

Legal Alert

Corporate/Not-for-Profit

August 2016

Charity status revoked by ACNC: is your entity at risk?

ACNC takes action

The Australian Charities and Not-for-profits Commission (ACNC) recently announced the revocation of two entities' charitable status, due to non-compliance with strict obligations imposed on charities.

Consequences

These entities have lost their charitable status and become ineligible for Commonwealth tax concessions, backdated to 1 July 2013. They may also be liable to penalties in some circumstances.

Reasons for revocation

The ACNC has not disclosed the reasons for the revocation of the entities' charitable status. However, when making a decision to revoke an entity's charitable status, the ACNC will consider whether the entity has:

- provided false or misleading material information;
- contravened the *Australian Charities and Not for profits Commission Act 2012* (Cth);
- failed to comply with governance standards;
- continually refused to engage with the ACNC;
- been inactive or non-operational for a substantial period of time; or
- failed to meet reporting requirements for two or more years (whether or not consecutive years).

An important reminder

The most recent crack-down on non-complying entities serves as an important reminder that you must regularly assess your entity's entitlement to be registered as a charity or endorsed by the Tax Office to access tax concessions. The Tax Office recommends that such an assessment should be conducted annually.

Warning signs

Things which may put your entity's entitlement to be registered as a charity or endorsed for tax concessions at risk, include:

- changes to its governing documents;
- changes to its activities;
- changes to the way it applies its income and assets; and

- whether it has met all of its reporting obligations.

Getting help

Finlaysons has a wealth of experience in working with charities and NFP organisations generally, and can advise on whether your entity is compliant.

Contact details

If you are unsure whether or not your entity is meeting its obligations, please contact a member of our team.



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