (ABN) applications to gain a GST refund. The ATO would appreciate key messages at attachment C of the Agenda to be shared with members and colleagues.


The NFP Stewardship Group Charter has been refreshed. There are no significant content changes. Comments are welcome.

Treasury

Treasury has provided briefs to the new minister for charities, the Hon Dr Andrew Leigh, on tax and super issues impacting the sector.

One of the Minister's priorities is to appoint a new Australian Charities and Not-for-profits Commission (ACNC) Commissioner.

A process to deliver on election commitments is underway.

The [Remake of ACNC Regulations](#)  is open for consultation until 15 August 2022. The process proposes to remake the regulations, with no policy changes. Members are asked to contact Treasury if they have any concerns that the remake may result in policy change.

Treasury welcomes recommendations from members on other matters not yet before the Minister. This includes recommendations regarding ancillary fund guidelines.

The Sector Blueprint Development Timeline is expected to be presented to Cabinet in October 2022. A roadmap has been developed and will be shared after endorsement by Cabinet.

A review to double philanthropy by 2030 is progressing, and it is anticipated this will be submitted to Cabinet. Four Government commitments have been made and Treasury has reached out to the

Department of Social Services colleagues, to reduce the occurrence of multiple consultation processes running simultaneously.

At this stage it is not known if a pre-budget submission process will occur.

ACNC

The ACNC Regulators Day will be held on 28 July 2022. In person seats are still available and the online registration is still open.

The Charity Law Association of Australia and New Zealand conference is to be held on 29 July 2022.

The 2022 Annual Information Statement is about to be released. The ACNC welcomes feedback on the form. There are several changes which will be updated in the Guide, which include:

- an increase to charity reporting thresholds – small charities with annual revenue under \$500,000, medium charities with annual revenue between \$500,000 and under \$3 million, and large charities with annual revenue of \$3 million or more
- new question for small charities that use cash accounting with a free text field to provide information
- large charities required to report key management personnel remuneration, where they have more than one remunerated key management personnel
- inclusion of a question for charities fundraising in the state of New South Wales, which aims to streamline reporting for charities.

Consultation on the Commissioner's Interpretation Statements on Public Benevolent Institutions and Health Promotion Charities closes at the end of August 2022. The finalisation date will be determined and communicated after review of the submissions.

NFP Centre

The NFP Centre overview and key messages slide pack attached to the agenda is designed for members to share with their networks and members.

Taxation Ruling TR 2021/6 *Income Tax – the games and sports exemption* is expected to be published shortly. The content is largely

in accordance with the draft. Members can expect a final copy will be shared, before sector communications start to issue in the next 4 to 5 weeks across a range of channels.

After a comprehensive design process, a solution has been developed to replace the Residential Colleges Tool. It includes the use of the ATO Charity benchmarks and the development of a Practical Compliance Guideline (PCG). The draft PCG will be released for consultation shortly and shared with the group for comment.


Goods and Services Tax Ruling GSTR 2012/2 *Goods and services tax: financial assistance payments*, commonly referred to as the GST and grants ruling, is being refreshed. A change to the ATO view is not expected; rather the refresh focusses on providing more contemporary examples. Members can expect that progress will start to ramp-up, as it has been prioritised as an area of focus over the coming period.

A Decision Impact Statement is being developed following the decision on a school building fund operated by a Buddhist society. We expect to review case assessments made prior to this decision, once steps preceding such decisions are worked through.

The roll-out of the Modernisation of the Business Registers continues to progress:

- Companies Release
 - The intent of the Companies Release is to provide over 3 million current companies a more streamlined way to register, view and maintain their details. This will provide most entities a central point to maintain their company registry obligations.
 - The Companies Release does not impact reporting obligations with the ACNC.
 - The project team is keen for members to participate in an out-of-session discussion to explore the proposed Australian Business Registry Services (ABRS) agent model for the Companies Release. If there is interest, we can arrange an online session as part of the September meeting.
 - The ACNC has dedicated an officer to work on the implementation of this measure and has been working very closely with the ATO's project team.

- Director ID

- Director ID updates will issue via the NFP Newsletter, to raise awareness and encourage directors to apply now for a director ID.
 - The director ID is a unique identification number that a director will apply for once and keep forever. Members can refer to Page 16 on the NFP Centre key messages presentation for an outline of who needs to apply and when.
 - The ABRS website provides more information to explain the application process for directors appointed without notice. A new scenario specific to NFPs (scenario 5) has been added at [Director ID scenarios | Australian Business Registry Services](#) .
 - The ABRS team is currently working through concerns raised at our March meeting regarding director appointments from the floor of an AGM. The discussion between Assistant Commissioners Martin Jacobs and Jennifer Moltisanti about further guidance will feed into this work.
- The ATO is proposing to remove the ‘incidentals’ column from the short-term charity benchmark market tables. We invite feedback from members about any likely impacts should incidentals be removed. More information will be emailed to interested members.
 - Deductible Gift Recipient (DGR) Reforms that require an organisation to register as a charity if they are not an Australian Government Agency, are in the transitional phase. There are several key messages to share:
 - DGRs endorsed by the ATO before 14 December 2021 have up to December 2022 to meet the new requirements as part of the legislated 12 month transitional arrangements.
 - We encourage all DGRs to prepare, if they have not already, and make arrangements to meet the updated eligibility requirements. Organisations can visit **DGRS required to be a registered charity** to check if they meet the DGR eligibility requirements and remain entitled to be DGR endorsed.
 - For organisations that will not be able to meet the eligibility requirements, they will need to distribute any surplus income or assets to another eligible DGR and request cancellation of their DGR endorsement by no later than 14 December 2022.

- We are working with state associations and government departments to support sub-segments, that may not be able to achieve charity registration.
- Charity applications have been increasing, with several hundred already received by the ACNC. The deadline to register as a charity is 14 December 2022. However, a three-year extension of time is available for eligible entities. The extension of time form will be available on ato.gov.au soon.
- Thanks to members who provided feedback on the extension application. The focus has been to keep the application as simple as possible for DGRs to complete.
- For advice call our dedicated NFP Advice and Endorsement team on **1300 130 248**, 8:00 am to 6:00 pm Monday to Friday.

New measure – Enhancing transparency of income tax exemption

An overview was provided of the early and developing administrative design for the Self-Assessed Income Tax Exempt Entities measure. From 1 July 2023, non-charitable NFPs with an active ABN will need to start to notify the ATO that they have self-assessed their eligibility for income tax exemption. They will do this by completing a self-review return on an annual basis, with the first lodgment due after 30 June 2024.

Discussions with this group started in 2019.

Commencing in March 2022, we started consultation with NFPs, peak bodies and intermediaries to listen, understand and validate:

- unique characteristics of non-charitable not-for-profits that self-assess income tax exemption and how they make this determination now
- the level of advice and guidance that may be needed to support NFPs
- expectations for engaging and communicating about how and when to meet the new reporting requirement.

We heard many NFPs are not aware of the existing requirement to self-assess income tax exemption. Most NFPs hold a mistaken assumption that because they are an NFP, that automatically makes them income tax exempt.

We are at the early stages of developing the high-level design. Between now and 2024, we will be taking an iterative approach and working closely with NFPs and sector advisers to develop, design and test the self-review return and system. The focus is to:

- make the return as simple, quick and automated as possible
- develop guidance to assist NFPs to understand their tax status to get it right from 1 July 2023.

We want to automate the process as much as possible, however we have limited data right now. We welcome your thoughts on other data metrics we should be considering.

This measure is designed to enhance trust and confidence in the sector and support a level playing field with similar, but not the same, regulatory requirements between reporting requirements of charities and non-charitable not-for-profits. Reliable data, acquired through regular reporting, will enable the ATO to provide an assurance that NFPs correctly access income tax concessions.

Members were invited to provide comment on the early draft high-level design to the ATO project team.

Member comments

- How is transparency and instilling confidence measured?

ATO advised that as the regulator the ATO must have confidence the system is working and we are getting it right.

There is a perception that all NFPs are getting it right and doing the right thing. We have recently worked with a group of NFPs that were self-assessing, but they are taxable. An analysis of Australian and New Zealand Standard Industrial Classification data has also indicated there are organisations with charitable purposes that are not registered as charities. We have several projects currently looking at risk profiles.

- We need further clarification on the purpose of the measure and policy goal. How will this be communicated?

Treasury noted that these changes that the ATO will administer, were derived from the ACNC Legislation Review 2018. The recommendation noted it is time to expand the regulations to the NFP sector. A decision was made by the government of the day to task this to the ATO, and not the ACNC.

It was agreed that clarification would be provided and discussed at an extra meeting to workshop the Self-Assessed Income Tax Exempt Entities be scheduled for September. A placeholder will be issued shortly.

- Self-assessing NFPs need to be looked at via the tax governance lens; there is a large amount of research the ATO has for tax paying organisations. Would looking at private group governance and public group governance help?

The ATO has a separate project that is focussing on governance, and we will look into expanding on this.

Other business

Ben Scuteri, Worlds Vision Australia, noted the recent issues associated with the war in Ukraine and is seeking clearer guidance around the differences between Public Benevolent Institution (PBI), Overseas Aid Funds and Developing Country Funds. Assistant Commissioner Jennifer Moltisanti noted the ATO will look to develop a fact sheet with a view to scope an update to the Public Advice and Guidance.

Attendees

Attendees list

Organisation	Member
ATO	Louise Clarke (Co-chair), Private Wealth
ATO	Jennifer Moltisanti, Private Wealth
Australian Charities and Not-for-	Anna Longley

profits Commission	
Australian Council for International Development	Jocelyn Condon
Australian Federation of Disability Organisations	Ross Joyce
Australian Institute of Company Directors	Phil Butler
Centre for Social Impact, Swinburne University of Technology	Krystian Seibert (Co-chair)
Charities and Not-for-profits Committee, Law Council of Australia	Seak-King Huang
Chartered Accountants Australia and New Zealand	Susan Franks
Clubs Australia	Simon Sawday
Community Council for Australia	David Crosbie
Giuntabell	Nunzio Giunta
HWL Ebsworth	Timothy Stokes
Joe Zabar Consulting	Joe Zabar
Justice Connect	Sue Woodward
Philanthropy Australia	Sam Rosevear
Prolegis Lawyers	Jae Yang
The Dreaming Foundation	Anthony Ward
The Salvation Army Australia	John McIntosh
The Tax Institute	Bridgid Cowling
Treasury	Jacky Rowbotham

Worlds Vision Australia	Ben Scuteri
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Guest attendees

Guest list

Organisation	Attendee
ATO	Elizabeth Hynes, Private Wealth
ATO	Frances Gobel, Private Wealth
ATO	George Grespos, Private Wealth
ATO	Ivica Bolonja, Office of the Chief Tax Counsel
ATO	John Churchill, Office of the Chief Tax Counsel
ATO	Joy Tillman, Private Wealth
ATO	Marisa Hewitt, Private Wealth
ATO	Matthew Musialik, Private Wealth
ATO	Sheridan Harvey, Policy, Analysis and Legislation

Apologies

Apologies list

Organisation	Member
Arnold Bloch Leibler	Joey Borensztajn

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