

# Registration as a charity with the Australian Charities and Not-for-profits Commission



## Legal information for community organisations

### This fact sheet covers:

- ▶ what is a charity?
- ▶ the difference between not-for profit organisations and charities
- ▶ requirements for registration as a charity
- ▶ how charities are regulated
- ▶ should your organisation register as a charity?
- ▶ what a charity must do to keep its ACNC registration
- ▶ using the ACNC Registered Charity Tick

Australia has had a specialist charities regulator (the [Australian Charities and Not-for-profits Commission](#)) and a federal statutory definition of 'charity' (in the [Charities Act 2013](#)) since 2013.

**There are over approximately 60,000 registered charities in Australia. Any eligible not-for-profit organisation can apply to be registered with the Australian Charities and Not-for-profits Commission (ACNC). Although many charities choose to register, registration with the ACNC is voluntary.**



### Note

This fact sheet provides information on charities law. This information is intended as a guide only, and is not legal advice. If you or your organisation has a specific legal issue, you should seek legal advice before deciding what to do.

Please refer to the [full disclaimer](#) that applies to this fact sheet.

# What is a charity?

The formal recognition of modern charities dates back to the 1600s when Queen Elizabeth I passed the Statute of Elizabeth. Since this time, the meaning of 'charity' has developed by case law (the common law).

Because of this incremental development, the definition of charity in Australia has not been consistent, nor written in one place.



## Note

The Australian Charities Act 2013 (**Charities Act**) came into effect on 1 January 2014 and introduced statutory definitions for:

- 'charity', and
- 'charitable purposes'

The ACNC uses these definitions to decide whether a not-for-profit organisation qualifies to be registered as a charity.

Under the Charities Act, a charity is an entity which:

- is not-for-profit
- has purposes that are charitable and for the public benefit (and any non-charitable purposes it has are incidental or ancillary to, and in furtherance or in aid of, its charitable purposes)
- does not have any disqualifying purposes, and
- is not an individual person, a political party or government entity

This is explained in more detail below.

## The difference between charities and not-for-profit organisations

Being a not-for-profit and being a charity are **not** the same thing.

Charities are a subset of not-for-profit organisations. All charities are not-for-profit organisations, but not all not-for-profit organisations are charities.

The key benefit of being a charity is being eligible to apply for charitable tax concessions, as well as benefits associated with the public's perception and trust of registered charities.



# Requirements for registration as a charity

## The entity must be not-for-profit

To become a registered charity, your organisation must be not-for-profit.

Any profit made by a not-for-profit organisation can only be used to further the aims or purposes of the organisation. It can't be shared between shareholders or members. That means all the profits are put back into the organisation to continue to pay for its activities and functions and to achieve its mission.

Not-for-profits must have suitable 'not-for-profit' and winding up clauses in their constitutions or rules to show they are not-for-profit, or have some other way to show that they are not-for-profit (for example, they are a religious institution).



For more information, see:

- [our webpage 'What does not-for-profit mean?'](#)
- [the Australian Tax Office \(ATO\) webpage 'Getting started as a not-for-profit'](#)



### Example of a 'not-for-profit' clause

*The assets and income of the organisation shall be applied solely to further its objects and no portion shall be distributed directly or indirectly to the members of the organisation except as genuine compensation for services rendered or expenses incurred on behalf of the organisation.*

### Example of a winding up clause

*If, upon the winding up or dissolution of the company after the satisfaction of all its debts and liabilities, there remains any property, this property must not be paid to or distributed among the members. Instead, this property must be given or transferred to some other organisation or organisations which is charitable at law:*

- *with objects similar to, or inclusive of, the objects of the company*
- *whose constitution prohibits the distribution of its income and property among its members to an extent at least as great as is imposed on the company under this constitution, and*
- *where the remaining property comprises gift funds, the organisation or organisations is or are deductible gift recipients within the meaning of the Income Tax Assessment Act 1997 (Cth)*

(The winding up clause example is taken from Justice Connect's constitution)

## The entity's purposes must be 'charitable purposes'

The entity's purposes must be 'charitable purposes' for the public benefit, or incidental or ancillary to, and in furtherance or in aid of, such purposes.

The Charities Act sets out a list of **charitable purposes**. The list is not exhaustive, but it lists the main charitable purposes.



## What are charitable purposes?

The non-exhaustive list of charitable purposes set out in the Charities Act includes:

- advancing health, education, religion, culture or the natural environment
- advancing social or public welfare (including the relief of poverty, caring for and protecting young people, providing child care services and certain disaster relief activities)
- advancing the security or safety of Australia or the Australian public
- promoting or protecting human rights
- preventing or relieving the suffering of animals
- promoting reconciliation, mutual respect and tolerance between groups of people in Australia
- promoting or opposing a change to any matter established by law, policy or practice in Australia or another country, in furtherance or protection of one or more of the above purposes, and
- any other purpose beneficial to the general public that may be reasonably regarded as analogous to, or within the spirit of, the above purposes



## What does ‘for the public benefit’ mean?

The ACNC considers that an organisation’s purposes are for the public benefit if, in accordance with the Charities Act:

- achieving the purpose would be of public benefit, and
- the purpose is directed to a benefit that is available to members of the general public or to a sufficient section of the general public (considering the overall size of that section and the number of people to whom the purpose is relevant)

A ‘sufficient section of the general public’ could be a local community, followers of a specific religion, people with a particular disability, refugees or young people.

The following purposes are presumed to be for the public benefit:

- relieving poverty, distress or disadvantage
- caring for and supporting the aged and individuals with disabilities
- preventing and relieving sickness, disease and human suffering, and
- advancing education or religion



## Example

A charity with a purpose of providing health services to Aboriginal Australians will have purposes for the public benefit. Although the service is only directed to Aboriginal Australians (rather than the whole Australian public), the section of the public is broad enough to satisfy the public benefit test.

See also the [ACNC Commissioner Interpretation Statement on Indigenous Charities](#).

## The entity must not have any disqualifying purposes

The ACNC will not register a charity that has a ‘disqualifying purpose’.



### What is a ‘disqualifying purpose’?

The Charities Act defines a ‘disqualifying purpose’ as:

- engaging in or promoting activities which are unlawful or contrary to public policy, or
- promoting or opposing a political party or candidate



### Example

An organisation set up to lobby for the election of Liberal Party politicians in Federal Victorian seats would have purposes that disqualify the organisation from being a charity.

It’s not a disqualifying purpose if an organisation’s purpose is to distribute information, or advance debate, about a proposed change to a law or policy of a political party or candidate, if the change or candidate would further the charitable purpose of the organisation.



### Example

An organisation, to support its main purpose of advancing health care for aged Australians, may also have a purpose of scrutinising the health policies of political parties. The scrutinising purpose would not be a disqualifying purpose.

## The entity must not be an individual person, a political party or government entity

A charity can’t be one person, a political party or a government body or organisation.

Charities are usually incorporated not-for-profits (such as companies limited by guarantee or incorporated associations), trusts or funds. Charities don’t have to be incorporated, but remember that groups must be able to show they are not-for-profit (which would often require some kind of documentation, like rules, a constitution or a trust deed).

## How charities are regulated

### The ACNC

The ACNC is the regulator of Australian charities. Charities must apply to be registered with the ACNC if they want to access federal government charitable tax benefits, concessions or exemptions.

Once registered, a charity must report to the ACNC.

The level and type of reporting required depends on a charity’s size, and is intended to:

- maintain, protect and enhance public trust through increased accountability and transparency, and
- promote the reduction of unnecessary regulatory obligations on the charity sector

The ACNC is responsible for:

- assessing whether a group is a 'charity'
- registering charities on the ACNC charities register, and
- making sure registered charities meet all their obligations, such as:
  - meeting charity reporting requirements, and
  - complying with governance standards and external conduct standards



### Note

Registration with the ACNC is voluntary, but it is necessary to access federal government charitable tax concessions.



The ACNC has published a [statement setting out its regulatory approach](#), which explains they regulate charities.

The ACNC maintains the [Charity Register](#), which contains information about charities for the public to search.



### Note

Registration as a charity with the ACNC does not bind state and territory governments. So, an organisation may be considered a charity under the Charities Act, but might not meet the definition of charity under a state or territory law.

This may have implications for an organisation – for example, in relation to state or territory laws on stamp duty, payroll tax or land tax.

## Reporting

The ACNC, as a federal government body, operates under federal laws.

Organisations incorporated under state legislation, such as incorporated associations, are in certain cases required to report to both their state regulator and the ACNC if they are a charity. Most states and territories have simplified (or are in the process of simplifying) these reporting requirements. In these states and territories, incorporated associations generally only have to report to the ACNC.

Companies limited by guarantee (which are incorporated under federal law) generally only need to report to the ACNC if they are a registered charity.



See the [ACNC's webpage on 'other regulators'](#) for more information on obligations charities may also have to other Commonwealth, state, territory, or local government agencies.

Organisations accessing charitable tax concessions must report to the Australian Taxation Office (**ATO**) about tax concessions, through the Business Activity Statements (**BAS**) system. See the [ATO's webpage on submitting a BAS](#).



For more information about reporting obligations of charities, see our [webpage on financial reporting to government](#).

## Responsible people

Charities must provide details of the charity's 'responsible people' when they register with the ACNC.

'Responsible people' are normally trustees, directors or committee members. Once registered, 'responsible people' have obligations to the charity and to the ACNC, and their names are listed on the ACNC register. These obligations relate particularly to the [governance standards](#) that apply to charities.



For more information, see [the ACNC's webpage on responsible people](#).

## Tax concessions

Tax concessions from federal and state governments are available. Many tax concessions require an applicant organisation to be registered as a charity with the ACNC (although some concessions are available to certain not-for-profits).

A charity doesn't have to be registered with the ACNC to access state government tax concessions (for example, exemptions from land tax, stamp duty or payroll tax).

Not every charity qualifies for every concession. Many charitable tax concessions require that an organisation meets certain requirements in addition to being registered with the ACNC.



### Tip

It can be helpful to engage a lawyer or accountant with expertise in the not-for-profit sector to help you work out what tax concessions are available to your organisation.



Our [tax webpages](#) explain the different concessions and eligibility in more detail. Also see the [ATO webpage on tax exemptions for not-for-profits](#).

The ACNC decides if your organisation qualifies for registration as a charity, but the ATO decides if your organisation qualifies for federal tax concessions.

If your organisation is registering for the first time, you can submit one application to the ACNC that includes an application for tax concessions, which the ACNC will pass to the ATO. If you are already registered with the ACNC, you can apply for tax concessions directly to the ATO at any time.



### Note

Not-for-profit organisations that are not registered charities may still be eligible for tax exemptions.

Examples of common tax concessions or exemptions include:

- income tax exemption – if an organisation qualifies, it is exempt from income tax
- fringe benefits tax (**FBT**) exemption and rebates – some charities can be exempt from paying FBT, or receive a rebate of 47% of the gross FBT payable capped at \$30,000 (subject to applicable thresholds)
- GST concessions – registered charities can be eligible to receive GST concessions for certain types of supplies, and
- DGR status – some registered charities can be endorsed by the ATO as DGRs, which means donors to the organisation can claim income tax deductions for their gifts or donations



### Note

While registering as a charity is generally not a difficult process, getting access to charitable tax concessions can be a more difficult and lengthy process – in particular, applying for deductible gift recipient endorsement.

## Should your organisation register as a charity?

Consider whether to register your organisation as a charity with the ACNC carefully.

Even if your organisation qualifies as a charity, the benefits of registration might not outweigh the obligations that come with being a registered charity. In these circumstances, you may choose not to register your organisation as a charity.

Registration as a charity is often required before an organisation can access charitable tax concessions (as discussed above). There are other benefits to registering as a charity, such as being listed on the public register of charities, which can improve public trust and confidence in your organisation.

In general, extra reporting obligations come with registration as a charity. However, for companies limited by guarantee registered as charities, reporting is less complex once registered with the ACNC.

Things to consider include:

- whether your organisation meets the definition of a charity and fits within one of the 14 charitable subtypes
- whether the benefits of charity registration are important to its operation, and
- whether your organisation will be able to comply with charity reporting (and other) obligations

Benefits of charity registration	Additional obligations of charity registration
Access to more tax concessions, and therefore access to incentives and, in some cases, extra funding (some funders can only provide grants to DGRs)	State incorporated structures like incorporated associations and trusts not previously required to report may have extra or duplicated reporting obligations (although there have been significant efforts to reduce these obligations)
Reputation and standing in the community (due to being listed on the public register, and being required to comply with ACNC governance standards) and ability to use the ACNC charity 'tick' logo (see below)	Requirement to comply with the ACNC's governance standards
Simpler reporting for companies limited by guarantee	Need for 'responsible people' and listing on public register of 'responsible people'



# What a charity must do to keep its ACNC registration

## Reporting and notification

Charities must report to the ACNC each year. The type of report that a charity must submit depends on the charity's size.



### Note

ACNC charity size is decided by income. The following sizes apply for reporting periods from the 2022 Annual Information Statement:

- **Small charity** – annual revenue is less than \$500,000
- **Medium charity** – annual revenue is \$500,000 or more, but less than \$3 million
- **Large charity** – annual revenue is \$3 million or more



The ACNC website has [guidance on working out the size of your charity](#).

Charities also need to notify the ACNC when certain things change, including:

- the charity's legal name
- the address for service (where legal documents can be sent)
- the 'responsible people' (people who are members of your charity's governing body including directors or committee members, or its trustees)
- any material error in the Annual Information Statement or annual financial report, and
- the governing documents (such as its constitution, rules or trust deed)

Administrative penalties may apply for failing to notify the ACNC of changes in the required time.

The reporting requirements for the different charity sizes are summarised in the table below.

	Small	Medium	Large
<b>Annual Information Statement</b>	Required	Required	Required
<b>Annual financial report</b>	Optional	Required (unless a 'basic religious charity' or other transitional reporting arrangements apply)	Required (unless a 'basic religious charity' or other transitional reporting arrangements apply)
<b>Basis of accounting</b>	Cash or accrual	Accrual (unless a 'basic religious charity' or other transitional	Accrual (unless a 'basic religious charity' or other transitional

		reporting arrangements apply)	reporting arrangements apply)
<b>Type of financial statement</b> Note – a charity's governing document or grant funding agreements may state whether its financial report needs to be reviewed or audited	Small charities can choose to submit a financial statement. The type of financial statement can be the same as a medium or large charity	<ul style="list-style-type: none"> <li>• Special purpose financial statement (if not a 'reporting entity') or</li> <li>• General Purpose Financial Statement with Reduced/Simplified Disclosure Requirements (Tier 2) or</li> <li>• General Purpose Financial Statement – Full (Tier 1)</li> </ul>	
<b>Review or audit for annual financial report</b>	No obligation for review or audit	Review or audit	Audit required
<b>Notification of changes</b>	As soon as reasonably possible but no later than:		
	<ul style="list-style-type: none"> <li>• 60 days</li> </ul>	<ul style="list-style-type: none"> <li>• 28 days</li> </ul>	<ul style="list-style-type: none"> <li>• 28 days</li> </ul>



For more information, see:

- our [fact sheet on financial reporting for charities](#)
- the ACNC webpages on [reporting annually to the ACNC](#), [reviewing and auditing financial reports](#) and [annual financial reports](#)

## Governance standards

The ACNC has [six governance standards](#), which are a set of minimum requirements for governance of registered charities.

A charity must meet the governance standards when it applies to the ACNC for registration and must continue to meet the governance standards to keep its registration.

The governance standards apply to all charities, except for 'basic religious charities'.

### The six governance standards

<b>Standard 1</b>	<b>Purposes and not-for-profit nature</b> Charities must be not-for-profit and work towards their charitable purposes. They must be able to demonstrate this and provide information about their purposes to the public. <a href="#">ACNC webpage on governance standard 1</a>
<b>Standard 2</b>	<b>Accountability to members</b> Charities that have members must take reasonable steps to be accountable to their members and provide their members with adequate opportunity to raise concerns about how the charity is governed. <a href="#">ACNC webpage on governance standard 2</a>
<b>Standard 3</b>	<b>Compliance with Australian laws</b>

	<p>Charities must not commit a serious offence (such as fraud) under any Australian law or breach a law that may result in a penalty of 60 penalty units (currently \$19,800) or more.</p> <p><a href="#">ACNC webpage on governance standard 3</a></p>
<b>Standard 4</b>	<p><b>Suitability of Responsible People</b></p> <p>Charities must take reasonable steps to be satisfied that their ‘responsible people’ (such as board or committee members or trustees or directors) are not disqualified from managing a corporation under the <i>Corporations Act 2001</i> (Cth) or disqualified by the ACNC Commissioner from being a ‘reasonable person’ of a registered charity.</p> <p>Charities must take reasonable steps to remove a responsible person who does not meet these requirements. Charities should ensure that their ‘responsible people’ sign a declaration relating to disqualifying offences.</p> <p><a href="#">ACNC webpage on governance standard 4</a></p>
<b>Standard 5</b>	<p><b>Duties of Responsible Peoples</b></p> <p>Charities must take reasonable steps to make sure that ‘responsible people’ understand and carry out the duties set out in this standard. These duties are:</p> <ul style="list-style-type: none"> <li>• the duty to act with reasonable care and diligence</li> <li>• the duty to act honestly in the best interests of the charity and for its charitable purposes</li> <li>• the duty not to misuse their position as a responsible person</li> <li>• the duty not to misuse information they gain in their role as a ‘responsible person’</li> <li>• the duty to disclose conflicts of interests</li> <li>• the duty to make sure the financial affairs of the charity are managed responsibly, and</li> <li>• the duty not to allow the charity to operate while it’s insolvent</li> </ul> <p>Responsible People have a responsibility to put the interests of their charity above their own personal interests.</p> <p><a href="#">ACNC webpage on governance standard 5</a></p>
<b>Standard 6</b>	<p><b>Maintaining and enhancing public trust and confidence in the Australian not-for-profit sector</b></p> <p>Charities must take reasonable steps to become a participating non-government institution if they are, or are likely to be, identified as being involved in the abuse of a person either:</p> <ul style="list-style-type: none"> <li>• in an application for redress made under section 19 of the <i>National Redress Scheme for Institutional Child Sexual Abuse Act 2018</i> (Cth) (<b>Redress Act</b>), or</li> <li>• in information given in response to a request from the National Redress scheme Operator (Secretary of the Department of Social Services) under section 24 or 25 of the Redress Act</li> </ul> <p>This may include registered charities that were named in the Royal Commission into Institutional Responses to Child Sexual Abuse.</p> <p><a href="#">ACNC webpage on governance standard 6</a></p>



For more information, see:

- [our guide to the legal duties of boards, committees and office holders](#), and
- the ACNC's [guide to governance for good](#)



### Note

Although the governance standards apply to the 'responsible people' (such as directors, trustees, committee members or board members), it's the charity itself that is responsible for taking reasonable steps to make sure it's 'responsible people' are complying with the governance standards.

## External conduct standards

The [external conduct standards](#) are a set of minimum standards that regulate registered charities that 'operate outside Australia' (which includes charities that send money or participate in activities overseas).

Like the governance standards, charities must comply with these external conduct standards to be registered, and remain registered, with the ACNC. Unlike the governance standards, basic religious charities are not exempt from the external conduct standards.

### The four external conducts standards

<b>Standard 1</b>	<b>Activities and control of resources (including funds)</b>  Charities must take reasonable steps to manage their activities overseas and ensure that those activities are consistent with their charitable purposes. This includes monitoring and maintaining procedures about control of finances, equipment, supplies and other resources.  It also requires charities to comply with Australian laws when operating overseas and have procedures and processes in place to ensure management of external risks including, money laundering, financing terrorism, sexual offences, slavery, trafficking and people smuggling.  The purpose of the standard is to ensure public confidence that a registered charity is managed overseas in a way consistent with its purpose and character as a not-for-profit.  <a href="#">ACNC webpage on external conduct standard 1</a>
<b>Standard 2</b>	<b>Annual review of overseas activities and record-keeping</b>  Charities must obtain and keep sufficient records for their overseas activities, including the types of activities conducted on a country-by-country basis, details of expenditure, how they monitor procedures and processes and any third parties they works with overseas.  <a href="#">ACNC webpage on external conduct standard 2</a>
<b>Standard 3</b>	<b>Anti-fraud and anti-corruption</b>  Charities must have processes and procedures that work to combat fraud and corruption in their overseas operations.  This standard is to ensure that the risk of funds being misused for illicit or illegal purposes overseas is minimised.

	<a href="#">ACNC webpage on external conduct standard 3</a>
<b>Standard 4</b>	<b>Protection of vulnerable individuals</b> Charities must protect the vulnerable people that they work with when conducting their overseas operations (regardless of whether the charities provide those services or benefits directly or in collaboration with or through a third party). <a href="#">ACNC webpage on external conduct standard 4</a>

## Summary of key obligations for maintaining charity registration

Key obligations for charities:	
• Make sure the purposes and activities of the charity are and remain for charitable purposes according to the Charities Act	<input type="checkbox"/>
• Notify the ACNC of changes to your organisation, such as your organisation's legal name, address for service, directors or committee members, and governing documents	<input type="checkbox"/>
• Keep records, including financial and operational records	<input type="checkbox"/>
• Comply with all the ACNC's reporting requirements	<input type="checkbox"/>
• Continue to comply with the governance standards (and external conduct standards if applicable)	<input type="checkbox"/>



For more information on the ongoing obligations of charities, see [our webpage on reporting to the ACNC](#) and the [ACNC's webpage on maintaining your charity's entitlement to registration](#).

## How do you register as a charity?

To qualify to be registered by the ACNC as a charity, your organisation must meet the definition of charity in the Charities Act (as outlined above) and have an Australian Business Number (ABN).

You can complete and lodge your application online on [the ACNC's website](#).



### Tip

The ACNC has a [registration checklist](#), and [application guide](#) to help you prepare for the application process.

## The ACNC registered charity tick

The ACNC encourages use of the '[registered charity tick](#)', to give registered charities a simple way to display their charity registration status and give donors confidence they are giving to a registered and regulated charity.

The tick may only be used in accordance with the terms and conditions, which must be agreed to by the charity before its use. The tick is available for download on the [ACNC charity portal](#).

Charities may use the registered charity tick on their website, at events, on their social media accounts, letterheads and other marketing materials. Where it is displayed electronically, it should be hyperlinked to the charity's listing on the Charity Register.

