



SPECIAL RESOLUTIONS TO AMEND THE CONSTITUTION OF THE TOMAREE RATEPAYERS AND RESIDENTS ASSOCIATION INC AND TO INCREASE THE ANNUAL MEMBERSHIP FEE

Background

Late in 2014 TRRA Inc received a letter from the Australian Taxation Office advising of an obligation to lodge a tax return. The ATO was contacted to clarify whether there was an obligation for a non-profit, community service organization such as TRRA Inc to lodge a tax return. The advice was that organisations such as TRRA Inc are required to self-assess their status as either income tax exempt or taxable. A number of requirements must be met in making this assessment including provisions in the governing rules relating to the distribution of profits or assets for the benefit of particular people both while it is operating and when it winds up.

TRRA's Constitution in Section 37 (1) requires that "*the funds of the association are to be used in the pursuance of the objects of the association*" which meets one of the tests to be applied and the NSW Associations Incorporation Act 2009 prohibits the distribution of assets to members should the organization be wound up. No provision is made in the current constitution in relation to the dissolution of the association.

To be sure that our Constitution is in full compliance with the ATO guidelines it is recommended that a Special Resolution be submitted to the TRRA membership to amend the Constitution to match the wording recommended by the ATO.

Due to rising costs, the Committee recommends that a more realistic membership fee be set at \$10 per person commencing from the new financial year. This increase is not expected to impact on membership numbers.

Recommended Amendments:

1. That the Constitution of the TRRA Inc be amended as follows:

That Section 37- Funds Management, be amended by:

deletion of clause (1) and to insert in its place the words

"Subject to any resolution passed by the association in general meeting, the assets and income of the association shall be applied solely in the furtherance of its objects and no portion shall be distributed directly or indirectly to the members of the association except as bona fide compensation for services rendered or expenses incurred on behalf of the association in such manner as the committee determines";

2. Add in place of Clause (2) the words

"In the event of the organization being dissolved, the amount that remains after such dissolution and the satisfaction of all debts and liabilities shall be transferred to another organization with similar purposes which is not carried on for the profit or gain of its individual members".

Clause (2) of the constitution is to become Clause (3) of section 37 Funds Management.

3. That Section 8 Fees and Subscriptions be amended by:
Replacing the current \$5 with \$10 in Clauses (1) and (2)