Australian Government
Australian Taxation Office

Self-governance checklist for not-for-profit organisations

Having good governance practices in place helps not-for-profit organisations identify and manage their tax and superannuation compliance risks and other risks that may impact on their reputation and work.

ABOUT THE SELF-GOVERNANCE CHECKLIST

The self-governance checklist will help you to check how well your organisation understands and manages your tax and super obligations. It will help you identify, assess, and avoid material tax and super risks and help your organisation maintain high standards of compliance.

Throughout this checklist you will find important notes (look for the ! symbol) which will help you with key information.

You will also find references to more information (look for the › symbol) which will show supplementary information you may need to refer to.

We often refer to quick codes (QC) and NAT numbers. A QC is used to search for specific information on our website using the search function. NAT numbers can be used to order publications that are available in paper format.

WHEN TO USE THIS CHECKLIST

We have provided this checklist to help you understand your not-for-profit organisation's obligations. Use of this checklist is voluntary and for your own internal use only – you do not send us a copy of your completed checklist. We recommend your organisation completes this checklist:

- on an annual basis
- whenever there is a change in your organisation's structure or operations.

WHO SHOULD COMPLETE THIS CHECKLIST?

This checklist should be completed by someone with knowledge of the tax obligations of your organisation.

If you are completing the checklist you need to be able to:

- consider each question and respond according to your knowledge of your organisation
- involve all relevant people involved with your organisation
- make further enquiries of specialist business areas (if required)
- gather evidence to support your answers.

Your responses to the questions, together with the evidence you gather, will help you to work out the effectiveness of your organisation's governance and risk management processes.

HOW TO COMPLETE THIS CHECKLIST

! You can complete and save this checklist electronically, or print it and complete a paper copy.

Keep a copy of the completed checklist that has been approved by your Board, Committee or Trustee for your organisation's records.

This checklist is to be completed for one not-for-profit organisation only. If you are involved with multiple not-for-profit organisations, complete a separate checklist for each organisation.

To complete the checklist

- Download a copy of the checklist to your computer and check that you can save information in the checklist, or print it and complete a paper copy.
- Place **X** in **all** applicable boxes.
- Only answer the questions in the sections that apply to your organisation.
- After answering a question, go to the next question unless directed otherwise.
- Use the 'Notes' boxes to record information about that question, including any follow-up action you need to take or have taken.

! If you cannot save a completed copy of this checklist, print a copy before closing the checklist.

When you have completed the checklist

- Submit the completed checklist to your Board, Committee or Trustee for their approval.
- Keep a copy of the completed checklist for your records – **do not** send us a copy of the completed checklist.

What sections do you need to complete?

The checklist is structured as follows:

Part 1: Type of not-for-profit organisation	Complete **one** of the following three sections: ■ Section A: Tax concession charity ■ Section B: Self-assessed income tax exempt ■ Section C: Taxable not-for-profit.
Part 2: Other entitlements and obligations	Work through **all** of the following sections: ■ Section D: Deductible gift recipient ■ Section E: Income tax ■ Section F: Goods and services tax ■ Section G: Pay as you go withholding ■ Section H: Fringe benefits tax ■ Section I: Superannuation ■ Section J: Administration ■ Section K: Record keeping ■ Section L: Ceasing operations or winding-up.
Part 3: Summary and sign-off	Complete this page as a summary of your answers to the sections above.

MORE INFORMATION

For more information about how not-for-profit organisations can identify and manage their tax and super compliance risks, you can:

- visit **ato.gov.au/non-profit**
- phone our information line on **1300 130 248** from 8.00am to 6.00pm Monday to Friday for help with matters specific to not-for-profit organisations, including the endorsement process for charities and deductible gift recipients, income tax, GST and FBT concessions
- write to us at
  Australian Taxation Office
  PO Box 3000
  PENRITH NSW 2740

If you do not speak English well and need help from the ATO, phone the Translating and Interpreting Service on **13 14 50**.

If you are deaf, or have a hearing or speech impairment, phone the ATO through the National Relay Service (NRS) on the numbers listed below:

- TTY users, phone **13 36 77** and ask for the ATO number you need
- Speak and Listen (speech-to-speech relay) users, phone **1300 555 727** and ask for the ATO number you need
- internet relay users, connect to the NRS on **relayservice.com.au** and ask for the ATO number you need.

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 feel that this publication does not fully cover your circumstances, or you are unsure how it applies to you, you can seek further assistance from us.

We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for more recent information on our website at **ato.gov.au** or contact us.

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PART 1: TYPE OF NOT-FOR-PROFIT ORGANISATION

Select the link below that best describes your not-for-profit organisation to go directly to the appropriate section.
If you are unsure, scroll down and start at Section A: Tax concession charity to work through the options.

You only need to complete **one** of the following sections:

- **Section A: Tax concession charity** – complete this section if your organisation is endorsed as a tax concession charity (TCC). TCCs include
  - public benevolent institutions
  - health promotion charities.
- **Section B: Self-assessed income tax exempt** – complete this section if your organisation is not a charity and it falls into one of the following types of exempt organisation:
  - community service
  - cultural
  - educational
  - employment
  - health
  - resource development
  - scientific
  - sporting.
- **Section C: Taxable not-for-profit** – complete this section if your not-for-profit organisation is not covered by any of the above options. Examples of taxable not-for-profit organisations are:
  - social clubs
  - certain business and professional associations
  - clubs whose main purpose is providing hospitality services for members.

Section A: **Tax concession charity**

The questions in this section relate to charities.

A charity must be endorsed by us as a tax concession charity (TCC) to access one or more of the following tax concessions:
- income tax exemption
- goods and services tax (GST) charity concessions
- fringe benefits tax (FBT) rebate
- FBT exemption.

Organisations that may be endorsed as TCCs include public benevolent institutions and health promotion charities.

For more information about TCC endorsement, refer to Is my organisation eligible for charity tax concessions (QC 46205).

You can find out if your organisation is a TCC by checking your endorsement notice from us or checking the Australian Business Register (ABR) at **abr.business.gov.au** If your organisation is a TCC, your endorsement notice and the ABR will advise:
- the type of charity your organisation is – for example, public benevolent institution
- the tax concessions your organisation is endorsed to access – for example, income tax exemption, FBT exemption, GST concessions.

A1 Is your organisation endorsed as a TCC?

If your organisation is a charity and wants to access charity tax concessions, you must be endorsed as a TCC. If you have been endorsed, you will have received a notice confirming your endorsement and your endorsement details will be displayed on the ABR. If you are not endorsed and want to access charity tax concessions, you need to apply for endorsement.

No ☐ ▶ If your organisation is not a charity, go to **Section B**. You should also complete **Part 2** of the checklist. If your organisation is a charity and wants to access charity tax concessions, you need to apply for TCC endorsement.

Yes ☐

Notes

A2 Has your organisation conducted a self-review of its continued entitlement to endorsement as a TCC within the last 12 months?

Organisations that are endorsed as TCCs need to carry out regular reviews of their status because they must tell us if they stop being entitled to endorsement.

It is a common misconception that the exemption from income tax is permanent. Things that can affect your organisation's entitlement are:
- changes to its purpose and operations
- physical presence in Australia
- loss of endorsement as a DGR
- where you incur your expenditure.

The law does not specify the time between self-reviews, but we recommend a yearly review. You should also self-review whenever there is a change in your organisation's structure or operations.

For help in reviewing your organisation's entitlement to endorsement, refer to Endorsement review worksheet for income tax exempt charities (QC 25598). If you use another product to self-review your organisation, refer to our worksheet to ensure you are considering all the issues that may affect your continued entitlement to endorsement.

No ☐ ▶ You should conduct a self-review of your organisation's continued entitlement to endorsement as a TCC.

Yes ☐

Notes

A3 Has your organisation documented your self-review of entitlement to endorsement?

No ☐ Your organisation should maintain records to show that a self-review has been undertaken.

Yes ☐

Notes

A4 Did your organisation's self-review find that it is still entitled to TCC endorsement?

There is a legal obligation for organisations to advise us if they are no longer entitled to TCC endorsement.

No ☐ You must notify us immediately in writing that your organisation is no longer entitled to TCC endorsement.

Yes ☐

Notes

A5 Does your organisation have a process for keeping up-to-date on changes to tax obligations and concessions for not-for-profit organisations?

Some court decisions or changes to the law may create new or different entitlements or obligations for your organisation. This may include changes to endorsement and eligibility for concessions.

No ☐ Your organisation should keep up-to-date with key tax issues affecting the not-for-profit sector. One way you can do this is by subscribing to our free monthly Not-for-profit newsletter. You have completed Section A, go to **Part 2**.

Yes ☐ You have completed Section A, go to **Part 2**.

Notes

If you have identified any items in Section A for follow up, you can record your planned actions or actions you have undertaken to address these items in the summary at the end of the checklist.

Section B: **Self-assessed income tax exempt**

The questions in this section relate to organisations that have self-assessed they are income tax exempt.

The self-assessment system allows certain organisations to work out for themselves what their income tax status is. For your organisation to self-assess itself as income tax exempt, you must:

- not be a charity
- fall within one of the types of income tax exempt organisations (QC 46311). Examples are community service organisations and sporting organisations.

If you cannot work out your organisation's income tax status, phone us on **1300 130 248**. We can provide advice in working out your organisation's status and help with applying for a private ruling.

B1 Has your organisation self-assessed as income tax exempt?

If your organisation is not a charity, you can self-assess your exemption from income tax if your organisation falls within one of the types of income tax exempt organisations (QC 46311). Organisations that can self-assess their exempt status generally need to meet additional tests and rules before they can be exempt. If you have a private ruling stating that your organisation is exempt for the period you are reviewing, answer 'Yes' to this question.

No ☐ Go to **Section C**.

Yes ☐

Notes

B2 Has your organisation conducted a self-review of its continued entitlement to income tax exemption within the last 12 months?

Income tax exemption is not necessarily permanent. Organisations should review their entitlement to income tax exemption on an annual basis.

Organisations should also review when there has been a change in their structure or activities. For example, the growth of an organisation and changes in your constitution, focus and activities can alter the character of your organisation. It is the organisation's responsibility to ensure any changes that may alter your status are considered at the time the changes take place. The review should also consider whether your organisation is relying on a private ruling.

For help in reviewing your organisation's entitlement to income tax exemption, refer to Income tax status review worksheet for self-assessing not-for-profit organisations (QC 26029). If you use another product to self-review your organisation, refer to our worksheet to ensure you are considering all the issues that may affect your continued entitlement to income tax exemption·

No ☐ You should conduct a self-review of your organisation's entitlement to income tax exemption.

Yes ☐

Notes

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B3 Has your organisation documented your self-review of entitlement?

No ☐ ▶ Your organisation should maintain records to show that a self-review has been undertaken.

Yes ☐

Notes

B4 Did your organisation's self-review find that it is still entitled to income tax exemption?

! Organisations should review their income tax exempt status annually or when there has been a change in their structure or activities. You must advise us if your organisation is no longer entitled to income tax exemption.

No ☐ ▶ You must notify us immediately in writing that your organisation is no longer entitled to income tax exemption.

Yes ☐

Notes

B5 Does your organisation have a process for keeping up-to-date on changes to tax obligations and concessions for not-for-profit organisations?

Some court decisions or changes to the law may create new or different entitlements or obligations for your organisation. This may include changes to eligibility for concessions.

No ☐ ▶ Your organisation should keep up-to-date with key tax issues affecting the not-for-profit sector. One way you can do this is by subscribing to our free monthly Not-for-profit newsletter. You have completed Section B, go to **Part 2**.

Yes ☐ ▶ You have completed Section B, go to **Part 2**.

Notes

If you have identified any items in Section B for follow up, you can record your planned actions or actions you have undertaken to address these items in the summary at the end of the checklist.

Section C: **Taxable not-for-profit**

The questions in this section relate to organisations that are taxable not-for-profit organisations.

Not-for-profit organisations that are not exempt are taxable and are generally treated as companies for income tax purposes whether they are incorporated or not. Non-profit companies may have special rules for lodging income tax returns and special rates of income tax.

Examples of taxable not-for-profit organisations are:
- social clubs
- certain business and professional associations
- clubs whose main purpose is providing hospitality services for members.

C1 Is your organisation a taxable club, society or association?

If your not-for-profit organisation does not fall within one of the not-for-profit organisation types listed in Sections A and B, it is a taxable not-for-profit.

No ☐ If your organisation is not a taxable not-for-profit, you should check if it falls within any of the organisation types listed in Sections A and B.

If you cannot work out which organisation type your organisation is, phone us on **1300 130 248** for help.

Yes ☐ Your organisation may need to lodge an income tax return and pay income tax. You may also have special rules and concessions applied in working out your income tax obligations. We explain this further in **Section E**.

Notes

C2 Does your organisation have a process for keeping up-to-date on changes to tax obligations and concessions for not-for-profit organisations?

Some court decisions or changes to the law may create new or different entitlements or obligations for your organisation. This may include changes to eligibility for concessions.

No ☐ Your organisation should keep up-to-date with key tax issues affecting the not-for-profit sector. One way you can do this is by subscribing to our free monthly Not-for-profit newsletter. You have completed Section C, go to **Part 2**.

Yes ☐ You have completed Section C, go to **Part 2**.

Notes

If you have identified any items in Section C for follow up, you can record your planned actions or actions you have undertaken to address these items in the summary at the end of the checklist.

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PART 2: OTHER ENTITLEMENTS AND OBLIGATIONS

In Part 2, you will need to work through all of sections D to L. The questions will direct you to the next section if any section is not relevant to your organisation.

Section D: **Deductible gift recipient**

The questions in this section relate to organisations that are endorsed as deductible gift recipients (DGRs).

A DGR is an entity that is entitled to receive income tax deductible gifts. All DGRs have to be endorsed by us, unless they are named specifically in the income tax law. There are two types of endorsement. One is for entities that are DGRs in their own right. The other is for an entity that is a DGR only in relation to a fund, authority or institution it operates. For the second type, only gifts to the fund, authority or institution are tax deductible.

For more information about DGR endorsement, refer to Deductible gift recipient (DGR) endorsement (QC16240).

You can find out if your organisation has DGR endorsement by checking your endorsement notice from us or checking the Australian Business Register (ABR) at **abr.business.gov.au** If your organisation has DGR endorsement, your endorsement notice and the ABR will advise either of the following in relation to deductible gift recipient status:

- that your organisation is endorsed as a DGR
- that your organisation operates the following funds, authorities or institutions (gifts to which may be tax deductible).

D1 Is your organisation endorsed as a DGR?

Only organisations that are DGRs can receive tax deductible gifts or contributions. If your organisation has been endorsed as a DGR, you will have received a notice confirming your endorsement and your endorsement details will be displayed on the ABR.

No ☐ Go to **Section E**.

Yes ☐

Notes

D2 Has your organisation conducted a self-review of its continued entitlement to endorsement as a DGR within the last 12 months?

Things that can affect your organisation's entitlement are changes to your purpose and operations, and the gift or deductible contribution receipts your organisation issues. You should self-review each year and whenever there is a change in your structure or operations.

For help in reviewing your organisation's entitlement to endorsement, refer to Worksheet 1 – Review of a DGR endorsed as a whole and Worksheet 2 – Review of a DGR endorsed for the operation of a fund, authority or institution it owns or includes. You will only need to complete the worksheet that applies to your organisation. If you use another product to self-review your organisation, refer to our worksheets to ensure you are considering all the issues that may affect your continued entitlement to endorsement.

No ☐ You should conduct a self-review of your organisation's entitlement to endorsement as a DGR.

Yes ☐

Notes

D3 Has your organisation documented your self-review of entitlement to endorsement?

No ☐ ▶ Your organisation should maintain records to show that a self-review has been undertaken.

Yes ☐

Notes

D4 Did your organisation's self-review find that it is still entitled to DGR endorsement?

! There is a legal obligation for endorsed DGRs to advise us if they are no longer entitled to endorsement.

No ☐ ▶ You must notify us immediately in writing that your organisation is no longer entitled to DGR endorsement.

Yes ☐

Notes

D5 Does your organisation provide anything to donors in exchange for making a donation to your DGR?

! In order for a gift to really be a gift, no material benefit or advantage should be received by the donor.

Examples of a material benefit would include:
- membership fees
- purchase of raffle tickets
- purchase of chocolates
- costs of attending fundraising dinners.

However, an acknowledgment that a DGR makes in appreciation of a payment can be consistent with that payment being a gift. Examples of appreciation include:
- stickers
- mention in a newsletter or periodical
- plaques if they are of small cost and prominence.

No ☐

Yes ☐ ▶ Review the requirements for tax deductible gifts and ensure any benefits or advantages your organisation provides to donors are consistent with the requirements.

For more information refer to Gifts and fundraising (QC 33652).

Notes

D6 Does your organisation maintain records to verify that tax deductible gifts and contributions are used only for the principal purpose of the fund, authority or institution?

DGRs must keep adequate accounting and other records that show and explain all transactions that are relevant to their status as a DGR. These records must also show that all gifts, deductible contributions, and any money received in respect of such gifts and contributions are only used for the principal purpose of your fund, authority or institution. You must maintain these records for at least five years after the completion of the transactions or acts to which they relate.

If you have consolidated a number of funds, your records must be able to identify donations made to each separate fund, authority or institution and show how the gifts of each fund, authority or institution have been used to further the principal purpose of that fund, authority or institution.

No ☐ Review the requirements for record keeping and ensure you keep adequate records for your status as a DGR.

For more information refer to Record keeping (QC 16904).

Yes ☐

Notes

D7 Does your organisation have a process for keeping up-to-date on changes to tax obligations and concessions for not-for-profit organisations?

Some court decisions or changes to the law may create new or different entitlements or obligations for your organisation. This may include changes to endorsement and eligibility for concessions.

No ☐ Your organisation should keep up-to-date with key tax issues affecting the not-for-profit sector. One way you can do this is by subscribing to our free monthly Not-for-profit newsletter. You have completed Section D, go to **Section E**.

Yes ☐ You have completed Section D, go to **Section E**.

Notes

If you have identified any items in Section D for follow up, you can record your planned actions or actions you have undertaken to address these items in the summary at the end of the checklist.

Section E: **Income tax**

E1 Is your organisation income tax exempt?

Not-for-profit organisations can be either exempt or taxable. Taxable organisations have different obligations to exempt organisations.

For more information about taxable not-for-profit organisations, refer to Mutuality and taxable income (QC 23099).

Not-for-profit organisations that are income tax exempt are:
- tax concession charities (includes public benevolent institutions and health promotion charities)
- self-assessed income tax exempt organisations (includes not-for-profit clubs established for the encouragement of sport).

If your not-for-profit organisation is not income tax exempt, it is taxable. Examples of taxable not-for-profit organisations include:
- social clubs
- certain business and professional associations
- clubs whose main purpose is providing hospitality services for members.

No ☐

Yes ☐ Go to **Section F**.

Notes

E2 Does the principle of mutuality apply to some or all of your organisation's revenue?

The mutuality principle is a legal principle established in case law. It is based on the proposition that an organisation cannot derive income from itself. Broadly this means that revenue derived from mutual dealings with members is not assessable income (for example, member subscriptions) and the expenses incurred to derive mutual receipts are not deductible. Only certain types of organisations can access mutuality for income tax purposes.

For more information about the mutuality principle, refer to Mutuality and taxable income (QC 23099).

No ☐ Go to **question E5**.

Yes ☐

Notes

E3 Does your organisation have a process for checking that its revenue has been correctly classified as:

- **non-assessable**
- **assessable**
- **apportionable?**

To work out your taxable income, your organisation will need to classify its revenue as non-assessable income, assessable income and apportionable revenue. Some organisations may incorrectly treat income derived under an agreement with an external party to conduct gaming or other activities on their premises as apportionable. This income is assessable and not subject to the principle of mutuality. Other examples include agreements to operate Keno, TAB type facilities, catering, entertainment activities and vending machines.

For more information about classifying revenue, refer to Mutuality and taxable income (QC 23099).

No ☐ If you discover any errors, you must notify us as soon as possible in writing.

For more information refer to, Fix a mistake or amend a return (QC 33884).

Yes ☐

Notes

E4 Does your organisation have a process for checking that its expenses have been correctly classified as:

- **non-deductible**
- **deductible**
- **apportionable?**

To work out your taxable income, your organisation will need to classify its expenses as non-deductible, deductible and apportionable. For example, the cost of membership badges is not deductible whereas a donation to a deductible gift recipient may be deductible. In situations where identification and separation is not possible, you may choose to use a practical and suitable method of apportioning an expense.

For more information about classifying expenses, refer to Mutuality and taxable income (QC 23099).

No ☐ If you discover any errors, you must notify us as soon as possible in writing.

For more information refer to, Fix a mistake or amend a return (QC 33884).

Yes ☐

Notes

E5 Does your organisation need to lodge an income tax return?

If you are a non-profit company, you do not need to lodge a tax return if your taxable income is $416 or less. If you are an other taxable company, you must lodge an income tax return each year regardless of your taxable income.

For more information about the difference between non-profit companies and other taxable companies, and the lodgment rules, refer to Mutuality and taxable income (QC 23099).

No ☐ Go to **Section F**.

Yes ☐

Notes

E6 If your organisation must lodge an income tax return, has the return been lodged and any income tax liability paid by the due date?

Organisations must lodge any returns and pay any income tax liability by the due date or penalties for failing to lodge on time and general interest charge may be applied.

No ☐ You must lodge any overdue tax returns and pay any overdue income tax liabilities immediately.

If you are having problems lodging and paying on time, you should phone us on **13 11 42** to discuss your circumstances. For more information about lodgment dates, refer to Statements and returns (QC 33561).

You have completed Section E, go to **Section F**.

Yes ☐ You have completed Section E, go to **Section F**.

Notes

If you have identified any items in Section E for follow up, you can record your planned actions or actions you have undertaken to address these items in the summary at the end of the checklist.

Section F: **Goods and services tax**

Goods and services tax (GST) is a broad based tax of 10% on the sale of most goods, services and anything else consumed in Australia. Registration for GST (including the requirement to be registered) has the following effect on transactions:

- Taxable sales – If your organisation makes a taxable sale, the price includes GST. Your organisation can claim a GST credit for the GST in the price of things you buy to make a taxable sale.
- GST-free sales – If your organisation makes a GST-free sale, it does not include GST in the price. Your organisation can claim a GST credit for the GST in the price of things you buy to make a GST-free sale.
- Input taxed sales – If your organisation makes an input taxed sale, it does not include GST in the price. Your organisation cannot claim a GST credit for the GST in the price of things you buy to make an input taxed sale.

For more information about GST concessions, refer to GST concessions (QC 16990).

F1 Is your organisation registered for GST?

No ☐

Yes ☐ Go to **question F3**.

Notes

F2 Does your organisation have a GST turnover of $150,000 or more?

Not-for-profit organisations with a GST turnover of $150,000 or more must register for GST. If your organisation has a GST turnover of less than $150,000, you can choose to register for GST.

For more information about calculating your GST turnover, refer to GST registration (QC 16958).

No ☐ You do not need to register for GST, but you can choose to do so. Go to **Section G**.

Yes ☐ You must register for GST.

If your organisation has an Australian business number (ABN), you can register for GST using the *Add a new business account* (NAT 2954) form. If your organisation does not have an ABN you can apply for an ABN and register for GST by completing the *ABN registration for companies, partnerships, trusts and other organisations* (NAT 2939).

Notes

F3 Has your organisation lodged all your business activity statements (BAS) and paid all net GST amounts by the due date?

Lodgment of statements and payment of tax liabilities are legal obligations for all taxpayers.

No ☐ You should notify us of your circumstances and take steps to prevent late lodgment and payment occurring in the future.

If you are having problems lodging and paying on time, you should phone us on **13 11 42** to discuss your circumstances. For more information about lodgment dates, refer to Statements and returns (QC 33561).

Yes ☐

Notes

F4 Has your organisation correctly calculated your GST liability and taken corrective action when an error has been detected?

No ☐ If you discover any errors, you must notify us as soon as possible. Your organisation should also have controls in place to support the integrity of your data and be informed on the steps to take if an error is discovered. You have completed Section F, go to **Section G**.

Yes ☐ You have completed Section F, go to **Section G**.

Notes

If you have identified any items in Section F for follow up, you can record your planned actions or actions you have undertaken to address these items in the summary at the end of the checklist.

Section G: **Pay as you go withholding**

Pay as you go (PAYG) withholding requires an entity to withhold an amount if it makes certain listed payments including salary, wages, commission, bonuses or allowances to an employee, director fees, payments for a supply (goods or services) to another business which does not quote an ABN, and certain dividend, interest and royalty payments.

G1 Does your organisation have employees, independent contractors or volunteers?

Volunteers

As a general rule, volunteers do not have to pay tax on payments or benefits they receive in their capacity as volunteers and not-for-profit organisations are not liable for PAYG withholding and fringe benefits tax (FBT) on payments they made, or benefits they provide, to volunteers.

For more information about payments to volunteers, refer to Your volunteers (QC 16184).

Employees

If your organisation has employees, you must be registered for PAYG withholding and withhold amounts from your employee's pay. The withheld amount must be sent to us.

Independent contractors

Under the PAYG system, independent contractors can either provide for their own income tax liability by paying PAYG instalments, or enter into voluntary agreements authorising their payers to withhold amounts from their payments. If your organisation and the contractor make a voluntary agreement, you must withhold amounts from payments you make to the worker and send these amounts to us.

No ☐ Go to **Section H**.

Yes ☐ If your organisation does not have volunteers, go to **question G3**.

Notes

G2 Are all payments and benefits to volunteers made in their capacity as volunteers?

Payments to volunteers are generally not subject to PAYG withholding. However, an organisation may be required to withhold from a payment to a volunteer where the payment is for a supply for goods or services made in the course of an enterprise carried on by the volunteer and the volunteer has not quoted their ABN.

For more information about withholding from payments to volunteers, refer to Volunteers and PAYG withholding (QC 46374).

No ☐ You may need to register for PAYG withholding.

You should review the payments your organisation has made to volunteers and if you must withhold, register for PAYG withholding using the *Add a new business account* (NAT 2954) form.

If your organisation has employees or contractors, go to **question G3**.

If your organisation does not have employees or contractors, go to **Section H**.

Yes ☐ If your organisation has employees or contractors, go to **question G3**.

If your organisation does not have employees or contractors, go to **Section H**.

Notes

G3 Has your organisation correctly classified its employees and contractors?

Your organisation's obligations for PAYG withholding will differ between employees and independent contractors.

An independent contractor is an entity (such as an individual, partnership, trust or company) that agrees to produce a designated result for an agreed price. In most cases, an independent contractor:

- is paid for results achieved
- provides all or most of the necessary materials and equipment to complete the work
- is free to delegate work to other entities
- has freedom in the way the work is done
- provides services to the general public and other businesses
- is free to accept or refuse work
- is in a position to make a profit or loss.

No ☐ For help in working out whether a worker is an employee or a contractor, refer to the Employee/contractor decision tool.

Yes ☐

Notes

G4 Does your organisation have voluntary agreements with independent contractors?

Under the PAYG system, independent contractors can either provide for their own income tax liability by paying PAYG instalments, or enter into voluntary agreements authorising their payers to withhold amounts from their payments.

For more information about voluntary agreements, refer to the Contractor checklist (QC 47990).

No ☐

Yes ☐ If your organisation and the contractor make a voluntary agreement, you must be registered for PAYG withholding and withhold PAYG amounts from payments you make to the contractor.

No independent contractors ☐

Notes

G5 Is your organisation registered for PAYG withholding?

If your organisation withholds amounts from your employee's pay or from a contractor's payment, you must be registered for PAYG withholding. The withheld amount must be sent to us.

No ☐ If you answered that your organisation has employees or independent contactors at question G1, you must register with us for PAYG withholding and remit any withheld amounts.

You can register for PAYG withholding using the *Add a new business account* (NAT 2954) form.

Yes ☐

Notes

G6 Has your organisation correctly calculated your PAYG withholding?

Your organisation's obligations for PAYG withholding will differ between employees and independent contractors.

For more information refer to Pay as you go withholding.

No ☐ If you discover any errors, you must notify us as soon as possible in writing.

For more information refer to, Fix a mistake or amend a return (QC 33884).

Yes ☐

Notes

G7 Has your organisation reported and paid all your PAYG withholding amounts to us by the due dates?

Lodgment of statements and payment of tax liabilities are legal obligations for all taxpayers.

No ☐ Your organisation must take action to lodge and pay any outstanding PAYG withholding.
Your organisation should also take action to ensure future lodgments are made and paid on time.

For more information about lodgment dates, refer to Statements and returns (QC 33561).

You have completed Section G, go to **Section H**.

Yes ☐ You have completed Section G, go to **Section H**.

Notes

If you have identified any items in Section G for follow up, you can record your planned actions or actions you have undertaken to address these items in the summary at the end of the checklist.

Section H: **Fringe benefits tax**

Fringe benefits tax (FBT) is a tax payable by employers who provide fringe benefits to their employees or associates of their employees. Common examples of fringe benefits provided by employers include:

- allowing an employee private use of a car
- providing a laptop to an employee for their private use
- making a loan to an employee at less than market interest rates
- paying an employee's private expenses – for example, private school fees.

H1 Does your organisation provide fringe benefits to employees or associates of employees?

If your organisation provides a fringe benefit, it may have an FBT liability.

A fringe benefit is a payment to an employee, but in a different form to salary and wages. Benefits include rights, privileges or services. A volunteer is generally not treated as an employee for the purposes of FBT.

For more information about FBT, refer to Fringe benefits tax (QC 16967).

No ☐ Go to **Section I**.

Yes ☐

Notes

H2 Is your organisation registered for FBT?

Once you have established that your organisation has to pay FBT, you must register your organisation with us.

No ☐ If your organisation has an FBT liability, you must be registered for FBT.

You can register for FBT using the *Application to register for fringe benefits tax* (NAT 1055) form.

Yes ☐ If you do not have an FBT liability for the year, but you wish to keep your registration, you may need to lodge a notice of non-lodgment.

Notes

H3 Is your organisation eligible for an exemption from FBT?

Only certain types of not-for-profit organisations are eligible for the FBT exemption.

If your organisation is eligible for FBT exemption, benefits you provide to your employees are exempt from FBT where the total grossed-up value of certain benefits for each employee during the FBT year is equal to, or less than, the capping threshold.

For more information refer to FBT exemption (QC 46331).

No ☐ Go to **question H5**.

Yes ☐

Notes

H4 Is the grossed-up value of benefits provided to employees below the capping threshold relevant to your organisation?

Public benevolent institutions and health promotion charities are subject to a capping threshold of $30,000 per employee (the threshold changes to $31,177 for the FBT years ending 31 March 2016 and 2017 only). Public and not-for-profit hospitals and public ambulance services are subject to a capping threshold of $17,000 per employee (the threshold changes to $17,667 for the FBT years ending 31 March 2016 and 2017 only). If the total grossed-up value of fringe benefits provided to an employee is more than the capping threshold, the organisation will be liable for FBT on the excess.

For more information about FBT capping thresholds, refer to Fringe benefits tax (QC 16967).

No ☐ Your organisation will be liable for FBT on the amount of fringe benefits provided above the capping threshold. Go to **question H7**.

Yes ☐ Go to **question H7**.

Notes

H5 Is your organisation a rebatable employer?

Only certain types of non-government, not-for-profit organisations can be rebatable employers. For more information about rebatable employers, including the types of organisations that can be rebatable, refer to FBT rebate (QC 46337).

No ☐ Go to **question H7**.

Yes ☐

Notes

H6 Is the grossed-up value of benefits provided to employees below the capping threshold?

Rebatable employers are entitled to have their liability reduced by a rebate equal to:

- 48% of the gross FBT payable, subject to a $30,000 capping threshold for the 2015 and earlier FBT years
- 49% of the gross FBT payable, subject to a $31,177 capping threshold for the 2016 and 2017 FBT years
- 47% of the gross FBT payable, subject to a $30,000 capping threshold for the 2018 FBT year and onwards.

If the total grossed-up taxable value of fringe benefits provided to an employee is more than the capping threshold, a rebate cannot be claimed for the FBT liability on the excess amount.

For more information about the FBT rebate, refer to FBT rebate (QC 46337).

No ☐ You cannot claim the FBT rebate on the amount of fringe benefits your organisation has provided that exceeds the capping threshold.

Yes ☐

Notes

H7 Has your organisation correctly calculated its FBT liability?

! If your organisation's FBT liability has not been correctly calculated you need to take corrective action or penalties may be applied.

No ☐ If you discover any errors, you must notify us as soon as possible in writing.

For more information refer to, Fix a mistake or amend a return (QC 33884).

Yes ☐

Notes

H8 Has your organisation lodged its FBT return and paid any FBT liability by the due date?

! If your organisation's FBT return has not been lodged and its FBT liability has not been paid by the due date, you must take corrective action by notifying us and following up any issues you need help with. Otherwise late lodgment fees and interest charges may be applied.

No ☐ Your organisation must lodge and pay any outstanding FBT. Your organisation should also take action to ensure future lodgments are made and paid on time.

For more information about lodgment dates, refer to Statements and returns (QC 33561).

Yes ☐

Notes

H9 Has your organisation noted the correct reportable fringe benefits amounts on its employee's payment summaries?

! If the total taxable value of reportable fringe benefits you provide to an employee in an FBT year (1 April to 31 March) is more than $3,000, you must record the grossed-up taxable value of those benefits on your employee's payment summary for the corresponding income year (1 July to 30 June).

This requirement applies even if your organisation is not liable to pay FBT.

Benefits that are exempt from FBT may still need to be reported on payment summaries.

No ☐ For more information about reportable fringe benefits, refer to Reportable fringe benefits (QC 43879).

You have completed Section H, go to **Section I**.

Yes ☐ You have completed Section H, go to **Section I**.

Notes

If you have identified any items in Section H for follow up, you can record your planned actions or actions you have undertaken to address these items in the summary at the end of the checklist.

Section I: **Superannuation**

Employers must provide a minimum level of super support for eligible employees (currently 9.50% of an employee's ordinary time earnings) or lodge a *Superannuation guarantee charge statement* and pay the superannuation guarantee charge (SGC).

Most employees, whether full-time, part-time or casual, are covered by the superannuation guarantee legislation. The definition of employee is extended for super purposes to cover some additional categories of workers, including company directors, some artists, sportspeople and certain contractors.

Generally, you have to pay super for an employee who:
- works full-time, part-time or on a casual basis
- is 18 years old or over and you pay $450 or more (before tax) in salary or wages in a calendar month
- is under 18 years old, works more than 30 hours per week and you pay $450 or more (before tax) in salary or wages in a calendar month.

You can use the Superannuation guarantee (SG) eligibility decision tool to work out if you must make super contributions for your workers.

You do not have to pay super contributions for:
- employees you pay less than $450 (before tax) in salary or wages in any calendar month
- non-resident employees who are paid for work done outside Australia
- employees under 18 years old, not working more than 30 hours per week
- employees you pay to do work of a domestic or private nature for no more than 30 hours a week, such as a part-time nanny or housekeeper.

Many employees are entitled to choose the super fund their employer super contributions are paid into. You need to:
- identify your eligible employees
- provide a *Standard choice form* to employees who are eligible to choose a super fund
- nominate a default fund
- act on your employee's choice.

If you have 19 or fewer employees you must start using the SuperStream standard for your contributions from 1 July 2015. Larger employers should already be using SuperStream.

For more information about paying super for employees, refer to the Super for employers (QC 33737).

No organisations are exempt – all are subject to the superannuation guarantee legislation, including those organisations that are exempt from income tax.

I1 Does your organisation have employees or contractors?

Most employees, whether full-time, part-time or casual, are covered by the superannuation guarantee legislation. The definition of an employee is extended for super purposes to cover some additional categories of workers, including company directors, some artists, sportspeople and certain contractors.

You can use the Employee/contractor decision tool to work out whether your new or existing workers are employees for tax and super purposes.

No ☐ Go to **Section J**.

Yes ☐

Notes

I2 Has your organisation correctly calculated super entitlements for its employees?

As an employer, you must provide a minimum level of super support for your eligible employees or lodge a *Superannuation guarantee charge statement* and pay the superannuation guarantee charge (SGC). The Superannuation guarantee charge statement and calculator tool can be used to calculate your super guarantee charge liability and prepare the super guarantee charge statement you lodge with us. For more information about superannuation, refer to Super for employers (QC 33737).

No ☐ You must notify all parties concerned without delay.

If you are unable to lodge or pay, you should phone us on **13 10 20** to discuss your situation.

Yes ☐

Notes

I3 Did you offer your employees a choice of super fund?

You need to give your employees a *Standard choice form* (NAT 13080) within 28 days of when they start work (if they are eligible). The *Standard choice form* provides information about choosing a super fund.

No ☐ Identify your eligible employees and provide them with a *Standard choice form*.

For more information refer to the Offer your employees a choice of fund (QC 33746).

Yes ☐

Notes

I4 Has your organisation reported and paid all super amounts for its employees by the due dates?

If your organisation does not pay the minimum level of super support for your employees by the quarterly cut-off date, you must lodge a *Superannuation guarantee charge statement* and pay the SGC charge to us. The charge includes the super guarantee shortfall amount, including any choice liability, interest of 10% per annum on the shortfall amount and an administration fee of $20 per employee per quarter. In addition, the SGC is not tax deductible. For more information about superannuation, refer to Super for employers (QC 33737).

No ☐ You must lodge a *Superannuation guarantee charge statement* and pay the SGC charge to us.
You have completed Section I, go to **Section J**.

Yes ☐ You have completed Section I, go to **Section J**.

Notes

If you have identified any items in Section I for follow up, you can record your planned actions or actions you have undertaken to address these items in the summary at the end of the checklist.

Section J: **Administration**

J1 Does your organisation have a process for the handover of relevant information when office bearers change?

Not-for-profit organisation's office bearers are elected or appointed on an annual basis. It is important that information about the endorsement and obligations of the organisation is handed over to new office bearers to enable them to perform their duties.

No ☐ Your organisation should have handover procedures in place to ensure a smooth transition between office bearers. For help in handing over your organisation's tax affairs to a new office bearer, refer to our Handover checklist for not-for-profit administrators (QC 45475).

Yes ☐

Notes

J2 Are the contact details we have for your organisation up-to-date?

If your organisation's contact details are not up-to-date, we may not be able to discuss your organisation's specific circumstances with your nominated contact person.

No ☐ You should ensure your contact details are up-to-date.

For information about how to update your contact details, refer to Notifying us of changes (QC 46370).

Yes ☐

Notes

J3 Does your organisation have well-documented policies and procedures on tax and super issues?

Policies and procedures on tax and super issues should be up-to-date with current tax and super laws. There should also be policies and procedures in place that detail how unusual transactions or events should be handled, such as seeking advice from expert advisers or us on contentious, highly-technical, complex or unique issues.

No ☐ Your organisation should develop policies and procedures to advise your staff on how to deal with tax and super issues.

Yes ☐

Notes

J4 Do the staff responsible for your organisation's tax, super and accounting functions have sufficient knowledge, skills and experience to perform their role properly?

No ☐ You should develop a training plan to ensure that the staff performing your tax, super and accounting functions have the skills and knowledge they need to perform their role.

Yes ☐

Notes

J5 Does your organisation have a process in place to detect fraud from within the organisation?

No ☐ Organisations that do not have fraud detection processes in place could suffer financial consequences and a loss of reputation. You should develop fraud detection processes for your organisation.

Yes ☐

Notes

J6 Have there been any changes in your Committee of management or your Board that government departments must be notified of?

Organisations that are endorsed under some categories – for example, harm prevention charities – must give notice to government departments if there is a change in the Committee of management or Board.

No ☐

Yes ☐ If your organisation needed to apply to another government department for endorsement, as well as the ATO, you should notify them of the change.

Notes

J7 Has your organisation reviewed Building confidence for this financial year?

Building trust and confidence (QC 57202) identifies our compliance priorities and how we are addressing those risks.

No ☐ Your organisation should review Building trust and confidence each financial year to see if the identified compliance priorities and risks impact on you. You have completed Section J, go to **Section K**.

Yes ☐ You have completed Section J, go to **Section K**.

Notes

If you have identified any items in Section J for follow up, you can record your planned actions or actions you have undertaken to address these items in the summary at the end of the checklist.

Section K: **Record keeping**

Good business records help you manage your organisation's tax obligations and make it easier for you to report to us.

K1 Does your organisation have a record keeping system in place?

There are a number of reasons for keeping good records of your business transactions, including that it is a legal requirement. There are penalties for not maintaining the required records and for not keeping them for five years. For more information refer to Record keeping (QC 16904).

No ☐ You must keep records of your transactions for at least five years. You should set up a record keeping system for your organisation.

Yes ☐

Notes

K2 If your organisation has a computerised accounting system, is your organisation's system up-to-date?

Updates to your computerised accounting systems include changes made to tax and super law. If your organisation's accounting systems are not up-to-date, your organisation may be applying out-of-date income tax and super rates.

No ☐ Contact your software supplier for the latest updates to ensure you are using the correct income tax and super rates.

Yes ☐

Notes

K3 Are your organisation's transactions for tax and super coded and calculated correctly in your computerised accounting system?

No ☐ If your organisation's transactions are not coded and calculated correctly in your computerised accounting system, your organisation may be paying incorrect amounts for PAYG withholding, income tax, super or GST.

Yes ☐

Notes

K4 Does your organisation maintain a register or meeting minutes that document the decisions made by your organisation?

No ☐ It is good governance practice to keep minutes and other records explaining decisions for at least five years. You have completed Section K, go to **Section L**.

Yes ☐ You have completed Section K, go to **Section L**.

Notes

If you have identified any items in Section K for follow up, you can record your planned actions or actions you have undertaken to address these items in the summary at the end of the checklist.

Section L: **Ceasing operations or winding-up**

L1 Is your organisation ceasing operations or winding-up?

No ☐ Go to **Part 3: Summary and sign-off**.

Yes ☐

Notes

L2 Has your organisation contacted us to cancel your registration for an ABN, GST and PAYG withholding?

No ☐ Your organisation must cancel your registrations when they are no longer required.

You should complete the *Application to cancel registration* (NAT 2955) form when ceasing or winding-up your operations.

Yes ☐

Notes

L3 Has your organisation notified us that you no longer qualify for endorsement as a tax concession charity or a deductible gift recipient?

No ☐ You must notify us immediately in writing that your organisation no longer qualifies for these concessions.

Yes ☐

Notes

L4 If your organisation is registered for GST or PAYG withholding, have you lodged your final business activity statement?

No ☐ Your organisation still must lodge your final business activity statement (BAS) by the due date.

Yes ☐

Not applicable ☐

Notes

L5 If your organisation must lodge an income tax return, have you lodged your final income tax return?

No ☐ Your organisation must lodge a final income tax return on cessation or winding-up.

Yes ☐

Not applicable ☐

Notes

L6 If your organisation is registered for FBT, have you lodged your final FBT return?

No ☐ Your organisation must lodge a final FBT return on cessation or winding-up.

Yes ☐

Not applicable ☐

Notes

L7 If your organisation has employees, have you reported and paid your final super payments?

No ☐ Your organisation still must report and pay your final super payments by the due date.
You have completed Section L, go to **Part 3: Summary and sign-off**.

Yes ☐ You have completed Section L, go to **Part 3: Summary and sign-off**.

Not applicable ☐ You have completed Section L, go to **Part 3: Summary and sign-off**.

Notes

If you have identified any items in Section L for follow up, you can record your planned actions or actions you have undertaken to address these items in the summary at the end of the checklist.

PART 3: SUMMARY AND SIGN-OFF

Complete the table below as a record summarising your governance process. Answer 'Not applicable' to the sections that did not apply to your organisation. For any sections where you have answered 'No', record your planned actions or actions you have undertaken to address the incomplete items in the space provided.

Submit the completed checklist and summary to your Board, Committee or Trustee for approval.

! When you have completed this checklist, keep a copy for your records. Do not send it to us.

Section		Section completed?		
		Yes	No	Not applicable
A	Tax concession charity			
B	Self-assessed income tax exempt			
C	Taxable not-for-profit			
D	Deductible gift recipient			
E	Income tax			
F	Goods and services tax			
G	Pay as you go withholding			
H	Fringe benefits tax			
I	Superannuation			
J	Administration			
K	Record keeping			
L	Ceasing operations or winding-up			

Planned actions or actions undertaken to address incomplete items

Name of the person who completed the checklist

Position held

Approval by Board/Committee/Trustee

Date

Day / Month / Year

Save form   Reset form