



**AUSTRALIAN  
MEN'S SHED  
ASSOCIATION**  
Shoulder to Shoulder

## FAQs: Income Tax changes affecting Sheds

Recently announced reforms commencing 1 July 2023 now deem Sheds ineligible to self-assess as income tax exempt, unless registered with the Australian Charities and Not for Profits Commission (ACNC) and endorsed by the Australian Tax Office (ATO).

So that eligible Sheds can continue to be exempt from income tax, we strongly recommend that your Shed:

- Registers as a charity with the ACNC, and applies for an income tax exemption as part of this registration (Note: charity registration can be backdated and should be backdated to at least 1 July 2023).
- If already registered with the ACNC, ensure you have income tax exemption endorsement from the ATO.

If your Shed decides not to register as a charity with the ACNC, we strongly recommend seeking legal and financial guidance before self-assessing as income tax exempt and lodging an annual self-review return under the new rules.

### General

#### **It all seems too hard. Can we just do nothing?**

The short answer is no. As an independent incorporated legal entity it is your legal responsibility to ensure you are compliant with law and tax obligations. We are happy to provide you with advice and support.

These changes require you to either register with the ACNC to access income tax exemptions or you will be required to calculate taxable income/loss to lodge an annual income tax return.

It might initially seem daunting however we recommend registration as a charity with the ACNC as the most simple way forward.

#### **Our Shed is auspiced. Do we need to do anything?**

If your Shed is under auspice, it is likely your auspicings body has this all under control. Please check if you're concerned.

### Applying for an ABN

#### **We don't have an ABN. Do we need to do anything?**

Yes, the ATO classifies Men's Sheds as charities. Under the new rules, charities must register with the ACNC to claim an income tax exemption.

To register with the ACNC you must have an ABN which can be applied for at [www.abr.gov.au/business-super-funds-charities/applying-abn](http://www.abr.gov.au/business-super-funds-charities/applying-abn)

#### **Is there a cost to applying for an ABN?**

Registering for an ABN through the Australian Government's Business Registration Service is free.



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## ACNC Registration

### What's the difference between charity registration and DGR status?

Charities must apply to be registered with the ACNC if they want to access federal government charitable tax benefits, concessions or exemptions.

Organisations that are endorsed as deductible gift recipients (DGRs) are entitled to receive donations that are deductible from the donor's income tax. This means when a donor makes a gift or contribution to a DGR endorsed charity, they may be able to claim a tax deduction. It is important to remember that not all charities are eligible for DGR endorsement.

### How do we register as a charity with the ACNC?

Sheds that are not currently registered with the ACNC may refer to the ACNC website for details on the application process and to complete an application. See here: [www.acnc.gov.au/for-charities/start-charity/apply/application-checklist](http://www.acnc.gov.au/for-charities/start-charity/apply/application-checklist)

The ACNC have a number of resources to help you through the application process.

### Will our registration with the ACNC require amendments to our constitution?

Generally no, however this may depend on the wording of your current constitution. Registering as a charity with the ACNC should not require constitutional amendments.

If you wish to also apply for DGR status, you may be required to review your governing documents. There is additional information about this process in the Member Resource Library, visit [mensshed.org/member-portal/resources](http://mensshed.org/member-portal/resources)

### Does our registration as a charity with the ACNC need to be completed by 1 July 2023?

No, your registration must be completed by 30 June 2024.

### I backdated the charity registration to 1/7/2023 but it doesn't work.

If completing your registration prior to 1/7/2023 use the current date – if registering after 1/7/2023 backdate the registration to 1/7/2023.

### What are our obligations to the ACNC once registered?

Once your Shed has successfully registered with the ACNC, you will be required to submit an Annual Information Statement to the ACNC after the completion of each financial year. See more info: [www.acnc.gov.au/for-charities/annual-information-statement](http://www.acnc.gov.au/for-charities/annual-information-statement)

## ATO Applications for endorsement as income tax exempt

### Our Shed is already registered with the ACNC, how do we find out if we are endorsed by the ATO as a tax exempt charity?

Simply check your shed details on the ABR website: <https://abr.business.gov.au>

If income tax exemption is required, this can be completed by application on the ATO website: [www.ato.gov.au/Forms/Application-for-endorsement-as-a-tax-concession-charity](http://www.ato.gov.au/Forms/Application-for-endorsement-as-a-tax-concession-charity)