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Senate Standing Committees on Economics  
Parliament House  
CANBERRA ACT 2600

**By email**

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Dear Committee Members

**Senate Economics References Committee - Not-for-profit Entities—Tax Assessments**

I am the current co-chair of the Australian Taxation Office's (**ATO**) Not-For-Profit Stewardship Group (**NFPSG**). I also practice extensively in tax, charity and not-for-profit (**NFP**) law.

The views expressed in this submission represent my own perspective in consequence of holding both these roles.

As the Committee may be aware, the NFPSPG is an ATO formed consultative group that operates to improve the experience and administration of Australia's taxation and superannuation systems for charities and NFP entities.

The NFPSPG membership cohort consists of a broad sample of sector stakeholder groups, including representatives from the ATO, Australian Charities and Not-for-profit Commission (**ACNC**), Treasury, professional advisory firms, professional bodies, NFP and charitable organisations, as well as NFP and charity sector interest groups and lobbies.

A core aspect of the work of the NFPSPG over the past 18 months has been to assist the ATO in designing and refining the Self Assessing Income Tax Exempt (**SAITE**) return (**SAITE Return**) - both in its form and in respect of the process SAITE entities need to follow in preparing and lodging the SAITE Return.

In my view, the SAITE Return has been designed to be user friendly, and there is significant support architecture the ATO has developed to assist SAITE entities as required - both in terms of written guidance and in terms of in-person assistance from the ATO's dedicated NFP team.

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Further, the SAITE Return performs the important functions of both directing SAITE entities to consider whether they are (and remain) eligible to self-assess as income tax exempt, as well as to provide for those entities to operate with an enhanced level of accountability.

In this way, the intention, design and operation of the SAITE Return imposes upon SAITE entities requirements that are no more onerous than those imposed on charities by the ACNC.

As the Committee may also be aware, charities are required to provide a return to the ACNC each year disclosing their revenues, expenses, operations, and activities, and declaring that they remain suitable to be endorsed as charities.

Effectively, the SAITE Return seeks to 'level the playing field' in respect of the accountability required of charities on the one hand, and SAITE entities on the other.

To that end, I consider there should be no negative consequences from the SAITE Return that arise for either the ACNC, or SAITE Entities more generally.

In particular, those SAITE Entities that are (and remain eligible) to be income tax exempt will remain so - and if anything, will have been prompted to review and enhance their own governance structures.

For those SAITE Entities that are not eligible, the SAITE Return will merely confirm what is already the legally correct position in respect of the exemption status of those entities.

I stand behind the work that the NFPSG has done in developing the SAITE Return and consider it is an important and valuable aspect in the evolving charitable and NFP landscapes in Australia.

I would urge the Committee to reach the same conclusion and would be pleased to provide any further assistance of submissions as the Committee may require.

Yours faithfully



**Timothy Stokes**

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