



Straight from the source – March 2024

This month, Assistant Commissioner Jennifer Moltisanti discusses the new reporting requirements for the NFP sector.

14 March 2024

Happy International Women's Day! 8 March celebrates women in all roles and facets of life, and this year the theme is one of inspiring inclusion.

Inspiring inclusion is not for the faint hearted. It requires courage, resilience and commitment. In fact, the 4 Ps of inclusion are being present, proactive, persistent and passionate. As the first-born daughter of migrant parents, negotiating a seat at the table has often been frustrating, demoralising, heartbreaking and rewarding. I've achieved many firsts - mainly because of my presence, persistence and passion; for which being proactive is necessary.

Inclusion has always been a central platform from which I've ascended and grown, and I've used my knowledge and experience to lead and mentor others in stepping up, spreading the word, speaking out and championing diversity. After all, an engaged, diverse and vibrant community is what we're all striving for, and the legacy I'd like to leave.

The not-for-profit (NFP) community is engaged, diverse and vibrant and it's contingent on all of us to maintain this into the future. The new reporting requirements for non-charitable NFPs that self-assess as income tax exempt have been introduced to increase transparency and ensure that only those entitled to the exemption access significant tax concessions.

As we approach Tax Time 2024, many NFPs are realising they need to review their purpose against eligibility, check governing documents,

update authorised contacts and arrange to register for Online services for business so they can lodge their NFP self-review return. For others, the path is more complex; particularly if they don't meet the eligibility criteria in one of the **8 categories** of NFPs that can self-assess as income tax exempt, or they need to register as a charity to access income tax concessions.

Irrespective, navigating the new reporting requirements requires the sector to be present, proactive, persistent and passionate. My role is to help NFPs transition to the new requirements; however, I can't do this alone with my team – it requires us all to work together.

Be present

Nowadays, it's not enough to show up to the party empty-handed. Being present means if you run an NFP and have an office bearer role, or you're an authorised contact, you're aware of your organisation's obligations. A shout-out to all the small volunteer-based NFPs – I've been where you are. As a volunteer director of several NFP boards, I gave up my time not only for the fun stuff but also for the harder more boring necessities like reporting.

Peak bodies, associations, national offices and intermediaries play a key role in influencing and enabling sector presence. I strongly encourage communicating key messages through newsletters and channels including webinars and social media. We appreciate reference to, and use of, our published information as the source of truth in the community. To assist with this, we've developed a plethora of public advice and guidance including:

ATO public advice and guidance

You can access our guidance on the new reporting requirements at [Reporting requirements to self-assess income tax exemption](#). We've also published [Changes in reporting requirements for sporting clubs](#) and will soon issue new guidance targeting community service organisations.

NFP newsletter and social media

- Subscribe to *Not-for-profit news* for the latest information – [sign up](#)  now.
- Connect with me on [LinkedIn](#)  to receive targeted information.

Of course, I wouldn't ask the sector to do something I'm not willing to do myself. I'm always available to meet with NFPs and answer any questions directly. This is my way of being present.

Be proactive

Over the past 12 months, our key messages have focused on raising awareness. While the NFP newsroom has great reach and our social media receives good traction, it's not enough. We're still receiving feedback and complaints that many NFPs are unaware of the new reporting requirements, with one NFP asking whether they could 'simply ignore' them.

The new reporting requirements can't be ignored; but we've made it simple to comply. The new return consists of 3 sections:

1. Organisational details, including a threshold question.
2. Eligibility questions – organisations need to self-assess eligibility against one of the 8 categories listed in Division 50 of *Income Tax Assessment Act 1997*. This isn't a new requirement as eligibility isn't automatic and is subject to meeting all the criteria.
3. Declaration.

NFPs don't have to wait until 1 July to review their entitlement. You can start an early review of your eligibility for an income tax exemption using [How to prepare an NFP self-review return](#). If you find you don't meet one of the 8 categories, don't panic.

I encourage you to take advantage of the comprehensive NFP advice and guidance available on our website at [Not-for-profit organisations](#) where you'll find answers to most of your questions, saving you valuable time. The information has undergone a rigorous technical review and approvals process and you can rely on it with confidence.

My team is always ready to assist you with more complex enquiries; but before you call us on **1300 130 248**, think about whether you can obtain the answer to your question using our web guidance.

Being proactive about your NFP's obligations is good governance. However, excellent governance is also demonstrated when you're proactive with those around you. Share your positive experiences and direct others to our web guidance.

Be persistent

Persistence always pays off; at least that's been my experience. Talk to your board, talk to your friends and other NFPs and talk to us! We will listen.

Here's what you need to know now:

Lodging the NFP self-review return

You can lodge the NFP self-review return through Online services for business.

Stop press! We've heard some smaller NFPs may find it harder to lodge the NFP self-review return online. To help them, we're building an Interactive Voice Response (IVR) channel that will enable telephone lodgment for NFPs that can't lodge using Online services for business. The interim lodgment channel won't be available to larger NFPs that already report for GST and PAYGW. It's also not available for tax practitioners who can lodge via Online services for agents.

To use the interim lodgment channel, NFPs will need to update their authorised contact details and acknowledge that we'll work with them to transition them to digital lodgment in the future.

We've also made it easier for NFPs to update their details by making the *Change of registration details* form (NAT 2943) available for download directly from our website at **Notifying us of changes to your not-for-profit**. It's accompanied by updated guidance that will assist NFPs to successfully complete and submit their change of details.

ATO correspondence

It's important your ABR address and contact details are current as NFPs will receive 2 letters from us leading up to Tax Time 2024.

The first letter will be sent from late April and throughout May to impacted NFPs advising them of their organisation's new reporting role. The letter will include a unique identifying number that will be required by NFPs who can't lodge their NFP self-review return using Online services for business. It's important to keep this letter safe.

The second letter will be sent from early July to all affected NFPs confirming the new NFP self-review return is available for lodgment as part of Tax Time 2024.

Transitional arrangements

We're taking a practical compliance approach and will focus our resources on the lodgment of the 2023–24 income year onwards. Transitional support arrangements will be available if NFPs need more time to meet obligations. This may include:

- lodgment engagement, education and support, rather than failure to lodge penalties for the 2023-24 income year
- payment plans for organisations that identify they're a taxable NFP for the 2023–24 income year
- remission of general interest charges and other penalties that may apply.

While our focus is on the 2023–24 income year onwards, we may take compliance action if we identify deliberate tax evasion or fraudulent behaviour.

Be passionate

I'm passionate about most things in life – it's my mantra. And I'm passionate about transitioning the NFP sector to meet its obligations. I have a dedicated and experienced team who work tirelessly to support you; they are equally committed to their role.

In March, I'll record our key webinar outlining the information I've conveyed in this blog and more. We'll follow the webinar with 3 facilitated panel discussions where we'll discuss transitional arrangements for charities, taxable NFPs and Indigenous NFPs.

I'm also attending several events including peak association forums where I've been invited to speak. You'll recognise me because I'll be flanked by 8-foot-tall bright blue banners bearing the ATO logo and our tag line 'Helping NFPs get right.' So, if you see me, stop and say hello and take a selfie with the banner. To really demonstrate your passion, add the following hash tag to your post -
#helpingnfpsetitright

Are you waiting for an endorsement or advice?

While I've focussed on the new reporting requirements, it would be remiss of me not to address our other NFP responsibilities. We aim to respond to requests for advice and endorsements as quickly as possible but we're currently experiencing delays, in part because of a high number of transitional DGR applications from the DGR Transfer of Registers reform which started on 1 January. We're working through the backlog and expect to resume our usual 28-day service for advice and endorsements by the end of April. We greatly appreciate your patience during this time.

Last month, I reinforced the importance of purpose for NFPs, highlighting 3 key actions that remain important:

1. Update your ABN details now, and make sure your authorised contacts are current.
2. Review your purpose and governing documents to understand what type of NFP you are.
3. Know where your revenue is coming from and what this means for your tax obligations.

Purpose coupled with being present, proactive, persistent and passionate, inspires a sense of inclusion and responsibility for the greater good. When considered as part of the bigger picture and in the context of what others have had to overcome to achieve inclusion and diversity, perhaps the new reporting requirements aren't quite as overwhelming as they might first appear.

Take care and enjoy late summer.

Jennifer

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Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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