



STEWARDSHIP & RISK

NFP Income Tax Self-Assessment: The Governing Document Deadline Has Passed

From 1 July 2026, a governing document gap can cost a non-charitable not-for-profit its income tax exemption

Many boards have never confirmed which category their organisation's income tax exemption falls into. That used to be a minor administrative gap. It no longer is, and the deadline that made it consequential has already passed.

Which rules apply to your association?

The law depends on how your association is set up. A **company limited by guarantee** follows the Corporations Act 2001 (Cth) and its constitution. An **incorporated association** follows its state or territory associations Act and its rules. A **registered charity** also follows the ACNC Act and the ACNC Governance Standards, and some Corporations Act rules are replaced for charities that are companies. Check your own governing documents, and get advice before decisions with legal consequences.

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The Two Paths To Income Tax Exemption

Not-for-profit organisations in Australia sit in one of two broad positions. Registered charities, endorsed by the ATO through the ACNC, obtain income tax exemption through that registration and report annually through the ACNC's Annual Information Statement. Non-charitable not-for-profits, a substantial share of the sector, self-assess their own eligibility against one of several categories set out in the tax law, without ever formally registering that assessment with anyone. This second group is the one the following obligations are aimed at, and it is worth every board confirming, plainly, which category its own organisation sits in before assuming either set of rules applies.

The Annual Self-Review Return, Now Fully Live

From the 2023-24 income year, non-charitable not-for-profits with an active ABN that self-assess as income tax exempt must lodge an annual NFP self-review return with the ATO, declaring the specific basis on which they consider themselves income tax exempt, rather than simply assuming the exemption applies. This is no longer a new or transitional requirement. For most organisations it runs on a standing annual cycle, lodged between 1 July and 31 October for the income year just ended; organisations with a substituted accounting period follow different dates. Boards that treated the first year or two of this obligation as a one-off compliance exercise should confirm it is now built into their annual governance calendar, alongside the AGM cycle and financial reporting discussed earlier in this quarter.

The Deadline With Real Consequences, Already Passed

The more consequential and less widely understood requirement concerns the content of an organisation's own governing documents. Non-charitable not-for-profits were given a transitional

deadline, extended once, to 30 June 2026, to ensure their constitution or governing rules contain proper non-distribution clauses, provisions preventing income or assets being distributed for the benefit of members or other specific people, either while the organisation operates or on winding up, other than reasonable payment for services or reimbursement of expenses, echoing the not-for-profit clause discussed in the objects clause article in the Foundations quarter of this series. That deadline has now passed. From 1 July 2026, the ATO's position is that a not-for-profit whose governing documents lack these clauses cannot self-assess as income tax exempt, regardless of how the organisation has operated in practice. Unless it is a charity, it is treated as taxable and must lodge an income tax return. Amendments only apply from the income year in which they are made, so a late fix does not reach back.

This is precisely the kind of obligation that sits inside a governance document review rather than a tax return, which is exactly why so many boards miss it. The consequence is not a fine for late lodgement. It is the loss of the exemption itself.

What Every Board Should Confirm Now

- Confirm, plainly and in writing, whether your organisation is an ACNC-registered charity or a self-assessing non-charitable not-for-profit, since the obligations discussed here apply specifically to the latter.
- If self-assessing, confirm the self-review return has been lodged for the relevant financial year, and that lodging it has become a standing item in your governance calendar rather than a one-off task.
- Have your constitution or governing rules reviewed specifically for the non-distribution clauses this deadline required, connecting directly to the not-for-profit clause discipline discussed in the Foundations quarter of this series.
- If your governing documents were not updated before the deadline, treat this as an urgent governance priority rather than routine housekeeping, since the exemption itself, not just compliance standing, is now at stake.

Tax exemption is easy to take for granted precisely because it usually requires nothing active from a board in any given year. That has changed. The organisations most exposed here are not the ones acting in bad faith. They are the ones who have simply never revisited a governing document old enough to predate a requirement nobody told them had arrived. This is one of the practical governance topics built into our Board Director course, alongside the papers, tools and frameworks that turn the principle into your board's actual practice. [Explore the course](#)

Annie Gibbins

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BOARDROOM ACTION WORKSHEET

NFP Income Tax Self-Assessment: The Governing Document Deadline Has Passed

Turn the resource into evidence, a decision and an accountable next step. Keep the completed record in your association's approved board records system.

1 What is the issue or decision?

State the governance question in one clear sentence.

2 What evidence do we already have?

Record the facts, source documents and stakeholder evidence available now.

3 What evidence is still needed?

Identify the legal, regulatory, financial, member or operational information still required.

4 What is the agreed next action?

Capture the owner, timeframe and how the matter will return to the board.

Action owner	Review date	Board decision or resolution

General education, not legal, financial, tax, clinical or governance advice. Confirm specifics at the relevant primary source or with your own qualified adviser. Nexus Leadership is operated by Lipstick Consulting Pty Ltd · ABN 15 619 120 482.

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