

Recommendations

Recommendation 2.1 (page 27)

2.71 The committee recommends that the definition of a 'basic religious charity' (BRC) in the Australian Charities and Not-for-profits Commission Bill 2012 be modified to enable an entity to retain their current status as a BRC in cases where they operate a school building fund with deductible gift recipient status within the entity. The committee recommends that the bill be amended to this effect.

Recommendation 2.2 (page 31)

2.87 The committee recommends that as part of the five year review of the operation of the ACNC, the annual reporting requirement thresholds are reviewed. This review should consider the evidence that existing thresholds have been fairly and appropriately set based on the need for transparency and risk-management on one hand with the compliance burden on the other.

Recommendation 2.3 (page 31)

2.89 The committee acknowledges that schools are required to provide annual financial reports to the Australian Curriculum, Assessment and Reporting Authority as part of the My School website. This data is extensive and thus the Australian Charities and Not-for-profits Commission should accept that data as suitable to meet the annual financial reporting requirements in the ACNC Bill. The committee recommends that the Bill be amended to this effect.

Recommendation 2.4 (page 33)

2.96 The committee recommends that the Australian Charities and Not-for-profits Commission Bill 2012 be passed.

Recommendation 3.1 (page 43)

3.31 The committee recommends that upon the establishment of the Australian Charities and Not-for-profits commission on 1 October 2012, the Commissioner promptly engages stakeholders to devise a set of governance standards and reporting requirements for the sector. These requirements must balance the need for probity and transparency with an acknowledgement of the time and cost that these arrangements may pose, particularly for smaller entities.

Recommendation 3.2 (page 43)

3.32 The committee recommends that the Australian Charities and Not-for-profits (Consequential and Transitional) Bill 2012 be passed.

Recommendation 4.1 (page 56)

4.37 The committee recommends that the Australian Taxation Office circulate guidance material relating to Schedule 1, Item 38 of the Taxation Laws Amendment (Special Conditions for Not-for-Profit Concessions) Bill 2012. This material should be developed in consultation with stakeholders and should provide examples which illustrate the responsibilities of donors in checking recipient entities' expenditure.

Recommendation 4.2 (page 59)

4.50 The committee recommends that Treasury issue guidance material in relation to proposed section 995-1(1) of the *Income Tax Assessment Act 1997*. This material should:

- state the intent and the intended consequence of the definition;
- state that the definition is intended to align with definitions of a 'not for profit company' in other statutes; and
- clarify that where entities return any surplus to the not-for-profit purpose, the entity shall not lose its tax exempt status.

Recommendation 4.3 (page 61)

4.53 The committee recommends that the Tax Laws Amendment (Special Conditions for Not-for-profit Concessions) Bill 2012 be passed.