

# The new reporting requirements for self-assessing income tax exempt non-charitable NFPs demystified. By Jennifer Moltisanti.

Assistant Commissioner Australian tax Office **Last updated** 12 April 2024

I still remember when my mum got her driver's licence. She was overwhelmed by what she thought was complex, dissuaded by her peers and fearful of making a mistake. Luckily for her, she had the support of her family and an exceptional instructor who guided her to success. It is undoubtedly this attitude of resolve and resilience that shaped my 'glass half full' outlook on life.

When I joined the ATO, I too was overwhelmed by what I perceived to be complex, dissuaded (to join) by peers and feared making a mistake.

The new reporting requirements for self-assessing income tax exempt (SAITE) for non-charitable not-for-profits (NFPs) with an active Australian business number (ABN) may appear complex; however, this isn't the case. While suggestions to the contrary may create anxiety, especially among volunteers, this shouldn't dissuade anyone from referring to the facts. To assist, I'd like to summarise the key points to ensure you're getting your information 'straight from the source'.

## Facts

**Fact 1:** From 1 July, ABN registered non-charitable NFPs will be required to lodge an annual NFP self-review return to the ATO confirming their income tax exemption status.

- The law hasn't changed; but reporting of eligibility has.
- NFPs that self-assess as income tax exempt have always been required to review their entitlement to the exemption and maintain governing/constituent documents to satisfy their operation as an NFP.

**Fact 2:** The return asks for information NFPs have always needed to substantiate eligibility to self-assess as income tax exempt based on their purpose and activities.

- Sector stakeholders helped design the return.
- The return, which takes about 10 minutes to complete, has 3 sections
  - Organisational details, including one question about estimating the gross revenue range as 'small', 'medium' or 'large'.
  - Five questions to test eligibility.
  - Summary and declaration.

**Fact 3:** It's an Australian Business Register requirement that all organisations, including NFPs, maintain and update their ABN details within 28 days of becoming aware of changes.

- Where prior associates are unknown or uncontactable, newly appointed associates must notify the ATO of their appointment by completing the *Change of registration details* form (NAT 2943) and posting it to the ATO with evidence as required.

- To help NFPs meet the new reporting obligations, the form is available for NFPs in a [fillable and downloadable format](#)[This link will download a file](#) at [ato.gov.au/NFPnotifyofchanges](https://ato.gov.au/NFPnotifyofchanges).
- Although the form states that only an authorised contact can complete it, **we will accept the form from a newly appointed contact** if you provide evidence of your approved nomination. This includes meeting minutes that reflect your nomination approval, or a notification from your board stating your approved role. The ATO tries to process requests to change registration details within 28 days of receiving all the required information. While we aim to meet this commitment, there may be delays.
- If an organisation's current or prior associate is known and listed on our records, the organisation can notify a change to an associate immediately using Online services for business or by calling the ATO Business enquiry line on **13 28 66**.

**Fact 4:** We're taking a practical compliance approach to help NFPs meet the new reporting requirements and will focus our resources on lodgment of the 2023–24 income year onwards.

- Don't panic if you think you've made a mistake or need more time.
- We've established transitional support arrangements for NFPs who may need more time to meet obligations including
  - lodgment deferrals
  - 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.

**Fact 5:** While the NFP self-review return has been designed to be lodged digitally, we're implementing a telephone lodgment channel for NFPs that can't use Online services for business or Online services for agents.

The interim lodgment channel won't be available to larger NFPs that already report for GST and PAYGW.

## ATO correspondence

We began writing to advise NFPs about the new reporting role in late March and will continue to do so throughout April and May. This letter should be retained for future reference. At the beginning of July, we'll issue a second letter to NFPs confirming the annual NFP self-review return is available to lodge as part of Tax Time 2024.

We'll also issue correspondence to tax agents, peak bodies, associations and other stakeholders advising of the new reporting obligations and how to get more information.

## Webinars

Our 45-minute webinar [New reporting requirements for not-for-profits](#)[External Link](#) outlines everything you need to know to get ready to lodge your NFP self-review return from 1 July. This is a useful resource for all NFPs, including their volunteers, as it emulates 'how to videos' popular on social media.

Additional webinars have been scheduled to engage and support NFPs who may be taxable or charitable and/or Indigenous. On 23 April, I'll host a live webinar with the [Australian Charities and Not-for-profits Commission](#) on the new NFP self-review return and what to do if you discover your NFP is charitable.

The webinar will cover topics around charitable purposes, charity registration requirements, common registration errors, and of course there will be time to answer any questions.

## Public advice and guidance

Don't forget to check out our public advice and guidance, which is continually updated and provides a good source of information. We'll soon upload some contemporary examples to support our mutuality guide. This guidance will be particularly useful for taxable NFPs that need to apply the mutuality principle.

Don't forget to subscribe to *NFP news* for the latest news via the [Not-for-profit newsroom](#) and connect with me on LinkedIn to receive targeted information – [www.linkedin.com/in/jennifer-moltisanti-6872442a](http://www.linkedin.com/in/jennifer-moltisanti-6872442a)

And a reminder to all sporting organisations: direct any not-for-profit enquiries to the ATO. For more information, refer to our updated guidance at [Changes in reporting requirements for sporting clubs](#).

## Are you waiting for an endorsement or advice?

Last month, I mentioned that while we aim to respond to requests for advice and endorsements as quickly as possible, we are experiencing some delays. We've been working through our backlog and greatly appreciate your patience during this time.

## Don't wait; engage early

As I write, it's less than 81 days until Tax Time; so now's the time for SAITE NFPs to get ready!

Our SAITE media release [ATO encourages NFPs to get ready for new return](#) is live on the ATO media centre and provides helpful information.

Don't wait until the last minute:

- Conduct an early review of your organisation's eligibility by using our guide [How to prepare an NFP self-review return](#).
- [Check all details are up to date](#), including authorised associates, contacts and that addresses are current.
- Review your purpose and governing documents to understand the type of NFP you are.
- Set up myGovID and link it to the organisation's ABN using Relationship Authorisation Manager.

Despite my efforts to convince you otherwise, I know it can be daunting for many of our NFPs to report to the ATO for the first time. All I can say is, give it a go and engage through the multiple channels we've made available, including our website, newsletter, webinars and social media. The annual NFP self-review return is not as hard to navigate as you may think and there's nothing to fear if you've genuinely made a mistake.

Like my mum learning to drive and me joining the ATO, all you need is a positive nudge and some encouragement.

Take care and stay safe.

Jennifer Moltisanti

Assistant Commissioner.

.....  
More detailed information can be found via the following links to the ATO website

<https://www.ato.gov.au/businesses-and-organisations/not-for-profit-organisations/statements-and-returns/in-detail/reporting-requirements-to-self-assess-income-tax-exemption>

<https://www.ato.gov.au/businesses-and-organisations/not-for-profit-organisations/your-organisation/changes-to-your-organisation/notifying-us-of-changes-to-your-not-for-profit?path=NFPnotifyofchanges#Paperform>

## Discussion and Recommendations

Despite the complicated nature and administrative impost of the New ATO reporting requirements I think we have to accept the situation and try to make the process as painless as possible. Once we have set up the process the actual annual reporting seems quite straight forward. As set out in the ATO website information, there are a series of actions we need to initiate.

Update and advise the ATO the names of the WBC persons authorised to deal with the ATO.

Currently we have no record of who they are and the ATO will not disclose them. It's quite common for NFP groups to get into this situation ( poor record keeping). Although we don't have a specific record of their identities, from the information we do have, there are 2 names that are likely. These are, Ross Kelso who was public officer in the early days of WBC and Eileen Kerlin who applied for our ABN. Ross has not been a member for many years and maybe somewhere in Queensland but is not contactable. Eileen is deceased.

Some time ago I tried, without success, to sort this out with the ATO by phone. I put it in my too hard basket and now it's caught up with me. I should have known better because some years ago I dealt with the same problem for BWV.

However, according to info from the ATO it is possible to update ATO contacts by using a new fillable PDF and then posting it to them.

As a first step in setting this up I have established a personal MYGOV Digital Identity at the strong level.

We now need to appoint a principal person, associate or authorised contact This could be done by the committee, but I get the impression that the ATO prefers it be done at an AGM. The process is still complicated and is detailed in the ATO web pages.

When all this is done we can tidy up the register of authorised contacts online by deleting the out-of-date information and adding other authorised contacts one of whom can then lodge the annual return online. It works a bit like the system used by Consumer Affairs Victoria in relation to our registration as an incorporated association.

It's all a bit confusing. However, I urge you to persevere with reading the detailed info and look at the video via the link above that is highlighted in yellow. We need to make some decisions at our meeting next Monday.

In the meantime if you have any queries please email me.

David Reid  
WBC Secretary