



Australian Government
Australian Taxation Office

NOT-FOR-PROFIT CENTRE KEY MESSAGES

Jennifer Moltisanti
Assistant Commissioner

November 2021



Not-for-profit Centre and Government Relations



Jennifer Moltisanti
Assistant Commissioner

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About our branch:

- The NFP Centre and Government Relations hub is 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 and capabilities.

Our role is to confirm the integrity of NFP and Government tax administration, by:

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

Risk and Strategy

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Senior Director



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Marisa Hewitt
Director



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- Risk identification and assessments
- Strategy development
- Data analysis
- Case management
- *Financial Action Taskforce* measures
- Self-assessing tax exempt analysis
- *Not-for-profit Assurance Program*
- Not-for-profit Centre and Government reporting and planning

NFP Advice and Endorsements

Joy Tillman
Director



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- *NFP Premium Advice Service*
- Tax concessions and DGR endorsements
- DGR specific listing support
- Public advice and guidance support
- Disaster response and support including stimulus measures
- Not-for-profit Ministerials and media
- Estimate briefs

NFP Transformation, Relationships & New Measures

Frances Gobel
Director



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- Not-for-profit client experience lead
- New measures and policy response
- *DGR Reforms* - including *DGRs required to register as charities* project
- *Enhancing transparency of income tax exemptions (self-assessment)* project
- Improving and transforming future administration of not-for-profits (roadmap and pilots)
- Key relationships (including Treasury, ACNC and NZ Internal Revenue)
- Key forums (including *NFP Stewardship Group* and *NFP Community of Practice*)
- Not-for-profit Centre and Government presentations

Government Relations

Nella Di Benedetto
Director



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- Government client experience lead
- Government pathway into the ATO
- Government assurance program aligned to the *Justified Trust* principles
- Key relationships and forums with all three levels of government
- Improving and transforming future administration of Government client obligations (roadmap and pilots) including the development of best practice Governance guidelines
- Not-for-profit Centre and Government Quality Assurance
- *Government Entities Working Group*

ATO STRATEGIC INITIATIVES THAT DRIVE OUR WORK PROGRAM

We are committed to our 2024 aspirations of building trust and confidence and being streamlined, integrated and data driven, which in turn contributes to supporting Australia's economic recovery.

In 2021–22, we will continue to deliver on our core business activities, support government and Australian Public Service (APS) priorities, and continuously improve our services and systems to deliver better experiences for our clients. To do this we are focussing on seven strategic initiatives.



Strategic initiatives

Optimise interactions through our self-service channels

Create better experiences, making self-service channels the preferred option for most clients and their agents

Improve small business tax performance

Improve the tax performance of small businesses by integrating tax reporting mechanisms and making verifiable data easier for them to provide, access and use

Focus on what matters most

Become a more purposeful organisation and improve client and staff outcomes by ensuring we focus on the highest value activities, and that these are understood and measured on an end-to-end basis

Establish the Australian Business Registry Services

Operationalise a single business registry service, including director identification numbers, to streamline services and make it simpler for businesses to interact with government

Embed new ways of working

Harness insights and build on our progress in creating a dynamic workforce with the right leadership, culture, capability and staff experience to position us for the future

Unlock our data potential

Improve the way we collect, manage, share and use data, to build confidence and drive actions that maximise value for the ATO and the community

Strengthen cyber security

Protect our organisation, clients and other ecosystem partners from cyberthreats and data breaches

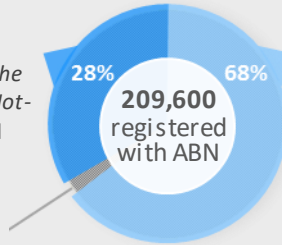
OVERVIEW NOT-FOR-PROFIT SECTOR



REGISTERED NOT-FOR-PROFITS ²

56,500 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



145,000 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 certain categories

27,900 DEDUCTIBLE GIFT RECIPIENTS

Not-for-profits and government organisations endorsed as entitled to receive tax deductible donations. Includes 2,300 government entities.

64,100 GST REGISTERED

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

40,000 PAYGW REGISTERED

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

(4%) 8,100 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.

SOURCES

1. Productivity commission research report 2010
2. ATO data warehouse as at April 2021 (assured August 2020) figures are approximate
3. Taxation statistics 2017-18, published July 2020
4. Australian charities report 2018



About 61,500 entities generated an estimated **\$208.2 billion** in sales in 2019-20²



\$3.7 billion donations from 4.4 million Australian taxpayers⁴



In 2019-20 approximately:

- **2.6 million** employees
- **\$20.8 billion** PAYGW reported
- **32,300** registered for Single Touch Payroll



Around 6,800 (9%) of all FBT registered employers in 2018-19³



- **\$1.5 Billion** franking credits refunded in 2018-19³
- Payments **doubled** in the last five years



As at 14 June 2021

More than \$80 billion JobKeeper (JBK) payments were made to around 1 million entities with around 3.8 million individuals supported

NOT-FOR-PROFIT JOBKEEPER

- About **19,000 NFPs** received around **\$9 billion** in JBK payments – supporting an estimated 400,000 individual employees.
- Of the 19,000 NFPs, about **12,000 (63%)** are registered charities who **received about \$7.5 billion** in JBK payments.
- Of these 12,000 registered charities:

INDIVIDUAL EMPLOYEES SUPPORTED	CLAIM PERIODS
An estimated 330,000	APR-SEP 2020
Reduced to around 125,000	OCT-DEC 2020
Reduced to around 85,000	JAN-MAR 2021



- **\$73.6 billion** government revenue (including grants)⁴
- **\$10.5 billion** in donations and bequests⁴



- More than **33,800** registered with myGovID to use online services (as at 10 Nov 2020)

KEY FOCUS AREAS WHAT ATTRACTS OUR ATTENTION

DISASTER RESPONSE (NATURAL DISASTERS)



- Not-for-profits are supported to establish eligible disaster relief funds
- The community is provided with appropriate advice and support, relevant to the disaster

NEW AND EMERGING ISSUES (MEDIA)



- Issues that cause community concern around not-for-profits or government entities inappropriately accessing tax concessions or not operating for purpose

PRIVATE & PUBLIC ANCILLARY FUNDS



- Are ancillary funds meeting the requirements of the guidelines?

SELF-ASSESSMENT



- Not-for-profits correctly access and use the significant concessions available to the sector. Key aspects:
- Self-assessing entities (e.g. sporting clubs)
 - FBT concessions and calculations
 - Determining the requirement to be registered for GST

MUTUALITY



- Is the principle of mutuality being applied correctly and are members correctly classified?

OPERATING FOR PURPOSE



- Private benefits - are entities meeting special conditions for income tax exemption. For example, are they applying income and assets solely for purpose? *For example, Animal welfare charities and School building funds*

REFUND OF FRANKING CREDITS



- Are charities entitled and claiming the correct amounts?

DGR ENTITLEMENT



- Are deductible gift recipients meeting their purpose and activity requirements?

INTERNATIONAL TRENDS



- Are there indicators of Terrorism financing or money laundering in the not-for-profit sector? *For example, Accounting for overseas transactions*

WIND-UP



- Surplus funds and assets are distributed according to the NFPs governing rules, upon wind up

MARKET ENGAGEMENT SIGNALS AND COMMUNICATION

Our Audience Engagement strategies have an overarching communication objective of supporting NFPs and government clients with effective communications to:

- help them access the right concessions
- operate for purpose, and
- meet their tax and super obligations

The NFP Newsletter has a broad reach and features:

- Articles
- Reminders
- AC Blog

We also provide signals to market through social media and our keynote presentations that highlight what attracts our attention and what clients can do to improve assurance

Not-for-profit | Audience strategy 2021-22 **DRAFT** SEC = OFFICIAL June 2021
Page 1 of 3
Media Name: 071 14 0107

Business priorities

Client experience aspiration: It's easy for eligible not-for-profit organisations to access tax concessions and meet their regulatory obligations and there is transparency about their tax concession status.

The role of the NFP Centre is to deliver the ATO's 2024 aspiration for not-for-profits (NFPs) by providing the government and community with confidence and assurance that NFPs are supported to deliver important services, access the right concessions, operate for purpose and meet their obligations.

The NFP Centre work program includes:

- Supporting the delivery of stimulus measures, such as JobMaker Hiring Credit, temporary full expensing and loss carry for not-for-profits
- Enabling NFPs to access tax exemptions and other tax concessions, and support them to understand their obligations.
- Consolidating responses to new issues that impact not-for-profits, including disaster response and media concerns
- Establishing a risk management and assurance program aligned with the Justified Trust principles, and a work program that assures entities in the Top 500 and Next 5000 strategies
- Preparing for the smooth implementation of proposed new DGR reforms and other legislative measures
- Supporting not-for-profits in relevant risk clusters (i.e. ancillary funds, self-assessed income tax exempt, deductible gift recipients) to correctly register and report IT, GST and employer obligations and meet all other requirements (e.g. mutualism, windup)

Communication goals

The overarching communication objective is to support NFPs with effective communications to help them access the right concessions, operate for purpose and meet their tax and super obligations.

Our marketing and communication program will align with the NFP Centre's business priorities by:

- Helping ensure NFPs know how to access the services and support provided by the ATO for those impacted by COVID-19 and other disasters
- Delivering responsive, strategic and effective communications that connect with NFPs and keep them informed of their entitlements and obligations
- Promoting products, tools and services to make it easier for NFPs to engage in the tax and super system
- Delivering effective communications to assist our business partners to change engagement behaviour
- Increasing trust in the tax and super systems by promoting actions that support participation, highlighting issues that attract our attention and promoting a balanced assurance program.

Strategic approach

To achieve the communication objectives, our strategic approach follows four basic communication principles:

- Working together to understand our audience and their needs**
 - Working with our business partners and key stakeholders to understand audience needs and behaviours
 - Unpacking key business priorities and programs of work
 - Understanding risks, hot spots and the external environment.
- Tailoring our messages to the audience**
 - Align our communication to the ATO 2024 vision and the not-for-profit client experience aspiration
 - Ensure communication shows our brand personality by following the ATO Brand strategy and applying the ATO Brand tone-of-voice principles
 - Adopt an integrated approach to communication and ensure consistency of messaging through the use of our overarching narrative
 - Apply a call to action/ and/or information only framework so the audience know the action they need to take
 - Provide information, advice and guidance when the community needs it, in a way that makes the complex simple.
- Using the right channels to achieve the most effective outcome**
 - Positioning our website as a central source of information making it easy to navigate and find information
 - Champion digital communication products, channels and services for our audience
 - Leverage partnerships with key organisations such as ACNC, NFP Stewardship Group and Industry associations to expand our reach
 - Communicate with key tax professionals about issues affecting NFPs.
- Evaluating and refining our approach**
 - Take a data driven approach to our evaluations
 - Use communication metrics to gauge our audience reach to determine if further communication is required
 - Monitor media focus on NFPs and develop strategic communications solutions where necessary and appropriate
 - Evaluate our performance against our communication objectives.

Key contacts

Not-for-profit

- Client experience owner, Louise Clarke, Deputy Commissioner, PW
- Audience lead, Jennifer Moltisanti, Assistant Commissioner, PW
- Transformation and Relationships, Fran Gobet, Director, PW
- Risk and Strategy, Gary Isser, Senior Director, PW
- Risk and Strategy, Maria Hewitt, Director, PW
- Advice and Endorsements, Joy Tillman, Director, PW

Marketing and Communication

- Mandy Chivers, Director, Large business and NFP comms
- Natalie Moore, Asst Director, Large business and NFP comms
- Tash Le Blond, Asst Director, Large business and NFP comms
- Erin Hayes, Asst Director, Large business and NFP comms

Our audience

There are around 600 000 not-for-profit organisations.

- 142,000 self-assessed Income tax exempt
- 65,000 not-for-profit concession charities
- 6,000 smaller not-for-profits
- 493,000 not registered with the ATO
 - 3% are a tax professional or intermediary
 - 2,300 Declared gift recipient
 - 30,000 GST registered (figures are approximate)

Australian Charities and Not-for-profits Commissioner (ACNC)

Regulatory authority for charities (NFPs)

Industry associations

Philanthropy Australia, Pro Bono, Third Sector, Justice Connect, Fundraising Institute of Australia

Advisors

Accountants, solicitors, tax agents, bookkeepers, NFP service providers

Not-For-Profit Stewardship Group

Industry representatives and advisors

Australian community

Individuals and small businesses

ATO staff

Mandy Chivers, Director, Large business and NFP comms
CEG (P&M, PW, Small business, Super) L&SP (R&R, T&C) S&O (CAS, Debt)

Australian Government
Australian Taxation Office

Not-for-profit newsletter

Issue 7 10 August 2021

Straight from the Source

Assistant Commissioner
Jennifer Moltisanti

Straight from the source

This [month](#), Assistant Commissioner, Jennifer Moltisanti talks about the upcoming review of the tax ruling for exempt sporting clubs, as well as the importance of reviewing your entitlement to the income tax exemption.

[News highlights](#)

[STP finalisations are now overdue](#)

IMPROVING ASSURANCE FOR NOT-FOR-PROFITS

WHAT YOU 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 (i.e. assets and income are applied solely for purpose)
- 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)

OFFICIAL | EXTERNAL

NFP INTELLIGENCE SCAN SCHOOL BUILDING FUNDS


EXAMPLE FOR ILLUSTRATION

The risk


- School Building Funds (SBFs) are endorsed as Deductible Gift Recipients (DGR).
- The nature and extent of this risk differs depending on the circumstances.

There is an attempt on the part of the applicant or their intermediary to manipulate the facts presented to fit *Taxation Ruling 2013/2 – Income Tax: school or college building funds*

The scan findings indicate that in most circumstances, applicants are open and honest in their applications and do not seek to manipulate the facts to fit examples in the ruling (TR 2013/2). There are, however, 2 key factors that are more prevalent in initial applications and objections where the facts have changed:



Applications submitted for non-traditional schools, more likely schools that are linked to religious services organisations




Applications submitted by intermediaries who proactively market their services (to secure DGR status) to non-traditional schools

There is an attempt on the part of the applicant or their intermediary to manipulate the facts presented to fit *Taxation Ruling 2013/2 – Income Tax: school or college building funds*


The application centres on factors that are not clearly addressed under that ruling. For example:

- SBFs for overseas schools; or
- SBFs where the definition of 'school' is tested because the fund is linked to a 'non-traditional' school.



SBFs for overseas schools

This is not addressed in the law or the ruling and may need to be referred to Treasury for clarification of policy intent.



SBFs where the definition of 'school' is tested because the fund is linked to a 'non-traditional' school

Recently considered by the Federal Court. The outcome of this matter should further clarify the definition of a school in situations that were previously not contemplated under the law.

In addition to the case scenarios identified above, there was also found to be a significant risk that SBFs endorsed (for religious services organisations, and potentially others) prior to the release of TR 2013/2 may not comply with the current interpretation of eligibility for DGR status because they have not re-assessed eligibility under the ruling.

Mitigation strategies

- 

Addressing behaviours of concern from intermediaries via engagement



Actioning review cases endorsed pre-2013 with known risk factors



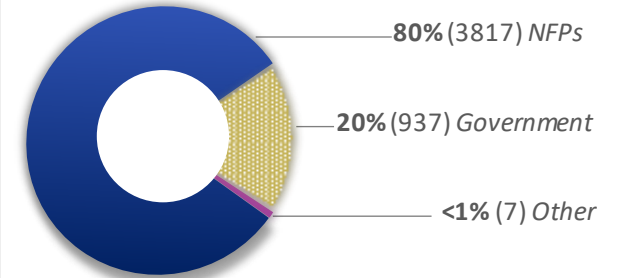
Definition of a school will clarified pending outcome of Federal Court case



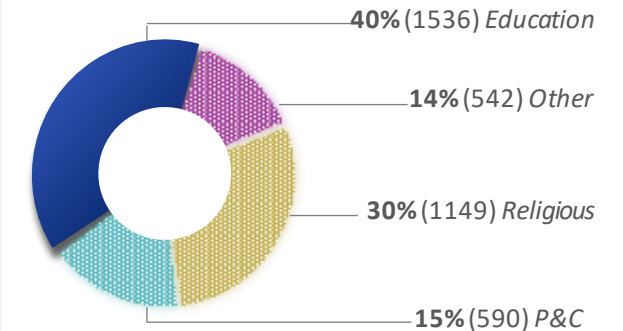
Refining staff procedures on assessing applications submitted

Key statistics

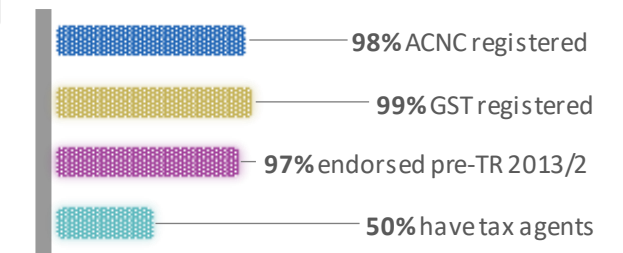
4,761 total active SBFs



3817 NFP SBF Breakup



1,149 Religious SBFs





- ✓ Driving the delivery of new measures
- ✓ Meeting government commitments

NEW MEASURES SELF-ASSESSED INCOME TAX EXEMPT NOT-FOR-PROFITS

2021 ANNOUNCEMENT

- Government announced reform to the administration of not-for-profits that self-assess income tax exemption.
- It is designed to ensure:
 - only eligible NFPs access income tax exemption
 - that NFP and for-profit entities operate on a level playing field, and
 - trust and confidence in the sector is enhanced.

BACKGROUND

This measure is in response to Recommendation 24 of the *ACNC Legislation Review 2018* to strengthen the ATO's existing regulatory framework for NFPs.

WHAT IS THE CHANGE?

- From 1 July 2023, NFPs with an active ABN will be required to lodge an annual self-review return in order to access an income tax exemption. They will submit information ordinarily used to self-assess their eligibility with the ATO.
- In subsequent years, NFPs will confirm or amend information provided to them on a pre-filled self-review return.
- If a return is not lodged, they may become ineligible for income tax exemption and penalties may apply under the ATO's existing penalty framework.

HOW IT WILL WORK

- Each year the Commissioner prepares and registers a *Notice of Requirement to Lodge a Return (Legislative Instrument)* for that particular income year.
- Legislative Instruments currently in force provide an exemption from the requirement to lodge a return for those NFPs that can self-assess as income tax exempt.
- The new measure will mean that the current exemption from the requirement to lodge for NFPs self-assessing as income tax exempt will be removed from the *Legislative Instrument* from 2023-24 onwards.
- For more information visit ato.gov.au/general/new-legislation

NEXT STEPS INCLUDE:

- Commence High level design
- Work collaboratively with the NFP sector to co-design – focus on minimising red-tape and leveraging opportunities for prefill
- Updates to issue regularly through NFP communication channels – including the *NFP Newsletter*, *Stewardship Group Network* and ato.gov.au web content



NEW MEASURES DEDUCTIBLE GIFT RECIPIENT REFORMS

2017 ANNOUNCEMENTS

The Government announced three reform measures designed to strengthen governance arrangements and reduce administrative complexity

1. All DGRs 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 ATO and ACNC.
3. Contemplate and remove specific requirements for a DGR public funds, now covered by charity governance standards.

What has changed?

Before amending legislation

- 36 of 49 DGR categories required registration as a charity

After amending legislation

- The condition has been extended to all 47 of 49 general DGR categories.

The *Treasury Laws Amendment (2021 Measures No. 2) Act 2021* received Royal Assent on 13 September 2021.

DGR endorsement requirements

The Act amends the ITAA 1997 to include in the special conditions of more DGR categories that the fund, authority or institution is:

- a registered charity
- an Australian government agency
- operated by a registered charity or an Australian government agency

The requirement to be a registered charity or an Australian government agency **does not apply for ancillary funds or DGRs listed by name** in tax law

Join us for a webinar on 30 November

You can register shortly via ato.gov.au or click the link from the

November NFP Newsletter



Key dates

The amendment takes effect from **14 December 2021**

Transitional arrangements apply for **eligible** organisations:

- 12-month transitional period ends 14 December 2022
- ATO may grant additional three-year extension of time in **limited circumstances**. Applications are assessed against eligibility criteria. Application forms will be available from 14 December 2021 on ato.gov.au

More information

- ato.gov.au/DGRcharityregistration
- ato.gov.au/general/new-legislation

Who is affected?



Of 27,300 Deductible Gift Recipient entities the new requirement will affect less than **2000 (7%)**

Source: ATO Datawarehouse 24 Feb 2021

Main category types of impacted DGRs

- School Building Funds
- Cultural Organisation Public Fund
- Environmental Organisation Public Fund
- Public fund for persons in necessitous circumstances

IMPLEMENTED NEW MEASURE DGR CATEGORY FOR COMMUNITY SHEDS

COMMUNITY SHEDS ELIGIBILITY CRITERIA

- ✓ Have an active ABN
- ✓ Be a registered charity with ACNC
- ✓ Be established and operate in Australia
- ✓ Meet **DGR category requirements**
- ✓ Include **DGR winding up and revocation clauses** in your governing documents

Category description

- A public institution whose dominant purposes are advancing mental health and preventing or relieving social isolation
- Principally advances these purposes through providing a physical location and supports individuals to work on projects or undertake other activities in the company of others
- Has membership that is open, or is limited only to an individual's gender or indigenous status, or both

KEY 2021 UPDATES

- To date the ATO has received **just over 189 applications** from Community sheds, which reflects about 16% of the known population.
- Applications have been lower than expected given that many sheds have been unable to conduct annual general meetings due to COVID-19 restrictions. Many sheds need to amend governing documents to meet DGR requirements.
- Of the applications received **just over 90** have been DGR endorsed, with the remainder refused or withdrawn as eligibility requirements have not been met.
- The ATO has updated guidance to assist sheds to meet the 'open membership' requirements

Visit ato.gov.au/communitysheds

Dedicated webpage with information on:

- the DGR item number to include in your application
- requirements for your governing documents,
- how to apply to be DGR endorsed
- tax-deductible gifts and donations

Community Sheds webinar recording on **atoTV**



Watch to find out what is required to become DGR endorsed and the steps you need to take to apply

- Visit tv.ato.gov.au
- Click on the *Webinar Channel*
- Click on the webinar *New deductible Gift Recipient category for Community Sheds webinar* (22 September)

Have a question? Get in touch



NFP premium advice service

Our dedicated advice service for not-for-profits operates from 8.00am to 6.00pm AEST, Monday to Friday.
Phone us on **1300 130 248**
Email ATOEndorsements@ato.gov.au

OTHER MEASURES AND PROGRAMS

Stimulus measures

The NFP Centre continues to support the sector with access to relevant government stimulus measures and support. Temporary Full Expensing and Loss Carry Back measures are currently being supported by the NFP Centre.

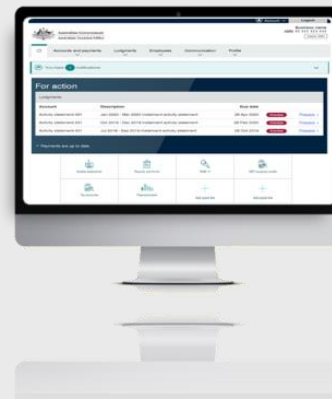
TEMPORARY FULL EXPENSING and LOSS CARRY BACK

- The Temporary Full Expensing and Loss Carry Back measures announced as part of last year's Federal Budget are an integral part of the Government's Jobmaker plan directed towards supporting business to recover from the economic impacts of COVID-19.
- Temporary full expensing and loss carry back is available to eligible taxable not-for-profits
- Guidance on ato.gov.au has also been updated to incorporate our compliance approach for temporary full expensing and loss carry back.
- There are some common errors to be aware of when preparing a loss carryback claim, and these have been added to our website to help avoid these mistakes.
- We will work closely with the sector to create awareness and monitor behaviours and trends that may attract our attention.

Digital programs

The NFP Centre is driving the uptake of ATO self-service digital initiatives which includes:

- Transitioning clients to online services for business
- Supporting design and user-testing for Digital platform project for ato.gov.au
- Transitioning remaining population to Single-touch-payroll
- Transition population to Director IDs



Online services for business

Online services for business provides a secure, modern channel for businesses and not-for-profits to manage their tax and super obligations

- It replaces the Business Portal and Electronic Superannuation Audit Tool (eSAT).
- All Business Portal functions are available, in addition to a number of new services
- BAS lodgment is easier and quicker – other not-for-profits have told us they're saving valuable time with their regular lodgments
- New and improved features include:
 - Organising a payment plan
 - Switch between organisations with a single log in
 - Access your communication history
 - Communicate through secure mail
 - View and print income tax return history
 - Customise your homepage
- Access it from multiple devices – including desktop computer and smart devices such as mobiles and tablets

Make the switch

- Online Services for business went live in April 2021
- The Business Portal was decommissioned from end July 2021
- eSAT will continue to be available past the end of July while co-design activities continue, to address feedback from users
- Find out more by visiting:
 - ato.gov.au/General/Online-services/Businesses
 - onlineservices.ato.gov.au/business

MODERNISING THE BUSINESS REGISTERS DIRECTOR ID

MODERNISING THE BUSINESS REGISTERS

- The Modernising Business Registers (MBR) program is establishing a new modern registry service
- The new **Australian Business Registry Services (ABRS)** website launched on 6 October 2021. Visit abrs.gov.au
- It is being progressively rolled out between 2021 and 2024
- It delivers:
 - The public face of the government's modernised registry services
 - More than 30 ASIC registers with the ABR into one place
 - Introduces the **director identification number** (director ID) initiative



WHO NEEDS A DIRECTOR ID?

A **director ID** is a unique identifier given to a director who has verified their identity with the Registrar

- A director ID is required by eligible officers of a:
 - Company, a registered Australian body or a registered foreign company under the Corporations Act 2001
 - Corporation registered under the Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI Act)
- An eligible officer is a person appointed as:
 - A director
 - An alternate director who is acting in that capacity
- Director ID applies to not-for-profit organisations that operate:
 - As a public company, private company, registered foreign company, registered Australian body or an Indigenous corporation
 - As a trust with a corporate trustee
- Director ID does not apply to unincorporated associations, cooperatives or incorporated associations established under State or Territory legislation unless the body is also a registered Australian body under the Corporations Act 2001

WHEN TO APPLY FOR A DIRECTOR ID

Directors can apply now for a director ID by visiting abrs.gov.au



Transitional arrangements apply

- Corporations Act directors
 - Existing directors who became a director on or before 31 October 2021 have until 30 November 2022 to apply for a director ID
 - New directors appointed from 1 November 2021 to 4 April 2022 will need to apply for a director ID within 28 days of their appointment.
 - From 5 April 2022 all new directors will need to apply for a director ID before they are appointed
- Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI) directors
 - Individuals who become a director on or before 31 October 2022 have until 30 November 2023 to apply for a director ID
 - From 1 November 2022 all new directors will need to apply for a director ID before they are appointed
- If a director can't apply by the required date, they can apply for an extension
- For further information visit abrs.gov.au/director-identification-number



Supporting clients
through advice,
guidance and support

NFP PREMIUM ADVICE SERVICE

The gateway for NFP and Government clients, intermediaries, Treasury, the ACNC and peak bodies

Supporting clients

- Understand and meet their obligations
- Ensure they operate for purpose
- Access the right concessions



NFP PREMIUM ADVICE PHONE SERVICE

- Dedicated 1300 phone service
- Service window Monday – Friday, 8am – 6pm
- We help clients to get it right across a range of topics including, entitlement to tax concessions, refund of franking credits and deductible gift recipient endorsement
- In 2020-21 we answered approximately 12,000 enquiries
- *In 2021-22 we expect to respond to over 9,800*



ENDORSEMENT

- Assessment and endorsement of tax concession and DGR for charities
- Revocation of concessions for NFPs no longer eligible
- In 2020-21 we actioned in excess of 6,000 applications
- *In 2021-22 we expect to action 6,500 cases*



GUIDANCE

- Tailored guidance for NFPs
- Commissioner's discretion for ancillary funds
- Advice to Treasury on entities seeking specific listing as a Deductible Gift Recipient in legislation
- Support internal stakeholders
- In 2020-21 we responded to 2,500 guidance enquiries received through the NFP Centre mailbox
- *In 2021-22 we anticipate guidance enquiries to exceed 2,500 through the NFP Centre mailbox*



SUPPORTING GOVERNMENT CLIENTS

- We are transitioning government client queries through to the NFP Advice and Endorsement team to resolve queries or escalate to the relevant ATO internal area
- *In 2021-22 we will trial "A concierge service" for government clients*



DISASTER RESPONSE

- Support for emerging priorities including stimulus and natural disaster initiatives
- Priority endorsement of Australian Disaster Relief funds
- Coordinating external communications
- *In 2021-22 we will prioritise our work to respond to demands*

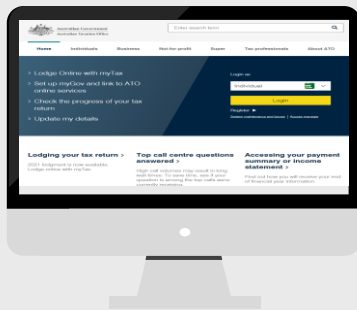
PUBLIC ADVICE AND GUIDANCE REFRESH

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



Public Advice In Progress

- Draft Taxation Ruling **TR2021/D6** ***Income tax the games and sports exemption*** was published on 7/10 and we are seeking feedback until 5/11
- GSTR 2012/2 - Goods and services tax: financial assistance payments
- Consultation on the impacts of the withdrawal of the GST Tool for Residential Colleges
- Remake OF Public Ancillary Fund Guidelines – Advice and Guidance

For consideration in 2022

Utilising our Stewardship Group and stakeholders to prioritise our forward program

- 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

NOT-FOR-PROFIT TAX TIME MESSAGES

ANCILLARY FUNDS REPORTING OBLIGATIONS

- All public and private ancillary funds must lodge an annual information return.
- Ancillary funds that are not registered with the ACNC and endorsed by the ATO are **not exempt** from income tax and may also need to lodge an income tax return.
- Ancillary funds that are registered charities must lodge their annual information return by completing the online ACNC Annual Information Statement.
- Ancillary funds that are not registered as charities with the ACNC must continue to lodge a paper Ancillary fund return with us.
- For forms and information:
 - Go to **ato.gov.au**
 - Search for **QC 33554**

ANCILLARY FUNDS AMENDED GUIDELINES

- In June 2020, the ancillary fund guidelines were amended to encourage increased distributions to deductible gift recipients (DGRs) as a result of the COVID-19 pandemic.
- Ancillary funds had until **30 June 2021** to increase their distributions in line with the amendments to be eligible for a lower minimum annual distribution rate in future years.
- If eligible, the reduced rate applies automatically in future years without the need to apply to reduce your minimum annual distribution rates.
- For more information:
 - Go to **ato.gov.au**
 - Search for **QC 22312** (private ancillary funds)
 - Search for **QC 25252** (public ancillary funds)

REFUND OF FRANKING CREDITS HOW TO CLAIM

- In the last week of June of each year, we send a personalised refund application package to eligible organisations that applied for and received a refund in the previous financial year.
- Phone us on **1300 130 248** if your organisation wants to apply for a refund of franking credits but you have not received a refund package. You can also phone us to request replacement forms.
- For more information:
 - Go to **ato.gov.au**
 - Search for **QC 62710**





Shaping the system

- Engagement with our key stakeholders
- Developing and implementing a transformation roadmap to meet future needs
- Research and discovery to identify opportunities for improvement

SHAPING THE SYSTEM WITH OUR KEY STAKEHOLDERS

Working together to act on identified opportunities that strengthen tax administration of the not-for-profit sector, improve their experience with tax and superannuation obligations, and build community confidence that not-for-profits are meeting their obligations



ACNC MOU AND WORK WITH OTHER AGENCIES

- ACNC and the ATO share a role in the regulation of registered charities. Guided by a memorandum of understanding, we work to:
 - streamline access for registered charities to access tax concessions
 - share intelligence to improve inter-agency processes.
- Treasury and the ATO take a co-operative and strategic approach to providing policy advice for the new measures that impact not-for-profits.



NOT-FOR-PROFIT STEWARDSHIP GROUP

- Not-for-profit Stewardship Group members represent a cross section of the NFP community, along with key agencies with a role in regulating the sector.
- We work together to:
 - consider current and emerging issues around tax administration, as they relate to not-for-profits.
 - identify and design proposed solutions, including refining available public guidance, aimed at improving the not-for-profit experience and strengthening integrity of the system.



GOVERNMENT ENTITIES WORKING GROUP

- Government Entities Working Group is a special purpose working group operated by ATO
- Put in place in 2020 after creation of the *Government Client Experience* in the NFP Centre
- The Government Client Experience includes 3 levels of government
- Provides an opportunity for strategic discussion to develop and improve the client experience and administration of the taxation and superannuation system for government entities



FINANCIAL ACTION TASK FORCE (FATF)

- Established in 1989 with members from 35 nations
- We work collaboratively to set standards and implement measures that can combat money laundering, terrorist financing and other threats to the integrity of the international financial system.



OUR FUTURE FOCUS

- Working with international revenue agencies (including with New Zealand Internal Revenue)
- Understanding international best practice as it relates to regulation and administration of not-for-profits across jurisdictions
 - Understanding emerging risks for significant transactions across tax jurisdictions

NFP AND GOVERNMENT TRANSFORMATION ROADMAP

Developing and implementing transformation roadmaps

As part of our key priorities in 2021-22, the ATO is committed to developing a transformation roadmap for NFP and Government sectors. The intent is to work with key stakeholders to shape an efficient and effective tax and superannuation system - one that supports NFP and government clients to meet obligations and builds community confidence in the sectors. The roadmaps will lay out the specific projects and activities required to meet this objective.



Transformation roadmap - positioning for future

Not-for profit

Working with key stakeholders through the NFP Stewardship group to form a collective sense of the key elements of a shared vision and what we need to achieve to shape an efficient and effective administration in the future.

Key areas for consideration:

- What does an efficient and effective tax and super system look like for NFPs in five years?
- What roles do we each play in building trust and confidence that NFPs are meeting their obligations and operating for purpose and are eligible to access concessions?
- When we look at the NFP ecosystem, what are the fundamentals we need to have right and are they currently working?
- What does the role of tax and super regulator and administrator look like, in 2026 and beyond?
- What 'support, advice and guidance' is needed, and what should it look like in 2026 and beyond?
- How might we work, across government, and with key stakeholders, to reduce complexity and red-tape costs in 2026 and beyond?
- What will strengthening 'integrity' and 'increasing certainty' look like in 2026 and beyond? What does it mean for the sector?

Government

In July 2021, Government Entities working group held a collaborative design workshop. We focussed on undertaking a deeper dive to further understand the needs of government entities and how the ATO can improve their client experience.

Four key areas workshopped:

- How might we create an engaging and succinct pathway to ATO information or resources?
- How might we create a direct personal contact experience with the ATO?
- How might we develop content for better engagement with the ATO?
- How might we enhance collaboration and engagement?

NEXT STEPS

We are assessing the outputs from our discussions and drafting the elements into a vision statement. The vision statement will be validated in smaller focus groups in the coming months

RESEARCH AND DISCOVERY



- We have recently commenced independent research into unregistered Not-for-profits. The intent of the research is to identify the Not-for-profit population that need to register with the ATO and be brought under the Not-for-profit regulatory framework.
- We have also recently completed independent research into the Not-for-profit sector expectations of ato.gov.au and opportunities to improve navigation and overarching digital experience for the NFP sector. The learnings are now being incorporated in designing self-service offerings for the NFP sector.
- We are assessing the outputs from our discussions and drafting the elements into a vision statement. The vision statement will be validated in smaller focus groups in the coming months.

INDEPENDENT RESEARCH INTO THE UNREGISTERED NOT-FOR-PROFITS

- Estimated **400,000** unregistered self-assessed income tax exempt
- Research project to scope key characteristics of unregistered self-assessing income tax exempt not-for-profits

ATO DIGITAL EXPERIENCE FOR NOT-FOR-PROFITS and the future of ato.gov.au

- Independent research into NFP expectations of ato.gov.au and opportunities to improve navigation and overarching digital experience.
- Over 240 NFPs participated
 - Findings include:
 - Majority of NFPs surveyed were satisfied with ato.gov.au layout, style and consistency
 - NFPs prefer guidance that clearly outlines the next steps they should take
 - A majority of NFPs, visit the ATO website at least 1-4 times each month.

**Have a
question?**

Government support

- ✓ GST
- ✓ Employer obligations
- ✓ Registration
- ✓ Lodgement
- ✓ Reporting
- ✓ Payments
- ✓ myGovID
- ✓ Online services



Enquiries

NFP premium advice service

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

Phone us on **1300 130 248**

Email notforprofit@ato.gov.au

PW Government

Phone us on **13 28 66**

Email PWGovernment@ato.gov.au

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