

## Not-for-Profit (NFP) Reporting Requirements Update (EDM)

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Following on from our article in Showtimes newsletter, here is the latest update on the Australian Tax Office (ATO) reporting changes for not-for-profits (NFPs) that self-assess as income tax exempt.

### INCOME TAX EXEMPTION FOR NFPS

An organisation's tax-exempt status is directly correlated with its principal purpose. A principal purpose is the overarching goal that guides its strategies and activities. This purpose should be clearly identified in the constitution, reflected in activities it undertakes, the use of funds, and the organisation's history.

NFPs seeking income tax exemption must meet specific eligibility criteria set by the Australian Taxation Office (ATO). To qualify, NFPs need to fall under exemption categories ([see list here](#)) or be a registered charity with the Australian Charities and Not-for-profits Commission (ACNC).

[More information – ATO website](#)

### WHAT HAS CHANGED:

From 1 July 2024, non-charitable NFPs with an active Australian Business Number (ABN) that self-assess as income tax exempt are required to lodge an annual self-review return with the ATO. Previously, this was not required. The first self-review return is due between 1 July 2024 and 31 October 2024, but lodgement will be allowed up to 31 March 2025.

### WHO THE CHANGES APPLY TO:

The new reporting obligation will affect your Show Society if it:

- is a not-for-profit organisation,
- has an active ABN, and
- self-assesses as income tax exempt

The changes **do not apply** if your Show Society is registered with the ACNC.

### YOUR CHOICES TO REMAIN INCOME TAX EXEMPT:

#### A. Self-Assess as Income Tax Exempt

Certain categories of not-for-profit organisations are eligible to self-assess as income tax exempt. [Click here](#) for the list of self-assessment categories. If you believe your Show Society's principal purpose meets one of these categories' criteria you may decide to follow this path.

*Some members have advised they are self-assessing under the 'resource development organisations' category.*

Next steps:

- Prepare and lodge the self-assessment before 31 March 2025. Lodgement can be done online or via a self-help phone service (13 72 26).

More Information:

- [ATO - Reporting Requirements to Self-Assess Income Tax Exemption](#)
- [ATO – Eligible Types of Income Tax Organisations](#)

## **B. Become a Registered Charity**

Charities registered with the ACNC can access income tax exemption and other tax concessions. The ATO views Agricultural Shows as having a charitable purpose. If you believe your Show Societies principal purpose is to run an Annual Agricultural Show you may decide to follow this path.

*There are 51 AgShows NSW members which are ACNC registered.*

Next Steps:

1. Lodge the ATO self-return by 31 March 2025:
  - a. Select the "Community Service organisation" category.
  - b. Answer "yes" to the question about having charitable purposes. This will generate a message stating, "The ATO may contact the organisation to provide guidance to help determine its charitable status."
2. Prepare to register as a charity with the ACNC (see check list below)
  - a. This may include having to make changes to your constitution.
3. Complete registration with the ACNC

More Information:

- [ATO - Eligibility for charity registration](#)
- [ACNC – Registration Check List & Guide](#)
- [ACNC – Applying for Charity registration](#)
- [FAQs – Answers provided by the ACNC which are specific to Show Societies in Australia who decide to take the ACNC path.](#)

## **ADDITIONAL INFORMATION**

We understand that navigating these changes can be complex. There is a lot of information about these changes on the ATO website and other reputable bodies such as NFP Law and Justice Connect.

[Click here](#) for a list of helpful links to resources we have compiled on our website.

## **SENATE ENQUIRY INTO THESE CHANGES**

It has just been announced, a Senate enquiry will be conducted into the ATOs changes to NFP reporting which will impact more than 155,000 NFPs. AgShows NSW will be collaborating with other State Affiliates and Agricultural Shows Australia to put in a submission by the 11 October 2024 deadline. [Read more about the enquiry here](#). If you would like to make your own submission to the inquiry [more information can be found here](#).

If you are unsure about any aspect of these new requirements or how they apply to your organisation, we encourage you to seek independent professional advice to ensure compliance and maintain your tax-exempt status.

Please reach out to our office with any concerns or questions.

*\*This information is provided as general guidance only. It is important to seek professional advice tailored to your specific circumstances to ensure compliance with all legal and tax requirements*