

FACTS SHEET

Associations Incorporation Amendment Act 2011

In 2001 the *Associations Incorporation Act 1964* was amended to allow not-for-profit companies to transfer registration to an association under the Associations Incorporation Act. Section 25B of the Act gives effect to this transfer arrangement.

Applications for transfer are made in the first instance to the Australian Securities and Investments Commission (ASIC), and subsequently to the Tasmanian Commissioner for Corporate Affairs.

However, ASIC recently expressed concern about the drafting of this section. The concern is that the section does not guarantee the full continuity of a company's legal personality after the transfer, or fully preserve rights and claims against the company as required by the Corporations Act. As a consequence of this legal doubt, ASIC will not now approve an application for transfer or deregistration of a company, notwithstanding registration as an incorporated association.

The Amendment Bill removes the legal doubt by ensuring the full continuity of a company's legal identity after the transfer. It allows not-for-profit companies to gain the benefits of less onerous reporting requirements through transferring to state law as an incorporated association.