



Charity Registration

The Australian Charities and Not-for-profits Commission (ACNC) regulates national charities. This information sheet explains the eligibility criteria for Landcare Groups and Networks seeking ACNC registration. It also outlines the benefits of being a registered charity, along with the potential advantages and disadvantages.

Introduction

The Australian Charities and Not-for-profits Commission (ACNC) is the national regulator of charities. To be eligible for charity registration with the ACNC, Landcare Groups and Networks must meet the eligibility criteria set out in this information sheet.

This information sheet outlines the benefits available to charities and sets out the advantages and disadvantages of being a charity. Schedule A summarises the process for applying for charity registration.

What benefits are available to charities?

All charities are entitled to the tax concessions set out in the table below.

Tax concession	Explanation
Income tax exemption	No requirement to pay income tax or lodge income tax returns with the Australian Taxation Office (ATO).
Fringe benefits tax (FBT) rebates	47% rebate on gross FBT payable on fringe benefits provided to employees (up to a capping threshold of \$30,000 of fringe benefits per employee).
Goods and services (GST) tax concessions	Entitlement to GST credits on certain goods and services that the charity purchases and sells.
Franking credit refunds	Claim a refund of franking credits (when the charity receives franked dividends from shares that it holds).
State tax exemptions	May be eligible for some NSW tax exemptions including payroll tax, land tax and transfer duty.



Charities can also display the ACNC Registered Charity Tick, which gives reassurance to the public that the organisation is transparent and accountable.

Charities are automatically eligible to apply and receive an authority to fundraise from NSW Fair Trading.

Charities that are incorporated associations are exempt from some NSW Fair Trading reporting obligations and fees.

What are the eligibility criteria for charity registration?

To be eligible for charity registration, an organisation must satisfy the following requirements:

(a) The organisation must be not-for-profit

The organisation must not distribute profits to its members. All profits must only be used for the purpose of the organisation. To satisfy this requirement, an organisation's governing document must establish that:

- the organisation must not distribute profits to its members in their capacity as members; and
- upon winding up, any surplus assets must not be distributed to members in their capacity as members.

Moores has prepared a template constitution for Groups and Networks that meets these requirements.

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(b) The organisation must comply with the ACNC Governance Standards.

The Governance Standards are a set of core, minimum standards relating to charity governance and how charities are run. They apply to all charities and are summarised in Schedule B..

(c) The organisation must have an Australian Business Number (ABN).

(d) The organisation must only have charitable purposes that are for the public benefit.

An organisation can demonstrate that it has a charitable purpose by including a purpose statement in its constitution and ensuring its activities support that purpose. 'Advancing the natural environment' is a recognised charitable purpose.

The usual activities of Groups and Networks are clearly for the public benefit.

Endorsement as a Deductible Gift Recipient (DGR)

Some charities are also entitled to be endorsed by the ATO as DGRs. DGR endorsement can improve a charity's ability to raise funds to support their charitable purpose. Further details about DGR endorsement are discussed in Landcare NSW's "DGR endorsement" information sheet.

Obligations of a registered charity

A registered charity must keep details on the ACNC's Charity Register up to date (including the following details):

- names of its committee members;
- the annual information statements and financial reports;
- governing documents;
- amount of annual revenue; and
- contact details.

A registered charity must also report annually to the ACNC.

A charity's financial reporting to the ACNC will depend on whether it is classified as a small, medium or large charity.

All charities are required to submit an annual information statement to the ACNC, containing basic details about the charity's operations and finances for the relevant year.

Medium and large charities must also submit financial reports (which may need to be reviewed or audited depending on the size of the charity).

What happens if a Group or Network does not register as a charity?

If it is not a registered charity, a Group or Network:

- will not have access to tax concessions or DGR endorsement; and
- will have to deal with its relevant regulator instead of the ACNC (i.e. NSW Fair Trading). There are likely to be annual fees payable and the reporting obligations may be more onerous than the requirements imposed by the ACNC.

Authorisation

This document was prepared by Moores for Landcare NSW Limited on 18 July 2024.

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Contact us

Moores is here to lend a helping hand to Landcare NSW Groups, Networks and members if needed.

Should you require any further assistance with ACNC charity registration or would like to discuss any part of this information sheet in greater depth, then please feel free to reach out to Moores at nfpassist@moores.com.au or via (03) 9843 2124.