

Update on the Tier 3 and 4 Reporting Standards

The reporting standards that charities use have changed and there are new thresholds and new templates to use. These new standards will become mandatory from next year (2025), but charities can choose to start using them now for any reporting periods that end after 15 June 2023.

Registered charities can choose to use:



Which tier will I use?

Registered charities must report to Charities Services using a tier system based on their annual expenses or operating payments from the past two years. The requirement for each tier is shown in the table below.

TIER 1	TIER 2	TIER 3	TIER 4
Full Standards	Reduced Disclosure Regime	Simple Format Report ACCRUAL	Simple Format Report CASH
Over \$33 million annual expenses	Under \$33 million annual expenses	Under \$5 million annual expenses	Under \$140,000 annual operating payments
or has public accountability	without public accountability	without public accountability	without public accountability

Determining your charity's reporting tier

The accounting method you use (cash-based or accrual-based) depends on how complex your charity's transactions are and affects your reporting tier. [Find out more here](#)

How to use the reporting templates

To help you understand and apply the Tier 3 and Tier 4 Standards correctly, charities can use the following financial reporting templates and related guidance [XRB - How to use our reporting templates](#)

FAQ's for Tier 3 and 4

These [frequently asked questions](#) are grouped into sections to help you find your answer. The External Reporting Board have included reference to the relevant standards and explanatory guides where they apply.

Tier 4 Standard

The Tier 4 (NFP) Standard sets out the requirements that Tier 4 NFP entities are required to follow when preparing performance reports.

This Standard is required to be applied for accounting periods that begin on or after 1 April 2024. Earlier application is permitted for accounting periods that end after the Standard takes effect on 15 June 2023.

The new Standard, when applied, supersedes the previous version of this Standard [Public Benefit Entity Simple Format Reporting – Cash \(Not-for-profit\)](#).

Does Tier 4 apply to your charity?

You may apply this standard if your charity:

- does not have public accountability; (note, most tier 4 charities do not have public accountability)
- is allowed by law to use cash accounting;
- has expenses ≤\$140,000; and
- elects to be in Tier 4.

Tier 4 templates – choose one for your reporting

You can use the Simple or the Full template which come in excel and pdf formats



[Simple Tier 4 NEP Template - excel 1.4 MB](#)



[Simple Tier 4 \(NEP\) Template - PDF 117 KB](#)

Full (with optional disclosures)



[Full Tier 4 NEP Template - excel 82 KB](#)



[Full Tier 4 \(NEP\) Template - PDF 224 KB](#)

New way of reporting available now for small Tier 4 charities!

If you are a very small tier 4 charity you may choose to use the Combined Annual Return and Performance Report. It will include all the information which would normally be provided separated in a performance report, including:

- Statement of Service Performance,
- Information about cash received and paid by your charity during the financial year,
- Whether or not you are registered for GST, and
- Descriptions of any related party transactions.

Tier 3 Standard

Tier 3 (NFP) Standard sets out the requirements that Tier 3 NFP entities are required to follow when preparing their annual performance reports.

This Standard is required to be applied for accounting periods that begin on or after 1 April 2024. Earlier application is permitted for accounting periods that end after the Standard takes effect on 15 June 2023.

This new Standard, when applied, supersedes the previous version of this standard *Public Benefit Entity Simple Format Reporting – Accrual (Not-for-profit)*.

Does Tier 3 apply to your charity?

You may apply this standard if your charity:

- does not have public accountability; (note, most tier 3 charities do not have public accountability)
- has expenses ≤\$5 million; and
- elects to be in Tier 3.

Tier 3 Template - excel [Tier 3 template](#) for reporting. Note that there is no pdf template for Tier 3.

Tier 3 Standard - the [Tier 3 Standard](#) explains what is required for reporting

If you need more information about what has changed you can check out this explanatory guide [What's changed in the new Tier 3 standard](#)

N.B Please note that you do not have to use the templates, but they do make sure that you have included all the necessary information in your reporting. Charities using the template have said it makes reporting easier.