

The logo for ASBOA 2013 features the text 'asboa2013' in a lowercase, sans-serif font. The 'a' is white, 's' is white, 'b' is orange, 'o' is orange, 'a' is orange, '2' is blue, '0' is blue, '1' is blue, and '3' is blue. The text is set against a large orange circle on the left and a light blue circle on the right. The background is a vibrant blue with abstract, wavy patterns in shades of orange and light blue.

asboa2013

Association of School Business Administrators Biennial Conference
23-26 September 2013 Cairns Convention Centre

from potential to performance

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SCHOOL COMPLIANCE

Helen Coyer

**Deputy Executive Director and Director (Operations)
Independent Schools Queensland**

School Compliance Snapshot

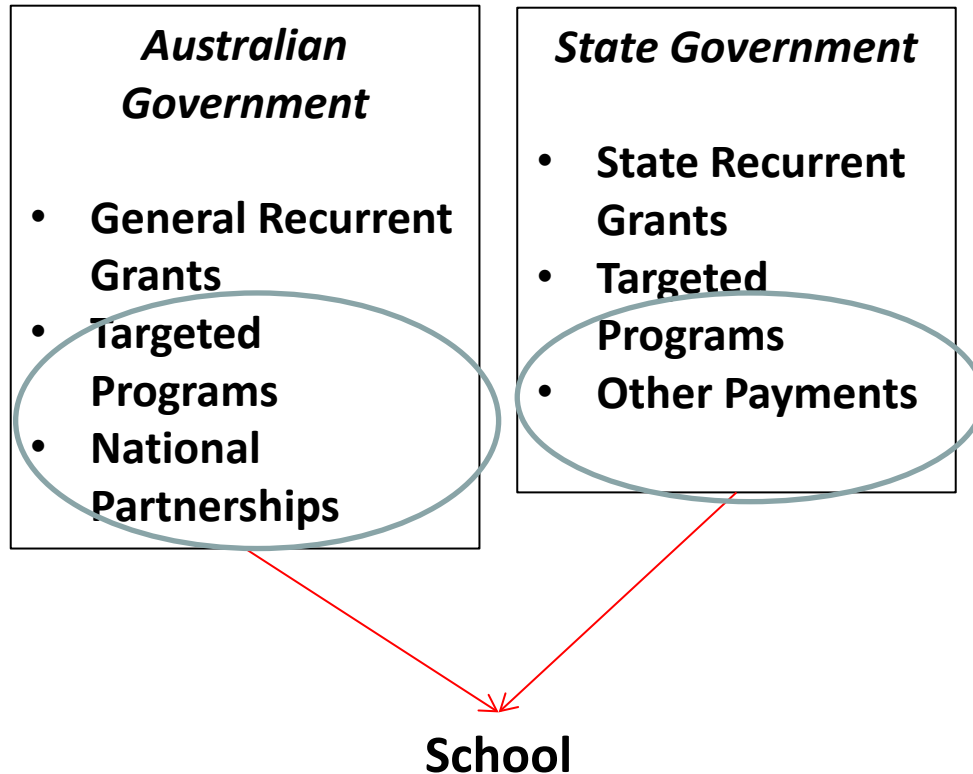
- **The new funding environment**
- **ACNC - more compliance**
- **Tax compliance – FBT, DGS, GST**



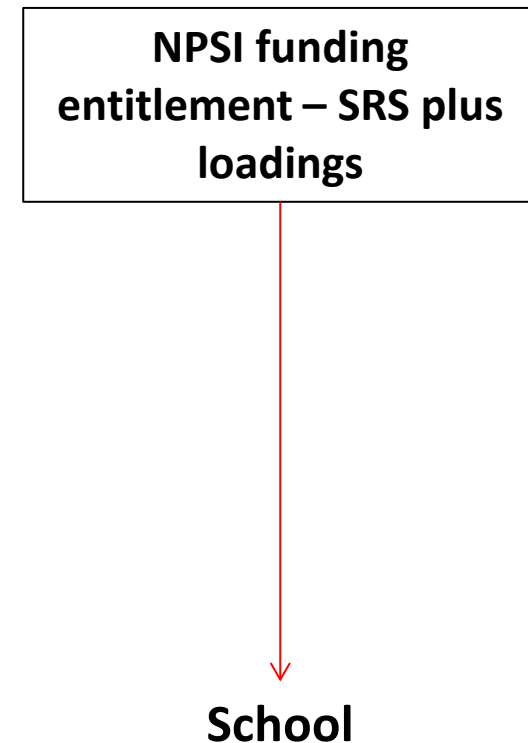
The New Funding Environment

NPSI Funding Model

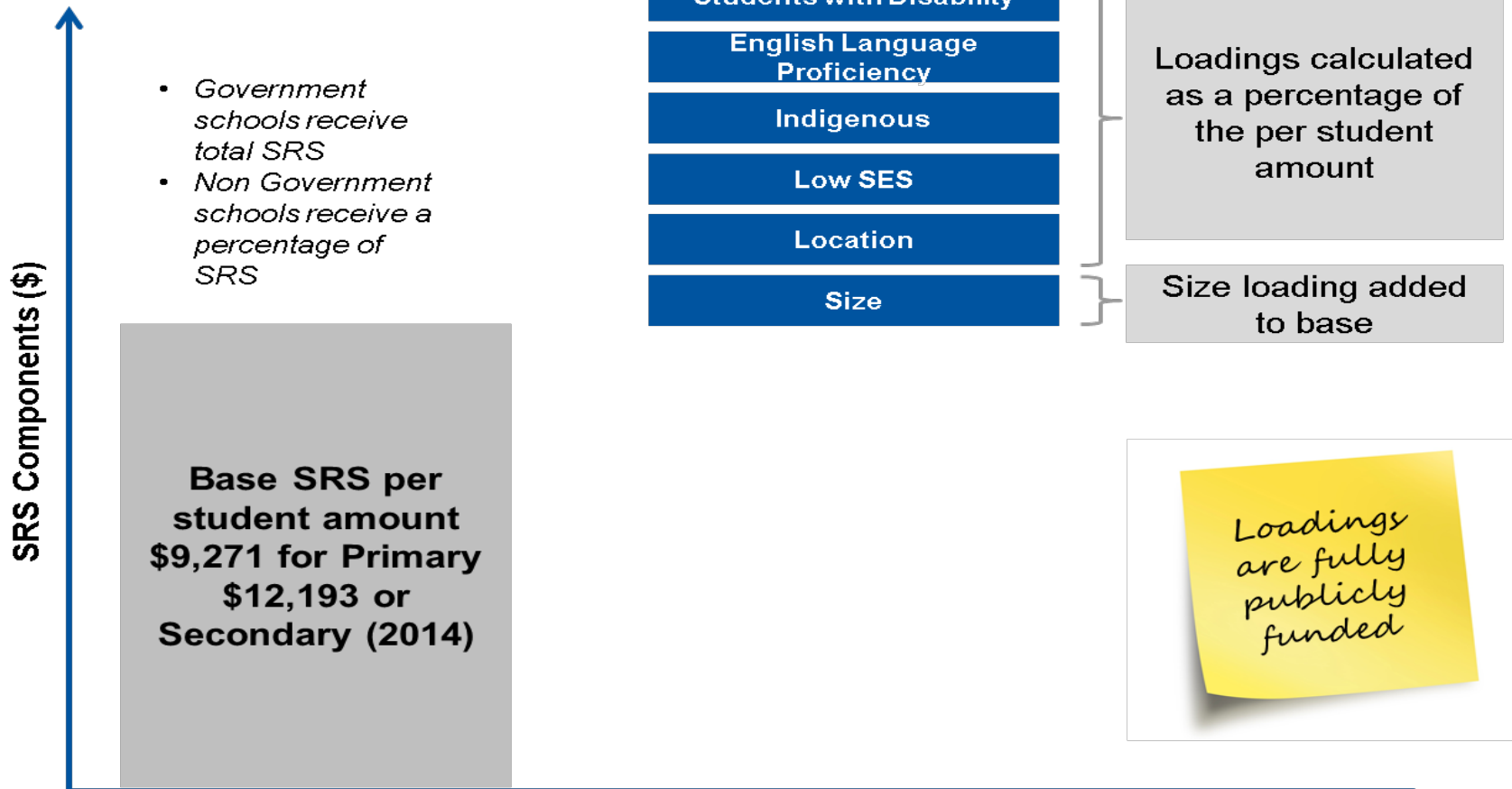
Current Funding Arrangements



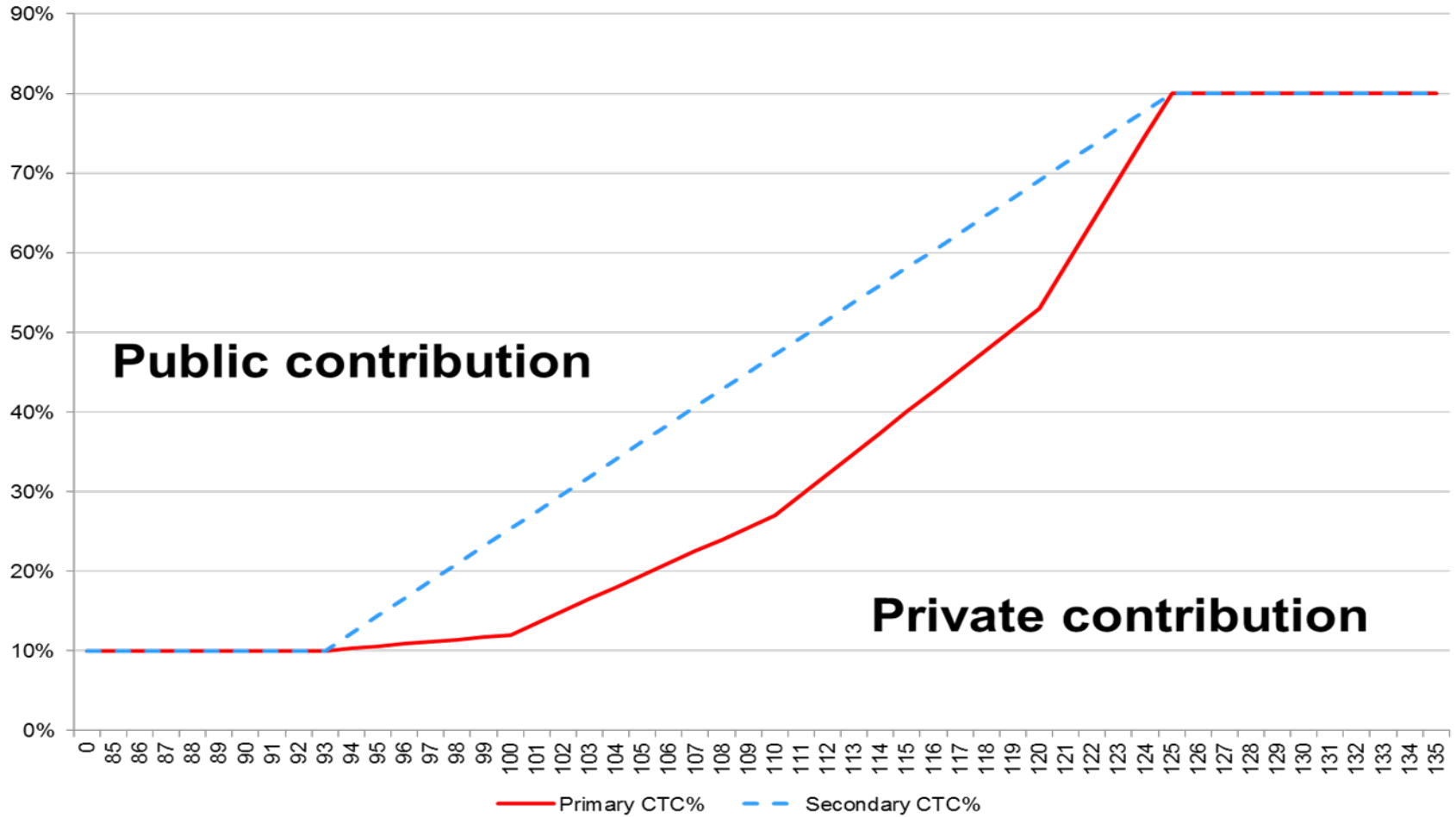
New Funding Arrangements



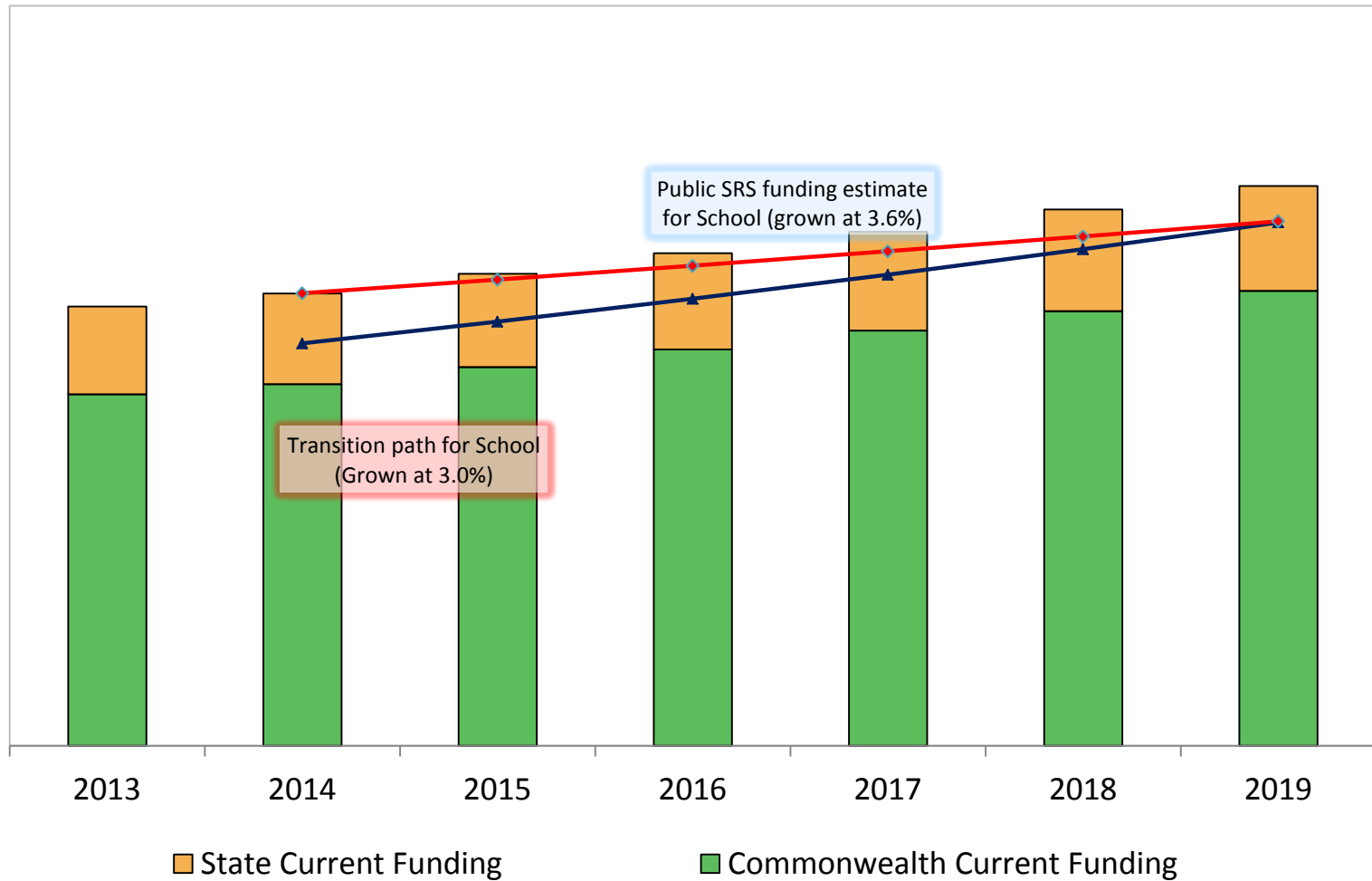
Loaded Schooling Resource Standard (SRS)



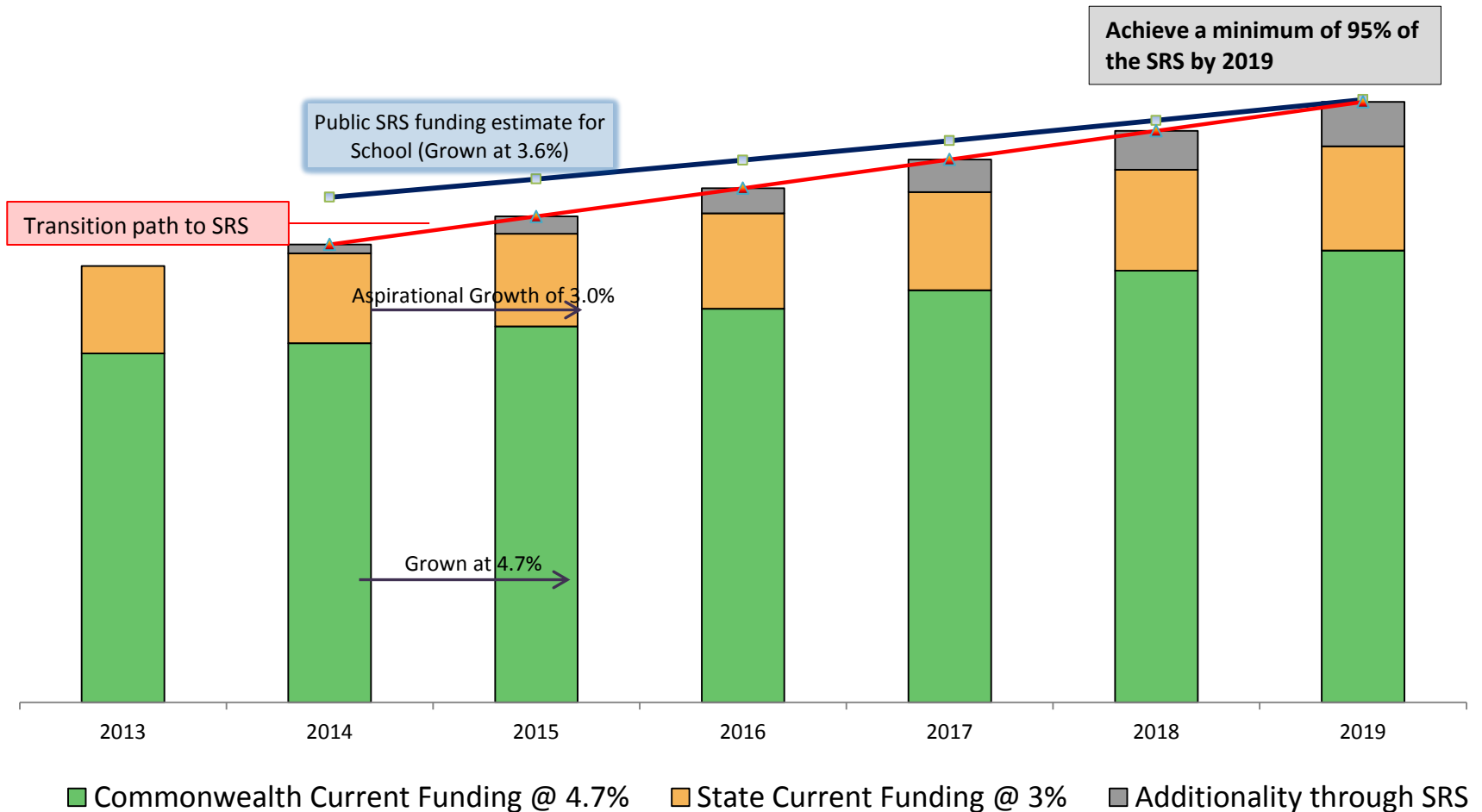
Capacity to Contribute



Funding for School Above SRS – Transition



Funding for School Below the SRS



Your State Government doesn't sign up?

- For State schools, existing Commonwealth funding arrangements plus limited indexation.
- Independent schools will be participating schools irrespective of whether State signs up.
- 3% indexation for schools above SRS guaranteed
- Schools below the SRS – 4.7% indexation on Commonwealth funding guaranteed; State funding a matter for the State Government
- Additionality amount – on top of 4.7% index

What should you be doing?

- Become familiar with the Australian Education Act and Regs
- Understand the new funding methods for your school context
- Seek advice – AIS, Systems Associations, Colleagues/
Networks
- Make sure your data is as accurate as possible
- Do not delay

The Australian Charities and Not-for-profits Commission

ACNC – One Stop Shop

1. **Existing charities endorsed** by ATO have automatically move to new regime – needed to have opted out by 3 June 2013
2. **ATO will retain responsibility** for determining eligibility to access Commonwealth tax concessions
3. **Public information portal** – established and to be updated by AIS data
4. Introduction of **statutory definition of “charity”** on 1 Jan 2014

ACNC – One Stop Shop

1. **Governance** – applies from 1 July 2013
2. **Charity Passport**
3. **Reporting** – 2012-2013 Annual Information Statement (AIS) - Non-financial info only.
4. **Financial and other info** from 2013-2014

ACNC – Governance

Governance Standards (Division 45 Regulations)

1. **Purposes and NFP nature of a registered entity** – must be not for profit and work toward their charitable purpose
2. **Accountability to members** – ensure the accountability and transparency members
3. **Compliance with Australian laws** - entity operates in compliance with Australian laws
4. **Suitability of responsible entities** – Directors (responsible entities) are not disqualified and remain this way
5. **Duties of responsible entities** – Directors (responsible entities) conduct is as a fiduciary relationship and minimum standards of behaviour

ACNC – Charity Passport

Charity Passport is a mechanism

The ACNC also believes that the Register will help to reduce red tape for charities over time, through the development of the Charity Passport, an information-sharing initiative providing information to government agencies that need information about charities and are authorised to receive it.

ACNC – Annual Information Reporting

- Charities to complete an Annual Information Statement (AIS) for 2013. Charities to log in at acnc.gov.au/2013AIS.
- The AIS contains **does not** include any reporting on financial information for 2012–2013.
- For the 2012–2013 reporting period, companies that are required to lodge financial reports with ASIC must still do so.

ACNC – Annual Information Reporting Cont.

- Submit their AIS within six months of the end of the charity's reporting period,
- Published on the ACNC Register, although organisations are able to request some information to be withheld (limited situations).
- Step-by-step guide further information on the [ACNC website](#)

ACNC – Financial Reporting

Financial and other info from 2013-2014

- Condensed income and expense statement and balance sheet (P&L next slide)
- Moratorium for schools to 2014/2015 – therefore first statement due June 2017 (2015/16 year)

ACNC – Financial Reporting cont.

Gross Income

Government grants \$X

Donations and bequests \$X

All other revenue \$X

Total revenue \$X

Other Income \$X

Total Gross Income \$X

Expenses

Employee expenses \$X

Interest \$X

Grants and donations made for use in Australia \$X

Grants and donations made for use outside Australia \$X

All other expenses \$X

Total expenses \$X

Net surplus/deficit

What should you be doing?

- Check your charitable status
- Review your 2012/13 Annual information statement requirements
- Familiarise yourself with the 2013/14 annual information statement – ie financial report elements
- Familiarise yourself with the governance standards and what this means for your governance arrangements
- Stay alert to further changes

Taxation

ATO Role in New World

ACNC decides on whether an entity is a charity.

ATO decides on access to tax concessions the following tax concessions:

- **income tax exemption**
- **goods and services tax (GST) charity concessions**
- **fringe benefits tax (FBT) rebate**
- **DGR status**

Better Targeting NFP Tax Concessions Budget 2011/12

Reform of tax concessions - Unrelated commercial activities

Why – Shorten 2011

Prevent the gradual erosion of the tax base (tax leakage)

Prevent access to tax concessions for “commercial business activities”

Impact

No income tax exemption for unrelated commercial activities that are not directed back to their altruistic purpose.

No **access to FBT, DGR or GST** concessions in support of those unrelated activities

Better Targeting NFP Tax Concessions Budget 2011/12

- Consultation paper released 27 May 2011
- No draft legislation has been released to date. However, in January 2013 the [Assistant Treasurer announced](#) that the start date for the measure has been deferred to:
 - 1 July 2014 for relevant activities that commenced after 7.30 pm (AEST) on 10 May 2011
 - 1 July 2015 for relevant activities that commenced before 7.30 pm (AEST) on 10 May 2011
- There appears to be broad political support
- Watch this space closely

FBT

- **rebatable employers** - qualify for an FBT rebate
- liability reduced by a rebate equal to **48% of the gross FBT payable** (subject to a \$30,000 capping threshold).
- must be **endorsed by the ATO** to access the FBT rebate.
- Most popular is cars impact by change to operating cost method

Deductible Gift Recipient (DGR)

To have DGR endorsement, all of the following **must** apply:

- fall within a general DGR category as set out in the income tax law
- have an Australian business number (ABN)
- have an appropriate dissolution/revocation of endorsement clause or clauses
- maintain a gift fund - if seeking endorsement for the operation of a fund, authority or institution
- be in Australia - with some exceptions.

School Building Funds

- TR 2013/2 *Income Tax: school or college building funds* – legally binding status
- Replaces 2011 draft ruling
- Emphasis on who controls the use of the building as opposed to the sole use test
- Clear criteria to be met to gain building fund status

School Compliance



Dates/Milestones

Commonwealth requirements

- Census
- Student Attendance data
- Financial Questionnaire (including auditors report)
- Compliance Certification
- Annual Report
- FBT return
- State requirements – census, grants certification

