



- *adding to your ministry*

## Newsletter - March 2015

### WA LEGISLATION

**Associations Incorporations Bill 2014:** - This Bill is currently in the final stages of debate in the Legislative Assembly. While it appears there will be some minor amendments, the substance of the key features were identified in our January 2015 newsletter. Current indications are that the Bill will become an Act in the near future and is likely to be operative from 1 July 2015.



**Taxation Legislation Amendment Bill 2014:** – This Bill has now been approved by the Legislative Assembly and Legislative Council and is with the Governor for Royal Assent. As reported in our January newsletter, the Bill amends the Duties Act, the Payroll Tax Assessment Act and the Land Tax Assessment Act. The new Act introduces some modification of the definition of “charity” under this State legislation. It also introduces changes to the way approval as a charity will be applied under the fourth head of the old Common Law definition, “other purposes beneficial to the community”. More specific comments will be made at a later date when we have a commencement date for the legislation.

**Workers Compensation Law:** - WorkCover is currently undertaking a substantial review of the Workers Compensation and Rehabilitation Act. This review is well advanced and will introduce some new features with an aim to improving clarity.



In particular the provisions of Clause 8, 9 and 10 of the current Act relating to clergy will be subject to substantial change. These changes aim to remove the substantial difficulty currently being experienced, particularly for independent churches, in ensuring that their ministers are appropriately covered with Workers Compensation insurance. Add-Ministry has recently met with representatives of WorkCover to discuss the proposed changes in respect to clergy and other religious workers. WorkCover advised they are considering applying the ATO definition of an employee for PAYG purposes as the key issue here. We consider this would be a significant simplification of the current wording of the Act. They would also be making provision for a declaration process to cover special cases.

While these matters take some time to finalise and process through the WA Parliament, the matter is active and we are examining the possible impact of these issues with care. More comment will be made in a later Add-Ministry newsletter.

## **OTHER MATTERS**

**Standard Chart of Accounts for Charities and Churches:** - Along with commercial businesses, charities and churches are being strongly encouraged by different arms of Government to use Standard Business Reporting and the National Standard Chart of Accounts (NSCOA) for all interaction with Government bodies (see [sbr.gov.au](http://sbr.gov.au)). The object of this emphasis is to simplify, and to some degree standardize, financial reporting between both commercial and charitable organisations and Government. The NSCOA is an important tool in this process. This will be of benefit, particularly for large and medium charities, for both BAS and ACNC reporting. It will be a prerequisite for Grant Acquittal for Commonwealth agencies and is also an accepted form of Grant reporting with State and Territory Governments.



Add-Ministry has prepared a model Chart of Accounts as a guide for a church. It will be of particular use for small and medium size churches and could also be adapted for other charities. Specifically we have modified the NCSOA by eliminating those headings and areas that are deemed not appropriate for a church. You can access the “Model Chart of

Accounts for a Church” by going to the Publications page on the Add-Ministry website.

**ACNC Update:** - a recent comment by Scott Morrison, the Minister for Social Services, indicated that the “abolition of ACNC was a low priority currently”. The uncertainty relating to the future of the ACNC is a cause for deep concern within the Charity Sector. A recent survey undertaken by Pro Bono Australia has indicated that about 80% of the Charity Sector favour retention of ACNC. This information is now well known to Government so we express the hope that the certainty will become more evident.



**Annual Information Statements (AIS):** - For those charities with a 30 June balance date, the 2014 AIS is now overdue. If your AIS has not yet been lodged, you should contact ACNC by e-mail or by telephone to arrange for additional time in which to lodge this important statement.

**“Responsible Person”:** - Income Tax legislation refers to the term “Responsible Person” to describe persons with specific qualifications who are authorised to administer Deductible Gift Recipient (DGR) entities. Tax Law requires a majority of the Committee/Board administering such a DGR to be qualified as a Responsible Person.

The ACNC refer to “Responsible Persons” to identify the persons charged with the governance (oversight) of a charity. However the ACNC terminology has a different meaning to Income Tax Law. The responsibilities of a Responsible Person in either

situation are important but the ATO requirements for a Responsible Person are much tighter.

For a person to be a Responsible Person with the ACNC, they are required to make an annual Declaration that they have not been disqualified in the management of an organisation. This may be because of bankruptcy, or because of some significant offence against the law. The ATO requirement is noticeably more restrictive. They require an individual to have been recognised in some way as having a degree of responsibility to the Australian community as a whole. This includes persons holding significant Government positions, professional persons, a person who has been recognised by the community in some special way, such as being awarded an Australian honour, and includes a person before whom a Statutory Declaration can be made. A person who is holding a position of spiritual responsibility in a church would also normally qualify.

**Public Ancillary Funds** have until 1 July 2015 to amend their Trust Deeds to comply with the Public Ancillary Fund Guidelines which were introduced on 1 January 2012. While it is probable that most affected charities have upgraded their structures, - if you have not reviewed your Trust Deed since 2012, you are strongly encouraged to do so. More information can be found on the Add-Ministry website on the Publications page “Public Ancillary Funds Notes”.



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