



Building a better
working world

Tax Alert

Not-for-Profit: New reporting requirements for self-assessing income tax exempt entities

At a glance

- ▶ Non-charitable NFPs are required to lodge an annual NFP self-review return to affirm their income tax exempt status from 1 July 2024.
- ▶ The law has not changed but reporting obligations have.
- ▶ It is time to confirm and document your annual self-review.
- ▶ How EY can help.

From 1 July 2024 there is a new requirement to lodge an annual Not-for-Profit (NFP) self-review return. This captures NFP entities that self-assess as income tax exempt.

What is new?

NFP entities that self-assess as income tax exempt have always been required to review their entitlement to be income tax exempt. However, there is now a requirement to lodge an annual return with the Australian Taxation Office ('ATO') confirming eligibility.

The return will include:

- ▶ Organisational details including estimating the gross revenue range
- ▶ Questions to test eligibility.

This applies to NFP entities that are self assessing as income tax exempt but does not apply to registered charities, certain government entities and taxable NFPs.

How do I lodge?

The NFP self-review return can be lodged online using the ATO's "Online Services for business" or a registered tax agent can lodge using the "Online services for agents".

There will be an interim telephone lodgment option available for smaller NFPs.

What should I do now?

For those entities that have not recently undertaken a self-review, we recommend that the organisation prepares documentation outlining compliance with Division 50 of the Income Tax Assessment Act 1997. This will require consideration of the organisation's constitution, activities, and expenditure, as well as relevant ATO rulings and judicial precedent. Our NFP tax team are able to assist with this process. Administrative steps include confirming Australian Business Number contact details are up to date and applying for a Substituted Accounting Period if a year-end other than 30 June is relevant for your organisation.

When is the first lodgment due?

Lodgement of the first self-review for the 2023-24 income year is required between 1 July 2024 and 31 October 2024.

What happens if I don't lodge?

Income tax exemption is dependent on lodgment and therefore failure to lodge the self-review can result in the entity no longer being income tax exempt. Penalties may also apply for late lodgment, subject to ATO transitional support arrangements.

How EY can help

EY can help you understand your obligations and assist with any actions required.

For more information please contact:

Sydney

Jason Wrigley
Tel: +61 2 9248 5303
Jason.wrigley@au.ey.com

Canberra

Matthew Whittaker
Tel: +61 2 6267 3977
matthew.whittaker@au.ey.com

Tom Daly

Tel: +61 2 6267 3848
tom.daly@au.ey.com

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data, and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

About EYs Tax services

Your business will only succeed if you build it on a strong foundation and grow it in a sustainable way. At EY, we believe that managing your tax obligations responsibly and proactively can make a critical difference. Our global teams of talented people bring you technical knowledge, business experience and consistency, all built on our unwavering commitment to quality service – wherever you are and whatever tax services you need.

We create highly networked teams that can advise on planning, compliance and reporting and help you maintain constructive tax authority relationships – wherever you operate. Our technical networks across the globe can work with you to reduce inefficiencies, mitigate risk and improve opportunity. Our 50,000 tax professionals, in more than 150 countries, are committed to giving you the quality, consistency and customization you need to support your tax function.

For more information, please visit www.ey.com/au

© 2024 Ernst & Young, Australia.
All Rights Reserved.

Liability limited by a scheme approved under Professional Standards Legislation.

SCORE NO: 004067-24-AUNZ
ED None

This communication provides general information which is current at the time of production. The information contained in this communication does not constitute advice and should not be relied on as such. Professional advice should be sought prior to any action being taken in reliance on any of the information. Ernst & Young disclaims all responsibility and liability (including, without limitation, for any direct or indirect or consequential costs, loss or damage or loss of profits) arising from anything done or omitted to be done by any party in reliance, whether wholly or partially, on any of the information. Any party that relies on the information does so at its own risk.