

## AUSTRALIAN TAX OFFICE AND NOT-FOR-PROFIT ORGANISATIONS

In May 2021, the Federal Government introduced a process requiring not-for-profit (NFP) organisations to submit an annual self-review to work out if your **NFP is exempt from income tax**.

The first self-review return was due **31 March 2025** for the **2023-24 income year** (submitted).

To be exempt from income tax the NFP must fit into one of 8 categories. Our purposes and activities **do not fit** into any of the categories.

<https://www.ato.gov.au/businesses-and-organisations/not-for-profit-organisations/your-organisation/does-your-not-for-profit-need-to-pay-income-tax/types-of-income-tax-exempt-organisations>

Part of the process requires NFP organisations to update their details on the Australian Business Register (ABR).

### What This Means for our Co-op

The Board is currently in the process of updating our ABR details.

Currently, John Tennock is the only authorised contact. We are waiting for confirmation from the ATO that a Director (Denise Cobourn) and the Secretary (Nick Reid) have been added as authorised contacts.

Once authorised the Board will be able to ensure that our details are correct. The NFP Advice Line advised we should ask if we have any outstanding returns.

We know Goolawah Co-op is a **taxable NFP**, and that we can access what is known as **mutuality**, where income from **member levies is non-assessable**.

If our taxable income is under the threshold of \$416, we are required to submit annual Non-Lodgement Advice. If our taxable income is above \$416, we will be required to lodge a Company Tax Return. Go to this link to find out more:

<https://www.ato.gov.au/businesses-and-organisations/not-for-profit-organisations/your-organisation/does-your-not-for-profit-need-to-pay-income-tax/taxable-organisations>

Characteristics of an organisation that can access mutuality:

- Operate for the collective benefit of members, not individuals.
- Share a common purpose among members, who all participate or are entitled to participate.
- Have a primary purpose that reflects members' common goals.
- Maintain a common fund contributed by all members.
- Use all contributions for members' collective benefit in line with the common purpose.
- Allow different membership classes with varied subscription rates and access rights.
- Ensure members own and control the common fund.
- \*Permit contributors to access any surplus in the common fund.

*\*If organisational rules prevent member distributions, it still qualifies for mutuality for tax purposes.*