

## SENATE ECONOMICS REFERENCES COMMITTEE

### INQUIRY INTO NOT-FOR-PROFIT ENTITIES—TAX ASSESSMENTS

#### ANSWERS TO QUESTIONS ON NOTICE

**Agency:** Australian Taxation Office  
**Topic:** Updates provided to Treasury and consultation with affected parties  
**Senator:** Dean Smith

#### Question:

**Senator Smith (acting chair):** Yes, please. Has the government, in the form of the responsible ministers, sought regular advice from the ATO with regard to the implementation?

**Mr Day:** We have been in contact—through Treasury in particular, as the government's representative—over the course of the measure.

**Senator Smith (acting chair):** Can you characterise that discussion or contact with a bit more granularity for me?

**Mr Day:** It's difficult to go into, of course, the advice given to government. But we've been given periodic updates on the progress of implementation, the development of the return and so on.

**Senator Smith (acting chair):** Can you provide the committee the dates on which those updates were provided from the ATO to the Treasury?

**Mr Day:** I'm aware that we've provided some material already to the committee. But, yes, we'll certainly see whether there's anything additional that we can provide.

**Senator Smith (acting chair):** No, my question is about the dates of the updates that the ATO has provided to the Treasury and what the nature of those updates has been.

**Mr Day:** Certainly. I will point out, of course, that Treasury is represented on a not-for-profit stewardship group. They are regularly part of those meetings, as well as other opportunities. But certainly we'll look at—

**Senator Smith (acting chair):** They might be regularly part of those meetings, but those meetings don't happen regularly. There's a distinction,

**Mr Day:** The meetings happen regularly—three times a year.

**Senator Smith (acting chair):** Three times a year.

**Ms Moltisanti:** If I might add, we have the three published meetings per annum for our stewardship groups, but we also have occasion to call stewardship group members together for working party activities where there is an issue. I would need to check my calendar with respect to when we have called stewardship group members or, indeed, other network stakeholders to have a discussion with us with respect to the implementation of the new reporting requirements.

**Senator Smith (acting chair):** So there have been working party meetings or discussions?

**Ms Moltisanti:** I refer to them as working parties, but they're not formal working parties. For example, when we were looking at the design of the actual return, we worked with not only the stewardship group members but also the broader not-for-profit network to actually work through what the questions needed to look like, for example, and whether they were, in effect, something that they understood.

**Senator Smith (acting chair):** I'm interested in getting a clear picture of the detail of the ATO's work around consultation with affected parties. So I'm keen to know the dates of meetings—just for this year; for 2024—and the names of participants. The attachments that were provided, or the tables that were provided, in the ATO's submission did not give me that level of clarity.

**Answer:****Question One**

Treasury are standing members of the NFP Stewardship Group and have received updates provided to this group at meetings on 21 July 2022, 5 December 2022, 9 March 2023, 12 July 2023, 30 November 2023, 19 March 2024 and 17 July 2024.

The ATO provided a verbal briefing to Assistant Minister Leigh's office on 14 March 2024, following a request a status update on the NFP reporting requirements. The meeting was attended by Nick Terrell, Chief of Staff and ATO Assistant Commissioner Jennifer Moltisanti.

The ATO provided follow up correspondence to Assistant Minister Leigh's office on 15 March 2024 which included ATO key messages and frequently asked questions. We provided the ATO fact sheet draft on 12 April 2024 and the final version on 31 July 2024.

**Question Two**

The majority of ATO consultation with respect to the design and implementation of the NFP self-review return occurred prior to January 2024.

Consultation from January 2024 to July 2024 focused on the final iteration of the NFP self-review return and the supporting framework to enable lodgement of the return using online services. This included development of the self-help phone service, streamlining change of registration processes, design of a non-lodgement advice proforma, developing a governance checklist and clarifying the pathways for NFPs that realise they are not entitled to self-assess as income tax exempt and were either charitable or taxable.

Targeted consultation dates include:

- Self-help phone service - NFP Stewardship Group meetings on 19 March 2024 and 17 July 2024
- Change of registration details form - NFP Stewardship Group meetings on 19 March 2024 and 17 July 2024, and members of the Institute of Certified Bookkeepers - 10 January 2024
- Non-lodgment advice proforma and pilot - Members of Probus South Pacific on 15 April 2024, 16 July 2024 and 19 August 2024.
- Pathway for charitable and taxable NFPs - Multiple meetings throughout 2023 and 2024 with ACNC, different groups of student clubs and agricultural show representatives.
- Governance checklist - NFP Stewardship Group 17 July 2024

Consultation undertaken with other ATO stewardship groups in relation to the NFP self review return, include:

- 24 April 2024 - Tax Professionals Stewardship Group (demonstrations and walkthrough)
- 31 May 2024 - Tax Professionals Stewardship Group
- 20 June 2024 - BAS Agent Association Group
- 10 September 2024 – Small Business Stewardship Group.

The ACNC Advisory Board was engaged on the impacts to charities and the regulator on 20 February 2024.