



Australian Government

Australian Taxation Office

# Helping not-for-profits get it right

## *What you need to know!*

### **Student Experience Network**

Thursday 25 January 2024

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Not-for-profit, Government and New Measures  
Australian Taxation Office

EXTERNAL





**Australian Government**  
**Australian Taxation Office**

- ✓ National administrator for taxation and superannuation
- ✓ Assesses not-for-profits and charities seeking access to Commonwealth tax exemptions and concessions - such as DGR endorsement and income tax and GST concessions

## NOT-FOR-PROFIT CENTRE AND GOVERNMENT

- We are a direct point of contact for government and not-for-profit clients and stakeholders.
- We work with clients, intermediaries, peak bodies, scrutineers, government, other agencies and all relevant ATO business areas.

## OUR ROLE

To confirm the integrity of NFP and Government tax administration, by:

- Providing clients with timely and tailored advice that assists them to understand and meet all their tax and super obligations.
- Assuring clients are operating for purpose and accessing concessions appropriately, that justifies the trust placed in them by the Australian community.
- Supporting clients to deliver important services for the Australian community, especially in times of need during disaster periods or critical instances.
- Influencing the shape of the tax and superannuation system.

# OVERVIEW NOT-FOR-PROFIT POPULATION



**SOURCES**

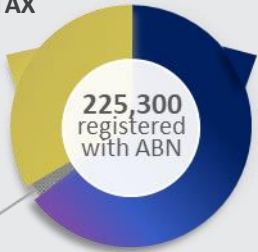
- 1. Productivity commission research report 2010
- 2. ATO data warehouse as at June 2023, figures are approx.
- 3. Taxation statistics 2020-21,
- 4. Australian charities report 8<sup>th</sup> edition 2019-20
- 5. ATO Digital Identity Services as at June 23

## REGISTERED NOT-FOR-PROFITS <sup>2</sup>

Registered not-for-profits have an active ABN

### 57,800 (26%) ENDORSED TAX CONCESSION CHARITIES

To access charity concessions, charities must be registered with the *Australian Charities and Not-for-profit Commission* and endorsed by the ATO



### 157,100(70%) SELF-ASSESSED INCOME TAX EXEMPT

Not-for-profits can self-assess exemption from income tax if they are not a charity and they meet the requirements of one of eight categories

### 28,300 DEDUCTIBLE GIFT RECIPIENTS

Not-for-profits and government organisations endorsed as entitled to receive tax deductible donations. Includes 2,200 government entities.

### 66,400 GST REGISTERED

Not-for-profits with \$150,000 turnover must register for GST.

### 40,900 PAYGW REGISTERED

Not-for-profits register and report PAYGW where they make payments subject to withholding.

### 9,000 (4%) TAXABLE NOT-FOR-PROFITS

Not-for-profits that lodge an income tax return include social clubs, certain professional associations, clubs whose main purpose is providing hospitality for members, and political parties



About **46,900** entities generated an estimated **\$224.5 billion** in sales in 2020-21 <sup>2</sup>



**\$4.4 billion** donations from **4.2** million Australian taxpayers <sup>3</sup>



In 2020-21 approximately:  
▪ **1.9 million** employees <sup>2</sup>  
▪ **\$21.4 billion** PAYGW reported <sup>2</sup>  
▪ **34,500** registered for Single Touch Payroll <sup>2</sup>



**7,100** of all employers are registered for FBT  
**12,800** have an FBT exemption  
**31,500** have an FBT Rebate <sup>2</sup>



▪ **\$900 million** in franking credits refunded in 2021-22 <sup>3</sup>



▪ **\$88.8 billion** in revenue received by charities from the Government (including grants) <sup>4</sup>  
▪ **\$12.7 billion** in donations and bequests <sup>4</sup>



▪ **48,900** NFP and GOV entities registered with myGovID to use online services (as at June 2023) <sup>5</sup>

# NOT-FOR-PROFITS TAX AND SUPER OBLIGATIONS

ATO registrations, lodgments and payments not-for-profits may have

## GST obligations



- NFPs are required to register for GST if their turnover is **\$150,000 or more**. NFPs under the \$150,000 threshold can choose to register.
- NFPs registered for GST must lodge Business Activity Statements (BAS), usually on a quarterly basis.
- This can be done using *Online Services for Business* or through a tax or BAS agent.

## Employer obligations

### PAYG Withholding (PAYGW)

- NFPs with employees have the same PAYGW obligations as for-profit businesses.
- NFPs must register when they are required to withhold tax from payments to others - including employees, directors and office holders.

### Single Touch Payroll (STP)

- All NFPs should now be using STP to report salaries and wages, PAYGW and superannuation.
- The end-of-year finalisation process using STP has replaced lodging a payment summary annual report.

### Fringe Benefits Tax (FBT)

- NFPs liable for FBT on benefits provided to employees are required to:
  - register for FBT
  - lodge an annual FBT return
  - pay the resulting FBT liability.
- Examples of benefits provided may include:
  - use of a car
  - meal allowance
  - direct payments of employees' personal expenses (rent, mortgage, utility bills).
- NFPs may need to pay FBT instalments each quarter.



### Superannuation

- NFPs must provide eligible employees with super contributions of at least the super guarantee rate by the quarterly cut-off date.
- Most employees are covered by the super guarantee legislation. It covers those who are full time, part-time or casual. It also covers certain independent contractors.
- The super guarantee rate is 10.5% for the 2022-23 financial year and is currently increasing by 0.5% each financial year.



## Payday Super measure

- On 9 May 2023, as part of Budget 2023-24, the government announced the 'Securing Australians' Superannuation Package' – increasing the payment frequency of the super guarantee.
- The measure will require super to be paid at the same time as salary and wages from 1 July 2026.
- Treasury will lead the policy consultation period. A consultation paper in relation to the policy is expected to issue in August.
- The ATO will consult and co-design with all stakeholder groups in relation to its administration, impacts on stakeholders and any changes that need to be made.

# CHARITIES COMPLETE YOUR ANNUAL SELF-REVIEWS



Charities registered with the ACNC must meet all of their tax and superannuation obligations **in addition** to their ongoing obligations to the ACNC.



## Tax concessions

Charities should review their entitlement to charity tax concession endorsement on an annual basis and when there is a major change in the charity's structure, purpose or operations

## DGR endorsement

Charities should review their entitlement to DGR endorsement on an annual basis and when there is a major change in the charity's structure, purpose or operations




## Governance

Charities should review how well they understand and manage their tax and super obligations on an annual basis and when there is a major change in the charity's structure, purpose or operations

For more information

- ✓ The worksheet and checklists available at [ato.gov.au/nfpsselfreview](https://ato.gov.au/nfpsselfreview)

# KEY FOCUS AREAS WHAT ATTRACTS OUR ATTENTION

<b>1. OPERATING FOR PURPOSE</b>  <ul style="list-style-type: none"> <li>Are entities applying income and assets solely for purpose?</li> <li>Are entities operating in accordance with their governing documents?</li> </ul>		<b>2. SELF-ASSESSING INCOME TAX EXEMPTION</b>  <p>Not-for-profits correctly access and use the significant concessions available to the sector.</p> <p><b>Key aspects</b></p> <ul style="list-style-type: none"> <li>Are self-assessing entities regularly reviewing their entitlement to self-assess as income tax exempt (e.g. purpose must align to 1 of 8 categories)?</li> <li>Are self-assessing entities meeting their other taxation obligations, such as: <ul style="list-style-type: none"> <li>GST registration, lodgment and payment</li> <li>Super and PAYGW payments</li> </ul> </li> </ul>	<b>3. PRIVATE AND PUBLIC ANCILLARY FUNDS</b>  <ul style="list-style-type: none"> <li>Are ancillary funds established to facilitate philanthropic giving or for other purposes?</li> <li>Are ancillary funds meeting the requirements of the guidelines?</li> </ul> <p><b>Key aspects</b></p> <ul style="list-style-type: none"> <li>Minimum annual distributions of 5% (Private funds) and 4% (Public funds)?</li> <li>Maintaining a diverse investment strategy to support regular giving?</li> <li>Loans/valuations are accurately recorded and in line with guidelines?</li> </ul>
<b>DGR ENTITLEMENT</b> <ul style="list-style-type: none"> <li>Are deductible gift recipients (DGR) meeting their purpose and activity requirements?</li> <li>In entity groups with a mix of DGR and non-DGRs, do donation reach the correct entity?</li> </ul>	<b>REFUND OF FRANKING CREDITS</b> <ul style="list-style-type: none"> <li>Are charities entitled and claiming the correct amounts?</li> <li>The refund application form is now available to download from <a href="https://ato.gov.au">ato.gov.au</a></li> </ul>		
<b>MEETING TAX AND SUPER OBLIGATIONS</b> <ul style="list-style-type: none"> <li>Are FBT concessions and calculations correct?</li> <li>Are NFP entities meeting requirements to be registered for GST, and correctly classifying and reporting GST supplies?</li> </ul>	<b>WIND-UP</b> <ul style="list-style-type: none"> <li>Are surplus funds and assets distributed according to the NFPs governing rules, upon wind-up?</li> </ul>		
<b>MUTUALITY</b> <ul style="list-style-type: none"> <li>Is the principle of mutuality being applied correctly and are members correctly classified?</li> <li>Are tax returns being lodged as required?</li> </ul>	<b>INTERNATIONAL TRANSACTIONS</b> <ul style="list-style-type: none"> <li>Are funds being sent overseas for non-charitable purposes?</li> <li>Are there indicators of Terrorism financing or money laundering in NFP sector?</li> </ul>		

## 4. EMERGING RISKS



### COMMERCIAL ACTIVITIES BY NFP & CHARITY ENTITIES

- Are they for purpose?
- Are assets and income being applied solely for the purpose for which the NFP was established?
- At wind-up, are assets being distributed in accordance with the entity's governing documents?
- Are commercial activities being treated correctly in terms of GST?

### RIISING DEBT LEVELS

- Are NFP entities with significant debt viable?

### STRUCTURING AND A LACK OF TRANSPARENCY

- Are structures appropriate to meet the entity's purpose?
- Are structures overly complex for the operating purpose?
- Are structures that contain 'for-profit' entities operating at arms-length and for the ultimate benefit of the NFP?
- Are structures being put in place to impede transparency?

### USE OF PUBLIC BENEVOLENT INSTITUTION (PBI) STRUCTURE TO ACCESS FBT CONCESSIONS

- Are employees of PBIs used to undertake non-PBI activities? Eg: through labour-hire arrangements

### PRIVATE NFP FOUNDATIONS

- [Taxpayer Alert - TA 2016/5](#)
- Streaming of untaxed employment, contractor or business income through an unincorporated 'foundation' that is treated as not being subject to income tax.

### NFP STRUCTURES USED TO FRAUDULENTLY OBTAIN TAX BENEFITS

- Are GST credits claimed only for eligible purchases?
- Are claims for REFCs eligible?
- Are assets and income being applied to provide private benefits to individuals?



# IMPROVING ASSURANCE

What not-for-profits can do to achieve higher assurance



## Keeping good records

- Evidence how and why the entity treated tax and superannuation matters in a certain manner
- Document how the entity self-assessed as eligible for income tax exemption
- Setup an annual review process to evidence ongoing eligibility to income tax exemption
- Notate details of activities that encourage sport as the main purpose (i.e. for a sporting club)
- Monitor continued eligibility and record the factors for determining entitlement to concessions (e.g. for claiming franking credit refunds)
- Show workings of calculations. For example, how current and projected turnover is calculated in order to determine the requirement to register for GST



## Risks communicated to market

- Self-review DGR entitlement by checking that the entity continues to operate for purpose and meets the principal activity test
- Review ancillary fund guidelines to ensure all requirements are met
- Record how the taxable value of fringe benefits to employees was calculated and applies to the appropriate concessions claimed



## Significant transactions with a tax or superannuation impact

- Payments between related entities are applied for purpose and do not result in private benefit
- Ensure government grants are applied for purpose
- Prevent errors that will have a large consequential impact on tax and super outcomes by adhering to governance standards (i.e. for FBT and GST transactions)
- Setup arrangements to protect the entity from terrorism finance and money laundering



## Accounting and tax results

- The distribution of funds by an entity meets the special conditions for income tax exemption (i.e. assets and income are applied solely for purpose)
- Surplus funds and assets, at time of wind-up, are distributed according to governing rules and charitable assets remain within the charitable domain
- Apply the principle of mutuality and ensure members are classified correctly
- Record the determining factors for decisions (i.e. how uncertain tax positions are accounted for)

# NEW REPORTING REQUIREMENT

Non-charitable not-for-profits self-assessing as income tax exempt

## NEW ANNUAL SELF-REVIEW RETURN

- Division 50 of ITAA 1997 sets-out **specific criteria** for eight types of income tax exempt entities eligible to self-assess.
- From 1 July 2023, **non-charitable** not-for-profits with active ABN will be required to lodge an annual self-review return to access an income tax exemption.
- The requirement to lodge will be established by an update to the 2023-24 *Notice of Requirement to Lodge a Return (Legislative Instrument)*.
- If a return is not lodged, not-for-profits may become ineligible for an income tax exemption. Penalties may also apply under the ATO's penalty framework.

## How it will work

- Questions guide not-for-profits to consider *purpose* and *activities* against specific eligibility requirements of an income tax exempt entity.
- This will assist NFPs to determine the basis for which to self-assess as income tax exempt, and report this to the ATO.
- A self-review return guide will be available on [ato.gov.au](https://ato.gov.au)



More information on [ato.gov.au](https://ato.gov.au)

- [ato.gov.au/NFPtaxexempt](https://ato.gov.au/NFPtaxexempt)
- [ato.gov.au/NFPselfreviewguide](https://ato.gov.au/NFPselfreviewguide) *new page from end Nov 2023*
- Search for **QC 65630**

## ! NFPs with **only** charitable purposes

- May be eligible for income tax exemption **only if** they are registered as a charity with the ACNC.
- NFPs should self-check if they have charitable purposes by **downloading** the application checklist at [acnc.gov.au/selfassessing](https://acnc.gov.au/selfassessing)

## COMPLETING THE RETURN

Focus is on making it **simple**, **quick** and **automated** using the existing online and secure platform - **Online Services**



### Sections to complete



- 1 Organisation details**
  - Authorised contact and address details
  - Estimated annual gross revenue range:
    - Small* \$0 - \$150K
    - Medium* \$150K - \$3m
    - Large* >\$3m



- 2 Income tax exemption self-assessment**
  - Around five questions testing eligibility
  - Primarily yes/no style questions
  - Links to guidance to assist completion



- 3 Summary and declaration**
  - Save and print

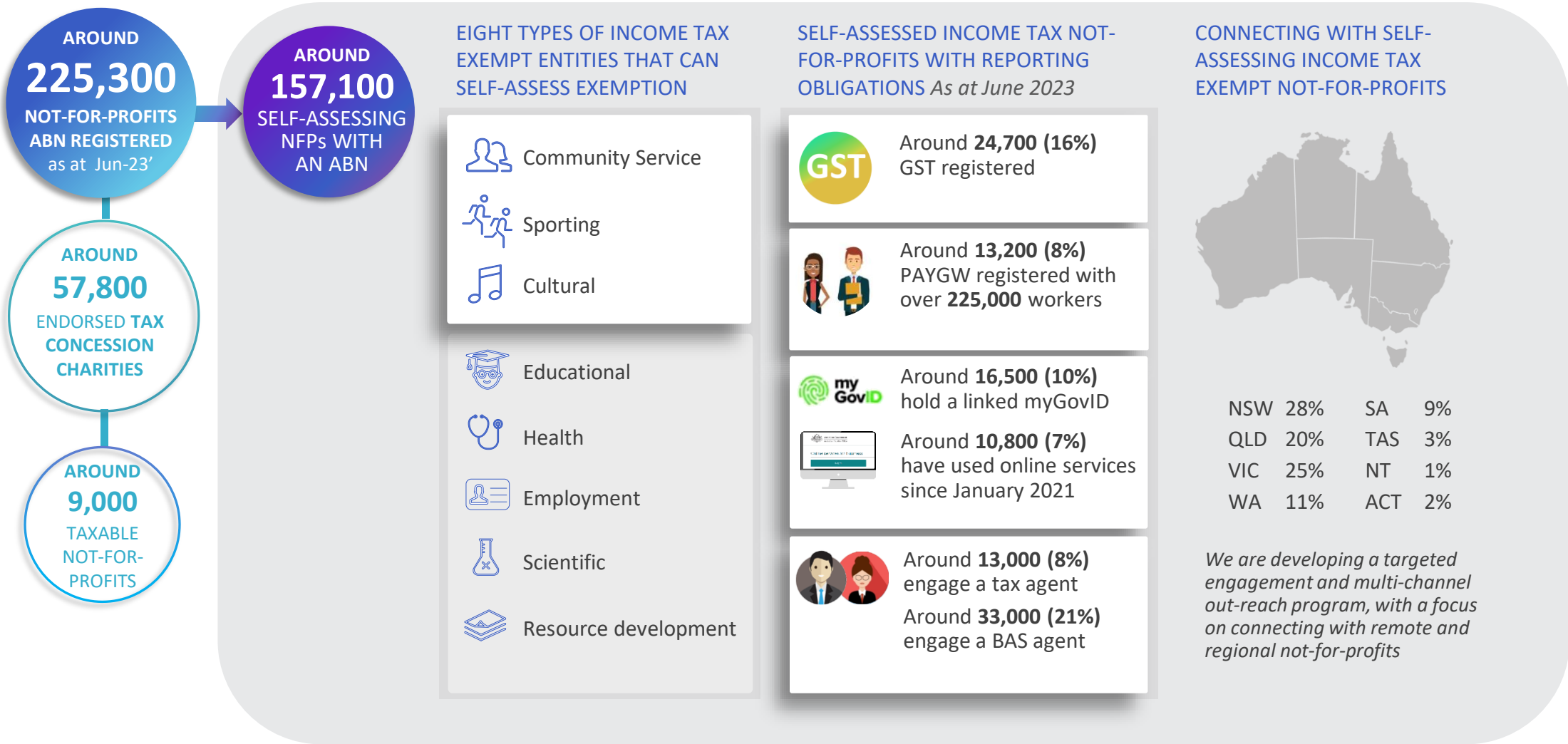
### Due date



The first 2023-24 return will be open for lodgment between **July and October 2024**



# NEW REPORTING REQUIREMENT POPULATION OVERVIEW



# NEW REPORTING REQUIREMENT SUPPORTING TRANSITION

Nov-2023 Questions published to [ato.gov](#)  
1-Jul-2024 Return is live  
31-Oct-2024 First lodgment due

JUNE JUL AUG SEP OCT NOV DEC JAN JUL OCT

**Increasing awareness across the sector**

- ✓ **New [ato.gov.au](#) webpage**
- ✓ Increasing messages
  - New requirement to report
  - Must be eligible for exemption
  - Update your contact details

**Continue consultation and publish guidance**

- ✓ Questions published to [ato.gov.au/NFPtaxexempt](#)
- ✓ Help on what to do before your first lodgment
- ✓ Get digital ready - **myGovID** and **RAM authorisations**

**Return live**

- ✓ Lodgment open **July to end-October**

**Compliance**

**Testing questions with not-for-profits**

- ✓ Active consultation matter on [ato.gov.au](#)
- ✓ User-test and iteratively refine return structure and reporting framework from mid-July

**IT System releases**

- ✓ NFP to receive notice of a new reporting role **Mar-Apr**
- ✓ SBR Service List Lodgment available **end-Jun early-Jul**

Peak representative body presentations

Live and recorded webinars and podcasts

Town hall events

'How to' information and demonstration videos

## PREPARE EARLY WHAT YOU CAN DO TO GET READY



- 1 Update primary contacts and ABN registration details with the ATO**
  - It's an ABN registration requirement to keep your contact details up-to-date.
  - You will receive important information about your tax and super obligations.
- 2 Get digital ready**

**Set-up your myGovID and Online Services for Business**
- 3 Review eligibility**
  - Review eligibility using newly published questions as a guide at [ato.gov.au/NFPselfreviewguide](#) **new page from end Nov 2023**
  - Make any necessary changes to governing documents
  - Meet with your NFP board
  - Find out about income tax exemption and taxable not-for profits - visit [ato.gov](#) and search for **QC 33591**
- 4 Keep informed**

Subscribe to monthly newsletter at [ato.gov.au/nfpnews](#)

- Complete return**
- ✓ Practical tips to support first lodgment
  - ✓ Targeted help to guide higher impacted NFPs
  - ✓ Must be eligible for income tax exemption

## WHY IS THE NEW RETURN IMPORTANT?

Entities inaccurately self-assess income tax exemption for a range of reasons, which can be due to common misunderstanding or assumptions such as:

- Exemption is automatic for entities operating on a not-for-profit basis.
- Not aware of the existing need to self-assess income tax exemption, or that their purposes and activities must align to the requirements.
- Never formally self-reviewing eligibility to income tax exemption, or not regularly reviewing this status.

## ESTABLISHES VISIBILITY ACROSS THE SECTOR

- Only eligible not-for-profits access income tax exemption.
- Enables delineation of clients eligible to self-asses, and those who are not.

## MAINTAINS SYSTEM INTEGRITY

- Reliable data, acquired through regular reporting enables assurance.
- The community expects the ATO to assure that not-for-profits correctly access income tax concessions.

## SUPPORT A LEVEL PLAYING FIELD

- Clients are supported to meet their annual reporting requirements under the correct framework, as set out in law.

# DEDUCTIBLE GIFT RECIPIENT REFORMS

## 2017 DGR ANNOUNCEMENTS

The Government announced four DGR reform measures, three of which were designed to strengthen governance arrangements and reduce administrative complexity

1. All non-government DGRs must register as charities to strengthen transparency and standardise regulatory and reporting arrangements.
2. To reduce complexity and streamline application processes, the administration of four DGR registers to be transferred to the ATO.
3. Contemporise and remove specific requirements for a DGR public funds, now covered by charity governance standards.
4. Extend the cultural organisation DGR category to include organisations that promote indigenous languages (implemented)

### DGRs required to be a registered charity

From 14 December 2021, charity registration is required for all non-government DGRs except ancillary funds or organisations specifically listed in the tax law.

We reviewed non-government DGRs against the requirements to be a registered charity or operated by one.

- We are revoking the DGR endorsement of those that are no longer entitled.
- These DGRs will receive a notice with the date, reason for revocation and their right to a review the decision.
- A DGR that has their status revoked, will be able to re-apply for endorsement if they later satisfy DGR requirements.

### Transfer of four DGR registers

On 28 June 2023, the *Treasury Laws Amendment (Refining and Improving our Tax System) Act 2023* became law.

The amendments transfer administrative responsibility of four unique deductible gift recipient (DGR) categories from other government departments to the ATO.

From 1 January 2024, the ATO will assess eligibility for:

- Environmental organisations
- Harm prevention charities
- Cultural organisations
- Overseas aid organisations

These changes mean the ATO will administer all DGR categories enabling consistency of administration, reduced red tape, and a simplified application process for organisations seeking DGR status.

## DGR STATUS FOR COMMUNITY FOUNDATIONS

It is proposed that the tax law be amended to establish a new class of deductible gift recipients for community foundations.

The proposed amendments establish:

- a new general DGR category in the *Income Tax Assessment Act 1997* for community charity funds
- a compliance regime in the *Taxation Administration Act 1953* accompanied with new ministerial guidelines.

Treasury closed public consultation on the exposure legislation on 16 July 2023.

Enabling legislation was introduced to Parliament on 13-Sep-2023, but is not yet law. It requires successful passage through both houses of parliament and Royal Assent **before** it can become law.



For more information

Go to [ato.gov.au/non-profit](https://ato.gov.au/non-profit) and search for **QC 54421**

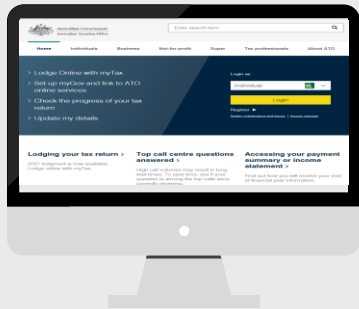
# PUBLIC ADVICE AND GUIDANCE REFRESH

Working together with internal and external stakeholders, we continue to refresh guidance products by reviewing language making sure that examples are contemporary and easy to understand.

## Website

Continuous improvement of dedicated NFP content on **ato.gov.au**, including:

- Incorporating important information for new measures
- Keeping content current
- Improving navigation



## Recently published

- Decision Impact Statement (DIS) - ***The Buddhist Society of Western Australia Inc v Federal Commissioner of Taxation (No 2)***. The DIS informs the community of the ATO view of the implications of the court decision.
- Practical Compliance Guideline ***PCG 2022/3 GST and residential colleges*** – ATO compliance approach has been finalised and will apply to tax periods starting from 1 January 2023.
- Additional examples in our web content to help NFPs understand their GST obligations when they receive a grant of financial assistance.
- Taxation Ruling ***TR 2022/2 – Income tax the games and sports exemption*** was published on 14 September and replaces TR 97/22. The new Ruling does not change the Commissioner's view and reflects case law that has occurred since that Ruling was published.

## In progress

- Tailored advice and guidance for self-assessing income tax exempt NFPs
- TR 2013/2 School Building funds – review to consider impact of recent court decision

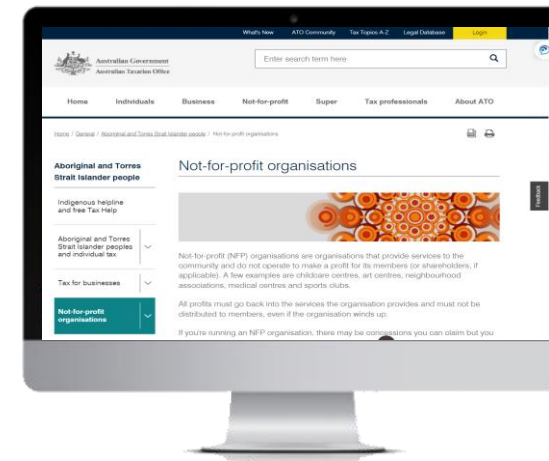
## For consideration in 2023-24

- Review of ATO Mutuality Guide
- Review of TD 93/190 – provides the ATO view on income tax exemption for community service purposes
- Advice and Guidance for the DGR registers expected to transition to the ATO if legislation is passed
- TR 95/27 Public Funds – upcoming DGR reform removing public fund requirements will make review of this ruling a priority
- TR 2000/10 Public Libraries, Museums and Art Galleries – Ruling does not reflect contemporary structures and operations of modern institutions

# SUPPORT FOR INDIGENOUS NOT-FOR-PROFITS

## KEY MESSAGES

- ATO provides a dedicated team to support all NFP organisations – contact **1300 130 248**
- NFPs eligible for Deductible Gift Recipient (DGR) endorsement from the ATO can receive tax deductible gifts – our experienced NFP staff can assist Indigenous organisations to determine eligibility
- NFPs registered as a charity with the ACNC are eligible for tax charity concession endorsement by the ATO – this includes income tax exemptions and GST concessions
- Organisations with employees must meet their pay as you go withholding and superannuation obligations
- NFPs that provide non-cash benefits to employees may need to register for fringe benefits tax (FBT) if they have to lodge a return and pay FBT
- NFPs experiencing financial difficulties can contact us to talk about support options to meet tax and super obligations.



### For more information

- Visit [ato.gov.au/General/Aboriginal-and-Torres-Strait-Islander-people/Not-for-profit-organisations/](https://ato.gov.au/General/Aboriginal-and-Torres-Strait-Islander-people/Not-for-profit-organisations/)

# ato.gov.au platform update

## Why it is changing

- The existing website platform has been in place for nearly a decade and is coming to the end of its service life.
- There is an opportunity to deliver an improved website making it easier for our clients to self-serve and access information.
- We engaged over 6,000 clients for feedback on the current website. Their input, research, user consultation and concept testing informed the development of the updated **ato.gov.au**

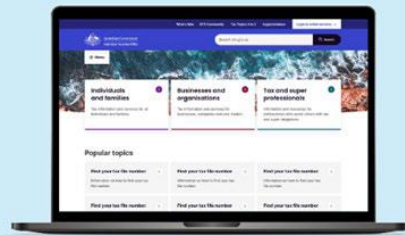
## What to expect

The updated **ato.gov.au** has been built around our clients' needs. Key enhancements include:

- **Modern and personalised design** – we have simplified the ato.gov.au home page making it easier for users to navigate to the most relevant content.
- **Streamlined navigation** – clear, intuitive navigation makes it easy for users to find what they need. Menu structures have been updated to present information in a clear and logical way.
- **Smarter search** – the search functionality on ato.gov.au has been enhanced, allowing users to find information efficiently.

## What do you need to know?

- Links to **ato.gov.au** content on your website will not break and will be redirected.
- Redirects to content will be in place for the Public Beta and post release.
- Organisations may wish to review their own links to **ato.gov.au**
- You can still access and view same:
  - Website address - [www.ato.gov.au](http://www.ato.gov.au)
  - Quick Codes (QC)
  - Trusted tax and super content
  - Suite of tools and calculators.



## Public Beta and release

### 6 November

- Users can access the updated website by clicking a link via the banner on the top of the existing website.

### Mid November

- The updated ato.gov.au (i.e. Public Beta) becomes the default website when a user navigates to **ato.gov.au**
- Users can access the existing website by clicking a link via the banner on the top of the page.

### 4 December

- The updated website replaces the existing website.

## Avoid scam websites

- It is important to be aware of fraudulent websites and phishing scams.
- Always access the website directly from the **ato.gov.au** website address and avoid clicking on suspicious links or emails.

## Further information

- Visit **[ato.gov.au/General/Gen/An-updated-ato-gov-au-experience/](http://ato.gov.au/General/Gen/An-updated-ato-gov-au-experience/)**



# KEY TAKE-AWAYS HOT TOPICS

## ATO OVERSIGHT TAX CONCESSIONS AND ENDORSEMENTS

- Organisations with a charitable purpose must be registered with the ACNC and endorsed by the ATO in order to access Commonwealth tax concessions.
- Donations made to a religious organisation will only be tax deductible if the religious organisation is a Deductible Gift Recipient (DGR).
- There is no general DGR category for the advancement of religion in the tax law.
- DGR funds can only be used for the specific purpose for which they are endorsed, not the broader religious purposes of the organisation.
- There are 52 general categories of DGR set out in the tax law each with specific criteria.
- The ATO will revoke entitlement to tax concessions including DGR endorsement when we come to the view that an organisation does not meet the eligibility requirements set out in the tax law.



You can help by notifying us of anyone you believe is using not-for-profits to access concession incorrectly at [ato.gov.au/tipoffform](https://ato.gov.au/tipoffform)

## NEW REPORTING REQUIREMENT FOR NON-CHARITABLE NOT-FOR-PROFITS

- Non-charitable not-for-profits with an active ABN are required to lodge an annual *NFP self-review return* to access an income tax exemption. The first lodgment is required to be made from the 2023–24 income year.
- Government entities are not required to lodge a *NFP self-review return*.
- Registered charities do not self-assess income tax exemption, as they are endorsed by the ATO. They are not required to lodge a *NFP self-review return* and will continue to report annually to the ACNC, via the *Annual Information Statement*. A charity's income tax exempt status can be checked on the **ABNLookUp**
- Taxable NFPs are not required to lodge a *NFP self-review return*. They are required to lodge an income tax return or notify us of a return not necessary each year.



The first 2023-24 return will be open for lodgment between **July and October 2024**

### How to get ready for annual reporting

- Check the NFP's contact details and ABN registration details are up to date
- Review the NFP's main purpose and its governing documents
- Set up a myGovID with either a Standard or Strong identity strength
- Do an early review using newly published questions as a guide at [ato.gov.au/NFPselfreviewguide](https://ato.gov.au/NFPselfreviewguide)



## ATO OVERSIGHT REVIEW OF DGR STATUS

- DGR endorsed organisations are required to:
  - apply income and assets solely for the purpose for which they're endorsed, and
  - operate in accordance with their governing documents.
- DGR endorsed organisations are reviewed as part of our broader compliance program.
- From Dec-2023, reviews of DGR status will commence for 234 organisations listed in the tax law. Regulatory powers provided under *s353-20 of the Taxation Administration Act 1953* will be used to review the DGR status of these organisations.
- The reviews focus on:
  - proof of activity
  - purpose and use of donations
- Reviews will initially prioritise listed DGR organisations that aren't registered with the ACNC, and ACNC registered charities that have not reported donations. This will be followed by the remainder of the population.
- Review of listed DGR organisations reflects the importance placed on NFPs operating in a manner which maintains the integrity of the tax system.

# SEEK SUPPORT AND STAY INFORMED

## Visit the ATO website



Go to:

- [ato.gov.au/NFPtaxexempt](https://ato.gov.au/NFPtaxexempt)

## NFP self-review return guide



Complete an early self-review using the new return guide at [ato.gov.au/NFPselfreviewguide](https://ato.gov.au/NFPselfreviewguide)  
*A new page from end Nov 2023*

## Visit the ACNC website



Go to:

- [acnc.gov.au/for-charities/start-charity](https://acnc.gov.au/for-charities/start-charity)

## NFP advice service

Our dedicated advice service for not-for-profits operates from 8.00am to 6.00pm, Monday to Friday

Phone **1300 130 248**

Email [atoendorsements@ato.gov.au](mailto:atoendorsements@ato.gov.au)

## Government

### Government

Phone **13 28 66** from 8.00am to 6.00pm, Monday to Friday

Email [PWGovernment@ato.gov.au](mailto:PWGovernment@ato.gov.au)

## Assistant Commissioner

### Jennifer Moltisanti

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## Subscribe to NFP News

Visit [ato.gov.au/nfpnews](https://ato.gov.au/nfpnews) and receive a monthly updates on the latest tax and superannuation news for not-for-profits

Australian Government  
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### Not-for-profit news

Keep up-to-date with key tax and super information for the not-for-profit sector.

Issue No. 8 7 September 2022

#### Straight from the source

This month, Assistant Commissioner Jennifer Moltisanti talks about 2 significant pieces of public advice and guidance we're about to release for the sector.

News highlights

[Directors of clubs and NFP organisations need a director ID](#)

You must apply for a director identification number as soon as possible if you're elected an NFP club or association director at an annual general meeting.

[Accepting donations in crypto](#)



**Australian Government**  
**Australian Taxation Office**

Thank you

