



**Australian Government**  
**Australian Taxation Office**

## Getting started

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/>
- Last modified: 13 May 2014
- QC 33586

A non-profit organisation is an organisation that is not operating for the profit or gain (either direct or indirect) of its individual members. This applies both while the organisation is operating and when it winds up.

When you set up a non-profit organisation, it is important to choose an appropriate legal structure. Different structures are available with different consequences.

Non-profit organisations have a range of concessions available to them. However few concessions apply to all organisations in the non-profit sector - they generally apply to particular types of non-profit organisation.

In order to access tax concessions and comply with your organisation's tax obligations your organisation may need to:

- register for an Australian business number (ABN), goods and services tax (GST), fringe benefits tax (FBT) and pay as you go (PAYG) withholding
- obtain endorsement to access tax concessions. The types of organisations that need to be endorsed are charities and income tax exempt funds.

You need to know if your non-profit organisation is exempt from income tax or not. Only certain types of non-profit organisations are exempt. Many non-profit organisations are taxable and may need to lodge income tax returns and pay tax. These organisations may have special rules and concessions applied in working out their income tax obligations. They also need to be aware of capital gains tax issues that can apply and the PAYG instalments system.

If your non-profit organisation has a turnover equal to, or greater than, the GST registration threshold for non-profit organisations, you must register for GST. You can also choose to register if your organisation's turnover is less. This decision should be based on your organisation's administrative needs. There are ways you can register for GST to suit the structure of your organisation and other GST concessions are available.

Stamp duty, payroll tax and land tax may apply to your non-profit organisation. These taxes are governed by individual state and territory governments. Enquiries about these taxes should be directed to the relevant state department.

## Is your organisation non-profit?

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Is-your-organisation-non-profit-/>
- Last modified: 13 May 2014
- QC 33599

Non-profit organisations operate in many areas of society. They can include:

- church schools
- churches
- community child care centres
- cultural societies
- environmental protection societies
- neighbourhood associations
- public museums and libraries
- scholarship funds
- scientific societies
- scouts
- sports clubs
- surf lifesaving clubs
- traditional service clubs.

A non-profit organisation is an organisation that is not operating for the profit or gain of its individual members, whether these gains would have been direct or indirect. This applies both while the organisation is operating and when it winds up.

Any profit made by the organisation goes back into the operation of the organisation to carry out its purposes and is not distributed to any of its members.

We accept an organisation as non-profit where its constituent or governing documents prevent it from distributing profits or assets for the benefit of particular people - both while it is operating and when it winds up. These documents should contain acceptable clauses showing the organisation's non-profit character. The income tax law does not prescribe the words that a non-profit organisation must have in its constituent documents. The following example clauses would be acceptable, provided that other clauses do not contradict them. The organisation's actions must be consistent with this requirement.

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### **Example clauses**

#### Non-profit clause

'The assets and income of the organisation shall be applied solely in furtherance of its above-mentioned objects and no portion shall be distributed directly or indirectly to the members of the organisation except as bona fide compensation for services rendered or expenses incurred on behalf of the organisation.'

#### Dissolution clause

'In the event of the organisation being dissolved, the amount that remains after such dissolution and the satisfaction of all debts and liabilities shall be transferred to another organisation with similar purposes which is not carried on for the profit or gain of its individual members.'

A non-profit organisation can still make a profit, but this profit must be used to carry out its purposes and must not be distributed to owners, members or other private people.

**Find out more**

[Is your organisation non-profit?](#)

## Choosing a legal structure

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Choosing-a-legal-structure/>
- Last modified: 28 Feb 2014
- QC 33783

When setting up a non-profit organisation, it is important to choose an appropriate legal structure.

The 'legal structure' you choose will affect the way you hold meetings, the minimum number of members, reporting requirements, tax obligations, cost and other considerations.

We can't advise which structure you should choose. An exception however is for public and private ancillary funds as the tax law requires these funds be established and maintained under a will or instrument of trust.

**Find out more**

[Public ancillary fund model trust deed](#)

[Private ancillary fund model trust deed](#)

Whichever structure you choose for your non-profit organisation, make sure you understand the responsibilities that go with that structure.

Speak to a solicitor, accountant or registered tax agent. The help they can provide will enable you to make an informed decision.

### Things to consider

- Where will the non-profit operate?
- Will there be a changing membership?
- What is nature of the activities?
- How will the organisation raise money?

An overview of legal structures commonly used by non-profit organisations is provided below.

### Unincorporated associations

An unincorporated association is not recognised as a separate legal entity to the members associated with it. It is a group of people who agree to act together as an organisation and form an association. The group can remain informal and its members make their own rules on how the group is managed. The rules may also be referred to as a constitution.

### Incorporated associations

An incorporated association is a legal entity separate from its individual members. Associations are incorporated under the state or territory legislation in which they operate. They are restricted to operating within that state or territory.

An incorporated association can continue regardless of changes to membership. It also provides financial protection by usually limiting personal liability to outstanding membership and subscription fees.

As legislation varies from state to state, you should visit the website of the relevant state or territory authority to learn more about the requirements in your state or territory.



**Find out more**

State/territory	Relevant authority	Website
Australian Capital Territory	Office of Regulatory Services	<a href="http://www.ors.act.gov.au">www.ors.act.gov.au</a> < <a href="http://www.ors.act.gov.au/">http://www.ors.act.gov.au/</a> >
New South Wales	Office of Fair Trading	<a href="http://www.fairtrading.nsw.gov.au/business/associations.html">www.fairtrading.nsw.gov.au/business/associations.html</a> < <a href="http://www.fairtrading.nsw.gov.au/business/associations.html">http://www.fairtrading.nsw.gov.au/business/associations.html</a> >
Northern Territory	Consumer and Business Affairs	<a href="http://www.justice.nt.gov.au">www.justice.nt.gov.au</a> < <a href="http://www.justice.nt.gov.au/">http://www.justice.nt.gov.au/</a> >
Queensland	Office of Fair Trading	<a href="http://www.consumer.qld.gov.au">www.consumer.qld.gov.au</a> < <a href="http://www.fairtrading.qld.gov.au/">http://www.fairtrading.qld.gov.au/</a> >
South Australia	Office of Consumer & Business Affairs	<a href="http://www.ocba.sa.gov.au">www.ocba.sa.gov.au</a> < <a href="http://www.ocba.sa.gov.au/">http://www.ocba.sa.gov.au/</a> >
Tasmania	Office of Consumer Affairs & Fair Trading	<a href="http://www.consumer.tas.gov.au">www.consumer.tas.gov.au</a> < <a href="http://www.consumer.tas.gov.au/">http://www.consumer.tas.gov.au/</a> >
Victoria	Consumer Affairs	<a href="http://www.consumer.vic.gov.au">www.consumer.vic.gov.au</a> < <a href="http://www.consumer.vic.gov.au/">http://www.consumer.vic.gov.au/</a> >
Western Australia	Consumer and Employment Protection	<a href="http://www.docep.wa.gov.au">www.docep.wa.gov.au</a> < <a href="http://www.docep.wa.gov.au/">http://www.docep.wa.gov.au/</a> >

## Company limited by guarantee

A company limited by guarantee is a public company incorporated under the *Corporations Act 2001*. It has a separate legal entity separate from its members and can operate anywhere in Australia.

A company limited by guarantee can continue regardless of changes to membership. The liability of company members is limited to the amount the members undertake to contribute to the property of the company if it ceases operation.

The *Corporations Act 2001* is administered by the Australia Securities & Investments Commission (ASIC).



### Find out more

ASIC website - [www.asic.gov.au](http://www.asic.gov.au) <<http://www.asic.gov.au/>>

## Tax concessions - an overview

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Tax-concessions---an-overview/>
- Last modified: 08 Jan 2014
- QC 33596

There is a range of concessions available to non-profit organisations. Few of the concessions apply to all organisations in the non-profit sector. They generally apply to particular types of non-profit organisations.

The table below provides a summary of tax concessions and the types of non-profit organisations that can access them.

The table groups non-profit organisations as follows:

- registered charities - including registered public benevolent institutions and registered health promotion charities
- other non-profit organisations.

The table also refers you to more information about each concession.

There are also concessions for:

- public and non-profit hospitals and public ambulance services
- registered religious institutions and GST concessions for charities, gift deductible entities and government schools
- non-profit companies and live-in residential care workers.



It is important to check the notes to the table, as your organisation may need to meet certain requirements before it can access a concession.

**TABLE: Summary of tax concessions and types of non-profit organisations**

Tax concessions	Types of non-profit organisations		
	Registered public benevolent institutions  and Registered health promotion charities	Registered charities	Other non-profit organisations
Income tax exemption	✓  1	✓  1	✓  Certain types only 2
FBT exemption (subject to capping threshold)	✓  1		✓  Certain types only 3
FBT rebate		✓  8	✓  Certain types only 4
GST concessions for charities and gift deductible entities	✓  1	✓  1	✓  Certain types only 5
GST concessions for non-profit organisations	✓	✓	✓
Deductible gift recipients	✓  6	✓  Certain types only 6	✓  Certain types only 6
Refunds of franking credits	✓	✓	✓

	7	7	Certain types only 7
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## Notes to table

1. The organisation must be endorsed by us to access this concession - see [Endorsement requirements](#).
2. Only certain types of non-profit organisations are exempt from income tax. Many non-profit organisations are taxable, but may be entitled to special rules for calculating taxable income, lodging income tax returns and special rates of tax - see [Income tax](#).
3. Public and non-profit hospitals and public ambulance services are eligible for this concession - see [FBT exemption](#).
4. Certain non-government non-profit organisations are eligible for this concession - see [FBT rebate](#).
5. The organisation must be a deductible gift recipient to access this concession - see [Deductible gift recipients](#) <<http://www.ato.gov.au/Non-profit/Gifts-and-fundraising/In-detail/Deductible-gift-recipient/Getting-started/The-endorsement-process-for-deductible-gift-recipients/>>.
6. The organisation must be endorsed by us as a deductible gift recipient to access this concession. The only organisations that do not need to be endorsed are those listed by name in tax law - see [Deductible gift recipients](#) <<http://www.ato.gov.au/Non-profit/Gifts-and-fundraising/In-detail/Deductible-gift-recipient/Getting-started/The-endorsement-process-for-deductible-gift-recipients/>>.
7. The organisation must be an entity that is endorsed by us as exempt from income tax or a deductible gift recipient to access this concession - see [Refunds of franking credits](#).
8. The organisation must be endorsed by us to access this concession. Not all registered charities are eligible for this concession - see [FBT rebate](#).



### Find out more

[FBT exemption](#)

[Religious institutions](#)

[GST concessions](#)

[Non-profit companies and live-in residential carers.](#)

## Types of non-profit organisations

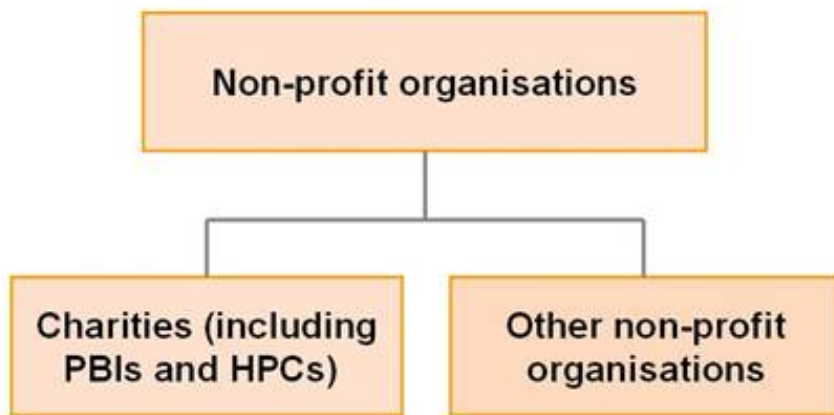
- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Types-of-non-profit-organisations/>
- Last modified: 08 Jan 2014
- QC 33603

Concessions are available depending on the type of non-profit organisation. Non-profit organisation types fall within two broad categories:

- charities - including public benevolent institutes (PBIs) and health promotion charities (HPCs)
- other non-profit organisations.

The following diagram shows the relationship between the types of non-profit organisations - note: the diagram does not represent the relative size or population of each type.

### Types of non-profit organisations



### Other non-profit organisations

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Types-of-non-profit-organisations/Other-non-profit-organisations/>
- Last modified: 18 Feb 2014
- QC 33597

Other non-profit organisations are non-profit organisations that are not charities and include sports clubs, community service groups and recreational clubs.

A non-profit organisation is an organisation that is not operating for the profit or gain of its individual members, whether these gains would have been direct or indirect. This applies both while the organisation is operating and when it winds up.

Any profit made by the organisation goes back into the operation of the organisation to carry out its purposes and is not distributed to any of its members.

We accept an organisation as non-profit if its constitution or governing documents prevent it from distributing profits or assets for the benefit of particular people - both while it is operating and when it winds up.



#### Find out more

[Is your organisation non-profit?](#)



## Charities

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Types-of-non-profit-organisations/Charities/>
- Last modified: 28 Feb 2014
- QC 33781

ACNC registration is a prerequisite for charities including PBIs and HPCs to access charity tax concessions.



### Find out more

- [Is your organisation a charity?](#)
- [Is your organisation a public benevolent institution?](#)
- [Is your organisation a health promotion charity?](#)

## Registering your organisation

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Registering-your-organisation/>
- Last modified: 13 May 2014
- QC 33590

To access various concessions and comply with your organisation's tax obligations, your organisation may need to register for an Australian business number (ABN), goods and services tax (GST), fringe benefits tax (FBT), pay as you go (PAYG) withholding or other taxes.

Charities, including PBIs and HPCs, need to be registered with the Australian Charities and Not-for-profits Commission (ACNC) to access charity tax concessions.

In this section

- [What is an ABN?](#)
- [Who is entitled to an ABN?](#)
- [How does your organisation apply for an ABN?](#)
- [Registering for GST and other taxes](#)
- [Keep your organisation's registration details up-to-date](#)
- [Cancelling your organisation's registration](#)

## What is an ABN?

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Registering-your-organisation/What-is-an-ABN/>
- Last modified: 08 Jan 2014
- QC 33601

An ABN is a single identifier that non-profit organisations use to:

- register for GST and claim GST credits
- register for PAYG withholding
- deal with investment bodies
- apply to us for endorsement as a deductible gift recipient or tax concession charity
- interact with other government departments, agencies and authorities
- interact with us on other taxes, such as FBT.

Your organisation's ABN registration details become part of the Australian Business Register. The publicly available information on this register allows people to find out whether the entities they are dealing with:

- have an ABN
- are registered for GST
- are endorsed charities and/or are endorsed as deductible gift recipients.

## Who is entitled to an ABN?

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Registering-your-organisation/Who-is-entitled-to-an-ABN-/>
- Last modified: 08 Jan 2014
- QC 33602

To be entitled to an ABN, your organisation must be one or more of the following:

- a company registered under the *Corporations Act 2001*
- an entity carrying on an enterprise in Australia
- an entity that, in the course or furtherance of carrying on an enterprise, makes supplies that are connected with Australia
- a government entity
- a non-profit sub-entity - for GST purposes
- a superannuation fund.

Entities can include charities, non-profit clubs, societies and associations.

An enterprise includes an activity or series of activities performed by either:

- a charity
- a gift deductible entity.



Your organisation must have an ABN if it is seeking endorsement as one or both of the following:

- a tax concession charity
- a deductible gift recipient.

## How does your organisation apply for an ABN?

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Registering-your-organisation/How-does-your-organisation-apply-for-an-ABN-/>
- Last modified: 28 Feb 2014
- QC 33589



### Get it done

Apply:

- electronically through
  - the Australian Business Register at [www.abr.gov.au](http://www.abr.gov.au) <<http://www.abr.gov.au/>>
  - the Australian Government business website [www.business.gov.au](http://www.business.gov.au) <<http://www.business.gov.au/>> where you can also manage other government obligations
- on a paper form, available by phoning us on **13 92 26**
- through a tax agent, who will lodge an application using the electronic lodgment system.



### Find out more

- [Australian business number \(ABN\)](#)
- [ABN registration](#).

## Registering for GST and other taxes

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Registering-your-organisation/Registering-for-GST-and-other-taxes/>
- Last modified: 28 Feb 2014
- QC 33600

## Goods and services tax

Goods and services tax (GST) is a broad-based tax of 10% on the sale of most goods, services and anything else consumed in Australia.

GST is a tax on transactions. Where a non-profit organisation is registered (or required to be registered) for GST, the price of most sales of goods and services and anything else will be inclusive of GST. Similarly, the organisation may be entitled to claim GST credits on the purchases it makes in carrying out its activities.

## Fringe benefits tax

Fringe benefits tax (FBT) is a tax payable by employers who provide fringe benefits to their employees or to associates of their employees. This is the case whether or not the employer is the actual supplier of the benefit - for example, where the benefit is provided by an associate, or under an arrangement with a third party.

If your organisation provides a fringe benefit to its employees or to associates of its employees (typically family members), your organisation may have an FBT liability. This is separate from income tax and is calculated on the taxable value of the fringe benefits provided. Even if your organisation is exempt from income tax, it may still have to pay FBT. However, certain FBT concessions can reduce your organisation's liability.



### Get it done

- Register for GST, FBT or PAYG withholding, select these options on the ABN application form
- If your organisation has an ABN register for GST or other taxes (excluding FBT), on the form [Add a new business account](#)
- [Application to register for fringe benefits tax](#)



### Find out more

- [GST registration](#)
- [Pay as you go withholding](#) (for withholding from payments to employees) and [Withholding in business transactions](#)
- [Fringe benefits tax](#).

## Keep your organisation's registration details up-to-date

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Registering-your-organisation/Keep-your-organisation-s-registration-details-up-to-date/>
- Last modified: 28 Feb 2014
- QC 33592

Your organisation's ABN details are recorded on the Australian Business Register and we use them in dealings with your organisation. The register includes information such as your organisation's postal address, and helps us identify your authorised contact people. It is important that the information we have is accurate and up-to-date.

As many non-profit organisations elect office bearers for an annual term, their authorised contact people often change from year to year. You need to notify us of any changes to your organisation's registration details. This helps us to protect your organisation's privacy and provide office bearers with access to the information they need to perform their duties.

We suggest your organisation includes updating the register as an agenda item in its annual general meeting.



### Find out more

[How do you ensure we can speak to your organisation's representative?](#)



### Public officer

If your organisation is a company or unincorporated association carrying on business in Australia, you need to appoint a public officer.

You also need a public officer if your organisation is deriving income in Australia from property - for example, interest, rent or dividends.

The position of public officer must always be filled. Under the law, a change in public officer must be notified within 28 days of your organisation becoming aware of the change.

## Cancelling your organisation's registration

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Registering-your-organisation/Cancelling-your-organisation-s-registration/>
- Last modified: 28 Feb 2014
- QC 33778

If your organisation's circumstances change, you may need to cancel its registration for one or more taxes.



### Public officer

If your organisation is a company or unincorporated association carrying on business in Australia, you need to appoint a public officer.

You also need a public officer if your organisation is deriving income in Australia from property - for example, interest, rent or dividends.

The position of public officer must always be filled. Under the law, a change in public officer must be notified within 28 days of your organisation becoming aware of the change.



### Get it done

Use the [Application to cancel registration](#) to cancel your organisation's registration for:

- ABN
- GST
- luxury car tax
- wine equalisation tax
- pay as you go withholding
- fuel tax credits.



### Find out more

- phone **13 28 66**
- visit our website at [www.ato.gov.au](http://www.ato.gov.au)

## Endorsement requirements

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Endorsement-requirements/>
- Last modified: 08 Jan 2014
- QC 33782

Charities must be endorsed by us to be exempt from income tax.

Charities also need to be endorsed if they want to access charity concessions under the goods and services (GST) and fringe benefits tax (FBT) laws.

An organisation's endorsement details are recorded on the Australian Business Register at [abr.business.gov.au](http://abr.business.gov.au)  
<<http://www.abr.business.gov.au/>>

The following information is publicly available on the register:

- the organisation's entity type - charity, public benevolent institution or health promotion charity
- the tax concessions the organisation has been endorsed to access
- the date of effect for each endorsement.

In this section

## Tax-deductible gifts

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Endorsement-requirements/Tax-deductible-gifts/>
- Last modified: 18 Feb 2014
- QC 33594

Being endorsed as a TCC does not entitle an organisation to receive tax-deductible gifts.

There is a separate endorsement process for organisations seeking deductible gift recipient (DGR) status.



### Find out more

[The endorsement process for deductible gift recipients](#)

## Applying for endorsement

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Endorsement-requirements/Applying-for-endorsement/>
- Last modified: 08 Jan 2014
- QC 33777

Before an organisation can apply for endorsement, it must have an Australian business number (ABN). If your organisation is a charity, you must also be registered with the ACNC to apply for endorsement to access charity tax concessions.



- If your organisation does not have an ABN, see [Australian business number](#).
- If your organisation is a charity and is not registered with the ACNC, visit [acnc.gov.au](http://www.acnc.gov.au) [<http://www.acnc.gov.au/>](http://www.acnc.gov.au)
- If your organisation is registered with the ACNC, apply directly to us to be endorsed to access charity tax concessions - [Application for endorsement as a tax concession charity](#)



### Find out more

- [Endorsement to access charity tax concessions](#)

## Endorsement is different to registration

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Endorsement-requirements/Endorsement-is-different-to-registration/>
- Last modified: 28 Feb 2014
- QC 33780

Endorsement provides an organisation with access to concessions. For example, an organisation that is endorsed to access income tax exemption is exempt from paying income tax, removing the need to lodge income tax returns.

If an organisation is registered for a tax, it is generally a payer of that tax. However, endorsement to access tax concessions can often reduce the amount payable. For example, a registered charity that is endorsed to access the FBT rebate is entitled to a rebate equal to 48% of the gross FBT payable (subject to capping thresholds).

There will be situations where an organisation is both endorsed and registered for a tax. For example, a GST endorsed charity that exceeds the relevant registration turnover threshold must register for GST.

To receive the practical benefit of some charity concessions, a registered charity must be endorsed and registered for a tax. For example, a charity that is endorsed to access GST charity concessions is entitled to GST credits when it reimburses a volunteer for expenses directly related to the volunteer's activities for the charity. The endorsed charity must also be registered for GST to claim these credits.

## Income tax

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Income-tax/>
- Last modified: 08 Jan 2014
- QC 33591

Whether a non-profit organisation has to pay income tax will depend on whether or not the organisation is exempt from income tax. If your organisation is exempt from income tax it will not be assessed on its receipts and does not need to lodge an income tax return (unless specifically asked to).

Only certain categories of organisation are exempt from income tax. They come from these broad groups:

- registered charities
- community service organisations
- cultural organisations
- educational organisations
- employment organisations
- health organisations
- resource development organisations
- scientific organisations
- sporting organisations.

## How do you work out if your organisation is exempt?

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Income-tax/How-do-you-work-out-if-your-organisation-is-exempt-/>
- Last modified: 08 Jan 2014
- QC 33588



Organisations that are charities must be endorsed by the ATO to be exempt from income tax.

Organisations that are not charities can self-assess their entitlement to income tax exemption.

## Charities

There is a system of endorsement under which charities must apply to us to be exempt from income tax.

Charities that are endorsed to access income tax exemption are referred to as tax concession charities (TCCs).

If we notify a charity that it is endorsed as exempt from income tax all of the following apply:

- the charity does not need to lodge income tax returns, unless specifically asked to do so
- the charity will need to regularly review whether it is entitled to endorsement
- the charity must tell us if it ceases to be entitled.



### Find out more

See our guide [Endorsement to access charity tax concessions](#)

## Other non-profit organisations

Organisations that are not charities can self-assess their entitlement to income tax exemption. They do not need to be endorsed by us to be exempt from income tax. Most have additional tests and rules that must be met before the organisation can be exempt.

If you work out that your organisation meets all the requirements for income tax exemption, all of the following applies:

- your organisation will not need to pay income tax, capital gains tax or lodge income tax returns, unless specifically asked to do so
- you do not need to get confirmation of this exemption from us
- you should carry out a yearly review to check if your organisation is still exempt - you should also do this when there are major changes to your organisation's structure or activities.



### Find out more

[Income tax guide for non-profit organisations](#)

If your non-profit organisation is not exempt from income tax, it is taxable.

## Taxable organisations

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Income-tax/Taxable-organisations/>

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- QC 33593

Taxable non-profit organisations are generally treated as companies for income tax purposes, whether or not they are incorporated.

If your organisation is prohibited by the terms of its constituent documents from making any distributions - whether in money, property or otherwise - to its members, it is treated as a non-profit company. It will have the benefit of special rules for calculating taxable income, lodging income tax returns and special rates of income tax.

If your organisation does not meet the non-profit requirement, it must lodge an income tax return each year, regardless of its taxable income. It will have the same rates of tax applied as other taxable companies.



### Find out more

[Mutuality and taxable income](#)

## Capital gains tax

Capital gains tax (CGT) applies to non-profit clubs, societies and associations that are treated as companies for income tax purposes in the same way as it does for other companies that pay income tax.

CGT is the tax a person or organisation pays on any capital gain it makes and includes in its annual income tax return. There is no separate tax on capital gains - it is just a component of income tax. An organisation is taxed on its net capital gain at the company tax rate.

Some of the particular CGT issues that can affect non-profit organisations include:

- the sale of assets used in carrying on its activities
- changes to the form of an organisation's incorporation
- the amalgamation of organisations
- the availability of CGT concessions, such as the small business concessions.



### Find out more

[Guide to capital gains tax](#)

## Pay as you go instalments

Pay as you go (PAYG) instalments is a system for paying amounts towards the expected tax liability on your business and investment income for the financial year.

Each year, after your organisation has lodged its annual tax return, we work out what your organisation's total tax liability is and credit its PAYG instalments against this amount. We work out the actual tax liability when we assess your organisation's annual income tax return. Then we credit the PAYG instalments for the year against your organisation's assessment to determine whether it owes more tax or whether it is owed a refund.

If your organisation needs to pay PAYG instalments, we will write to you and notify you of an instalment rate. We calculate the instalment rate from information in your organisation's latest income tax return.

PAYG instalments are generally paid quarterly, but some organisations choose to pay an annual instalment.

Quarterly PAYG instalments are reported and paid on an activity statement or instalment notice. Annual instalments are reported and paid on an annual instalment notice.

Most organisations also have a choice of using either the instalment amount we have worked out for them or an amount based on their instalment rate multiplied by their current business and investment income.

If your organisation has to pay PAYG instalments, we will tell you which options are available to you and ask you to choose the option you want to use.

## Goods and services tax

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Goods-and-services-tax/>
- Last modified: 01 Jul 2014
- QC 33587

Goods and services tax (GST) is a broad based tax of 10% on the sale of most goods and services consumed in Australia.

Non-profit organisations must register for GST if their GST turnover is \$150,000 or more and they may choose to register if their GST annual turnover is lower.

If your organisation is registered for GST, your organisation must include 10% GST on most, or all, of its sales. In most circumstances, your organisation can also claim a credit for the GST included in the price of goods and services it buys in carrying on its activities.

Non-profit organisations have access to a range of GST concessions. Charities must be endorsed by the Tax Office in order to access GST charity concessions.

There are a number of different ways you can structure your organisation for GST purposes.

If your organisation receives grants or sponsorships, it may need to pay GST on the amount received.



### Find out more

- [GST registration](#)
- [GST concessions](#)
- [GST branches, groups and non-profit sub-entities](#)
- [Grants and sponsorship](#)

## State and territory taxes

- <http://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/State-and-territory-taxes/>
- Last modified: 21 May 2014
- QC 33595

Taxes and duties that may be levied by state and territory governments include:

- stamp duty (or duty in the Australian Capital Territory, New South Wales, Queensland, Tasmania, Victoria and Western Australia)
- payroll tax
- land tax.

As the requirements for these taxes and duties vary between states and territories, organisations should seek clarification from their local state/territory revenue office. Enquiries about state and territory taxes should not be directed to the ATO.



### Find out more

[Stamp duty](#)

[Payroll tax](#)

[Land tax](#)

[Contact details](#)



### Fund raising requirements

States and territories also have their own laws regulating the fundraising activities of non-profit organisations.

For more information about fundraising requirements, see [State/territory and local government regulations](#).

## Our commitment to you

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We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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