

FACT SHEET

Associations Incorporation Amendment Bill 2016

The two key outcomes that this Bill proposes are:

- that Tasmanian incorporated associations registered under the Commonwealth Government's Australian Charities and Not-for-Profits Commission (ACNC) will be exempt from providing duplicate financial reports to both the ACNC and the Commissioner for Corporate Affairs, the Regulator of the Tasmanian *Associations Incorporation Act 1964* (AIA Act), under certain conditions; and
- aligning the audit and financial reporting requirements of the ACNC and the AIA Act.

Many not-for-profit organisations have taken advantage of the incorporated association legislation to gain corporate status.

A not-for-profit Incorporated Association can:

- operate regardless of changes to its membership;
- accept gifts and donations;
- enter into contracts;
- apply for government grants; and
- have the automatic approval to solicit for charitable donations in the state of Tasmania.

Incorporated associations that are defined as charities can also be registered under the ACNC. The ACNC was established by the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), on 3 December 2012. The ACNC Act is responsible for determining an entity's not-for-profit status for all Commonwealth purposes. It is also responsible for providing education and support to the sector.

There are a number of benefits available to charities, including tax concessions from the Australian Tax Office (ATO) and from state and territory governments. An organisation must be registered with ACNC to apply for charity tax concessions from the ATO.

There are similar financial reporting requirements under both the Tasmanian and Commonwealth Acts. The current situation results in Tasmanian incorporated associations that are registered and lodge financial statements to the ACNC, also being required to submit the same statements to the Commissioner for Corporate Affairs, the Regulator under the *Associations Incorporation Act*. This Bill remedies this duplication that has been creating unnecessary administrative and regulatory burdens on many charitable organisations.

Excluding charitable incorporated associations from State and Territory based financial reporting requirements complies with the Council of Australian Government strategy to reduce the regulatory and reporting duplication across Commonwealth, State and Territory jurisdictions. Removing the dual requirement relating to reporting requirements will effect 1,300 incorporated associations.

In Tasmania there is a need undertake financial audits and submit audited statements regardless of the size of the organisation, although very small organisations can apply for an exemption from this requirement. The requirement for audited statements does not apply to small charities registered with the ACNC where the annual revenue is less than \$250,000. This Bill therefore harmonises the provisions of the Tasmanian AIA Act with the ACNC.

Harmonising the financial requirements will remove the need for around 3,000 incorporated associations to be audited in Tasmania. These organisations are still required to lodge financial statements with the Commissioner.