

Grower Group Alliance Inc. Proposed Changes to Constitution

6 March 2025



JACKSON MCDONALD

MULTI-SECTOR LAW

Changing ATO requirements – what are the changes for NFPs?

- Not-for-profits that currently self-assess as income tax exempt (**ITE**) are now required to lodge an annual NFP self-review return with the ATO (**Self Review Return**)
- The purpose of the Self Review Return is to determine the basis on which an entity is eligible to self-assess as an ITE and report this to the ATO annually (incl, ensuring compliance with governing rules)
- The first return applies for the 2023-24 income year (usually due by 31 October, but first lodgement date extended up to 31 March 2025)

Who do the changes apply to? Entities that are:



What steps have GGA undertaken?

- GGA's Objects have been reviewed in light of the ATO changes
- The Board identified that the current Objects do not reflect GGA's overall purpose having regard to the range of activities GGA undertakes
- The Board has determined that GGA has *charitable purposes* (advancing the natural environment and/or other similar purposes beneficial to the general public)
- Therefore, the proposed amendments to the Objects have been made to clearly set out GGA's overall purpose and to remove the reference to 'activities' which can be limiting, as the type of activities can change over time, provided that they are directed to the purpose of the organisation



What happens next?

- The Board of GGA has determined that GGA has a charitable purpose and therefore must become a registered charity
- A notice for a special general meeting has been issued to members with the proposed amendments to GGA's Constitution and an explanation of the amendments
- The proposed amendments are limited to those which are required to ensure GGA meets the eligibility requirements for registration as a charity with the ACNC (objects, winding up clause, eligibility requirement for directors)
- New Object is:

To promote the development and improvement of agriculture for growers, the grower group community, and the broader community in Australia.



What does becoming a registered charity mean?

Benefits of Charity Registration	Obligations of Charity Registration
Ongoing endorsement as an income tax exempt entity and other tax concessions (certainty as to ITE status)	A charity's governing document, annual information statements, financial reports and names of board members are publicly available on the ACNC Charity Register
Online presence on the ACNC Charity Register – promotes public confidence and transparency	A registered charity that is an incorporated association is required to report to the ACNC but continues to report to Consumer Protection (DEMIRS) on any changes to its name, rules, status, board members, contact details and addresses
Eligible to receive additional grant funding	Comply with the ACNC Governance Standards
Eligible for state (WA) tax exemptions (e.g. transfer duty, payroll tax exemptions, land tax and council rate exemptions)	Comply with the ACNC Act and the Charities Act



What does Voting YES at the SGM mean?

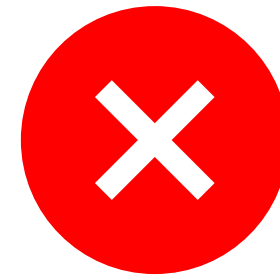


A special resolution (75%) of members present (in person or by proxy) and voting at the SGM is required to approve the changes.

- Members approve the amendments to the Constitution
- Constitution is lodged with DEMIRS for its approval
- Once approved, GGA will prepare an application to the ACNC to be registered as a charity
- If registered as a charity, GGA will receive ATO endorsement for:
 - Income Tax Exemption
 - Refund of Franking Credits
 - GST Concession
 - FBT Rebate



What does Voting NO at the SGM mean?



- Members do not approve the amendments to the Constitution
- GGA's Objects and other rules remain as they are currently drafted
- It is unlikely that GGA will be eligible for charity registration
- GGA will need to consider how it meets the requirements for a Resource Development Organisation to meet the test for self-assessing as ITE in order to maintain that tax exemption
- GGA will need to consider if any other changes should be made to its Objects to reflect its purpose
- ATO to determine if GGA is eligible to self-assess for ITE each year



This presentation is not legal advice. Please do not rely on anything it contains or omits. It must not be reproduced without Jackson McDonald's prior consent.

© Original material is copyright Jackson McDonald. Third party material used in this presentation remains the property of the copyright owners.