



Adding to your ministry

NEWSLETTER DECEMBER 2021

Essential Issues for Church Treasurers

The recent Add-Ministry seminar provided a valuable update for Treasurers and Administrators. We are indebted to our four presenters for their updates on –

GST	Ross Brough
FBT for Churches	Bob Campbell
Tax Issues for Christian Workers	Lance Staer
Single Touch Payroll	Alistair Abbot

The videos and power point slides are available on the Add-Ministry website.

Statistics tell stories

Of over 200,000 not-for-profit entities with an ABN near 60,000 are registered charities with ACNC. These charities have raised \$3.7 million in donations from 4.4 million Australian taxpayers in 2019-20. The charity sector is a very diverse sector ranging from quite small charities to very large ones with huge staff. It employs in excess of 1 million employees and currently has 28,000 registered for Single Touch Payroll. 19,000 charities received Job-Keeper payments totalling \$7.5 billion. Many of these charities did not normally receive government grants – this was special assistance arising from the COVID pandemic.



"I can prove it or disprove it! What do you want me to do?"

Charity self-evaluation

ACNC provide a helpful self-evaluation tool as an on-line Word document. You can find it by searching “Self-evaluation for charities”. This tool asks a number of questions that relate to the ACNC Governance Standards. A useful example is “Does your constitution, rules or other foundational document reflect your current purposes/objects.” Over time many charities find their activities move as they respond to wider needs within the community. Your Objects clause

may no longer be consistent with your activities. Another issue that may arise for a DGR entity is where there have been changes in their Board. Does your current Board comprise a majority of Responsible Persons who are appropriately qualified? Your answers to these questions may cause some surprises.



DGRs not registered as charities

Effective from 14 December, 2021 all DGRs not already registered as a charity are required to become ACNC registered. While it may come as a surprise to many that such a situation exists it is a historical quirk of the way the DGR system has developed. This change refers to entities who are registered on the Register of Cultural Organisations or the Register of Environmental Organisations that are not as yet registered charities. There are more than 1,000 entities who are impacted by this situation. Note however that the change in law does not apply to Australian government entities that have special DGR listings (some ambulance and hospital services mainly). Also excluded are Ancillary Funds and DGRs that have special listings with ATO. There will be a transitional period of 12 months to assist smooth transition.

Registered charities registered with ASIC

Companies limited by guarantee and similar structures, established through ASIC but also registered as charities, are predominantly exempted from ASIC reporting and oversight. Such a role has been transferred to ACNC. No annual Report to ASIC is needed, no fee needs to be paid, nor change of Registered Office, change of directors or constitutional changes. In the event ASIC asks for such matters you should provide them with evidence of your charity registration through ACNC. This does not remove these obligations; they are merely transferred to ACNC and are subject to their regulatory control. The provisions of Section 1111L of the Corporations Act identify the legislative changes here.

School Building Funds

School Building Funds are the largest individual category of DGRs registered with ATO. They are predominantly established by religious institutions and many of them were established

many years ago. The ATO revised the eligibility requirements for such funds with Tax Ruling TR 2013/2 and this introduced some important changes. The Ruling is available on the ATO web-site and a summary is on the Publications page of the Add-Ministry web-site.

Director ID



From 1 November 2021 all directors or board members of Companies, Registerable Australian Bodies or Office of the Registrar of Indigenous Corporations will need to obtain a Director Identification Number (DirectorID). This will be a once only registration that will cover all companies etc that apply to each individual director. An individual who becomes a director for the first time after 1 November will have 28 days to register from the date of their appointment. A transitional arrangement is in place for existing directors who will have until 30 November 2022 to comply. Note that this new requirement does not apply to associations incorporated under State Associations Incorporation

Acts.

For on-line applications - search for **directorID** after having set up a **myGovID** facility (different from myGov). You will need to have available your TFN and two identification documents. Access to the registration is available from 1 November, 2021.

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