Company Tax Return Preparation Checklist 2024

# Company Tax Return Preparation Checklist 2024

This checklist will assist public practice members in discharging their obligations in preparing 2024 company tax returns.

This checklist should be completed in conjunction with the preparation of tax reconciliation return workpapers.

The checklist provides a general list of major issues that should be addressed but is not designed to be an exhaustive list of all issues that may warrant consideration.

This information is based on legislation current as at May 2024.

**About the author**

This checklist was prepared by SW Accountants and Advisors on behalf of CPA Australia.

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| --- | --- |
| ENTITY’S NAME  |  |

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| --- | --- | --- | --- |
| PRIOR YEAR TAX RETURN CONSIDERATIONS | YES | NO | N/A |
| Has last year’s tax return been checked for reversing timing differences (e.g. accruals and provisions)? |  |  |  |
| Has last year’s tax return been checked for recurring timing differences that may need to be considered in the current year (e.g. amortisation of software development pool or blackhole expenditure deductible in accordance with section 40-880 of the Income Tax Assessment Act 1997 *(*ITAA 1997)? |  |  |  |
| Has last year’s tax return been checked for tax losses and capital losses carried forward to the current income year? |  |  |  |
| Have you checked the prior year action sheet for prior year carry forward issues? |  |  |  |
| **Comments:** |

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| --- | --- | --- | --- |
| **STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)** | **YES** | **NO** | **N/A** |
| GENERAL |
| Have all balance sheet items been reviewed (e.g. deductibility of consumable stores, asset write-offs, assessability of deferred income, tax treatment of bills of exchange etc.)? |  |  |  |
| Have all movements in provisions been adjusted for (e.g. provision for annual leave, provision for long service leave, provision for obsolete stock, provision for doubtful debts, provision for warranties etc.)? |  |  |  |
| Have sundry creditors been reviewed for accruals / provisions which have not been legally incurred by year end and for non-deductible accrued expenditure (e.g. accrued audit expenditure under Taxation Ruling IT 2625 and accrued superannuation expenditure)? |  |  |  |
| Have sundry debtors been reviewed for prepayments and accrued income (e.g. interest receivable)? |  |  |  |
| Has accrued Fringe Benefits Tax (FBT) been correctly calculated on the basis that a deduction is being claimed for the FBT instalment referable to the June 2024 quarter and an amount added-back of the FBT instalment referable to the June 2023 quarter if claimed in the prior year (as per Taxation Ruling TR 95/24)?For more informationrefer to CPA Australia’s [FBT Checklist](https://www.cpaaustralia.com.au/tools-and-resources/taxation/tax-time-year-end-updates-and-resources/checklists). |  |  |  |
| DIVISION 7A |
| For private companies, have loans, payments and debt forgiveness to shareholders or their associates (or former shareholders and their associates) been considered for Division 7A purposes? If Division 7A applies, refer to CPA Australia’s [Division 7A checklist](https://www.cpaaustralia.com.au/tools-and-resources/taxation/tax-time-year-end-updates-and-resources/checklists). Be aware of announced but not enacted changes to Division 7A when undertaking tax planning. |  |  |  |
| PREPAYMENTS |
| Have all prepayments of less than $1,000 (GST exclusive) been claimed as an immediate tax deduction? |  |  |  |
| Have all prepayments required to be made by a Commonwealth, State or Territory law or under an order of a court (e.g. prepaid Workcover expenditure) been claimed as an immediate tax deduction? |  |  |  |
| Have all prepayments of more than $1,000 (GST exclusive) which were not required to be made under a Commonwealth, State or Territory law or a court order been capitalised and apportioned over the eligible service period to which the prepayment relates? |  |  |  |
| Where the company is a Small Business Entity (SBE), is an immediate deduction available under the 12-month rule where the eligible service period is 12 months or less?For prepayments made from 1 July 2023, an entity will be regarded as an SBE for the year ended 30 June 2024 if it carries on business in the 2024 year, and its aggregated turnover was less than $50 million for the year ended 30 June 2024 or its aggregated turnover is likely to be less than $50 million in the 2024 year. The aggregated turnover test not only requires the calculation of the taxpayer’s annual turnover but also that of any affiliate or entity connected with the taxpayer at any time during the year. |  |  |  |
| TRADING STOCK  |
| Does the company have trading stock?  |  |  |  |
| Does the opening balance of trading stock for tax purposes agree with the closing balance of trading stock in last year’s income tax return?  |  |  |  |
| Is the closing stock valuation method adopted by the company acceptable for both accounting and tax purposes? If not, can the tax valuation be justified and is it adequately documented? Should the valuation method be reviewed to either defer or bring forward assessable income?Consider the benefits of revaluing closing value of trading stock at year end using the lower of cost, market selling value or replacement value if seeking to reduce taxable income. This choice is available in relation to each item or category of trading stock.  |  |  |  |
| Has the company disposed of any trading stock outside the normal course of business? If so, has the market value of the trading stock on the day of the disposal been included in the company’s assessable income in accordance with section 70-90 of the ITAA 1997? |  |  |  |
| Where stock is valued at cost price, is a full absorption costing basis being used? |  |  |  |
| Has the treatment of goods-in transit and consignment stock been considered in the valuation of trading stock? |  |  |  |
| Has a deduction been claimed for consumable stores on hand at balance date? |  |  |  |
| Has a review been conducted to identify whether any stock is obsolete? (see Taxation Ruling TR 93/23) |  |  |  |
| INTELLECTUAL PROPERTY  |
| Have you considered the depreciation rules for certain intellectual property (e.g. certain patents and copyrights) under section 40-95(7) of the ITAA 1997? |  |  |  |
| DEBT / EQUITY  |
| Has the application of the Debt / Equity rules under Subdivision 974-B of the ITAA 1997 been considered for all related party loan interests, hybrid securities and other financial instruments issued by the company? If so, has the characterisation of the financial arrangement as being a debt or equity interest been considered for income tax purposes? An ‘at call’ loan is treated as a debt interest where the amount is a related party at call loan, and the borrowing company has an annual GST exclusive turnover of less than $20 million at the end of the income year. However, that loan will be treated as equity for tax purposes for any year in which that $20 million threshold is exceeded. It is necessary to annually review the company’s turnover to determine if the at call loan should be treated as debt or equity for tax purposes. |  |  |  |
| Comments: |

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| **STATEMENT OF COMPREHENSIVE INCOME (PROFIT AND LOSS)** | **YES** | **NO** | **N/A** |
| GENERAL  |
| Have you considered whether accounting net profit/loss before tax (Item 6 Label T) reconciles to the profit and loss statement? If these do not reconcile, determine the nature of the difference(s). |  |  |  |
| Have expenses in the detailed profit and loss statement been reviewed generally for non-deductible items (e.g. for non-deductible entertainment, private expenses, donations made to entities who are not deductible gift recipients, subscriptions to private publications, capital legal expenses etc.)? |  |  |  |
| Have operating and/or finance leases and hire purchase agreements been properly treated for tax purposes? |  |  |  |
| For interest claimed, has the deductibility of the interest been considered in the light of the use of borrowed funds? |  |  |  |
| Have all timing differences been identified such as foreign exchange gains and losses which are only generally recognised when realised for non-Taxation of financial arrangements (TOFA) entities?  |  |  |  |
| If the ATO notified you of a Shortfall Interest Charge (SIC) or General Interest Charge (GIC) liability, has this been claimed as a deduction?Note that the Government announced in the 2023-24 MYEFO that amendments will be introduced to deny deductions for SIC and GIC incurred on or after 1 July 2025. |  |  |  |
| Have penalties paid (excluding GIC or SIC) to the ATO or as otherwise charged under an Australian or foreign law been treated as non-deductible and interest received from the ATO brought to account as assessable income? |  |  |  |
| GENERAL (CONTINUED) |
| Has the treatment of discounts on short-term securities (e.g. bills of exchange, promissory notes) been considered? |  |  |  |
| Has interest received been grossed up for any Tax File Number (TFN) withholding tax and/or foreign withholding tax deducted and a credit claimed in respect of the amount of tax deducted? |  |  |  |
| Has the entity derived income that is exempt from tax or which is non-assessable non-exempt income? (e.g. non-portfolio foreign dividends received on equity interests in overseas subsidiaries, exempt foreign branch income) |  |  |  |
| Have any government grants been received during the year? If so, have you considered whether adjustments are required for grants capitalised to the balance sheet and whether grants are taxable on a cash basis? |  |  |  |
| Have you considered if any of the income recorded in the accounts could be regarded as unearned income in accordance with the principle in Arthur Murray and therefore should not be included in income for the current year?Review any deferred income or other creditors shown in the balance sheet to ensure that there is no income which needs to be recognised as being derived for income tax purposes applying the principle in *Arthur Murray (NSW) Pty Ltd v FCT (1965) 114 CLR 314.* |  |  |  |
| For travel expenses, have travel diaries been kept (where applicable) along with other supporting documentation? |  |  |  |
| Has the timing of income and expenditure been considered for long-term construction contracts (if applicable)? |  |  |  |
| Has the potential deductibility of expenditure which has been capitalised for accounting purposes (e.g. capitalised interest) been considered? |  |  |  |
| Are management fees / consultancy fees paid to related entities calculated on an arm’s length basis and supported by appropriate documentation?  |  |  |  |
| Where the company is carrying on a professional services business, does it have a service trust? Is the service fee charged deductible under section 8-1 of the ITAA 1997 in accordance with the Commissioner’s views in Taxation Ruling TR 2006/2 and Taxation Ruling IT 276*?* ATO guidance, [‘service entity arrangements](https://www.ato.gov.au/businesses-and-organisations/income-deductions-and-concessions/income-and-deductions-for-business/in-detail/service-entities/faqs-on-service-entity-arrangements)’,provides practical guidance as to whether the fees charged under a service arrangement are commercially realistic and reasonably connected to the business carried on by the professional practice, including a range of ‘safe harbour’ commercial rates that could be applied as a mark-up on the cost of providing particular services.  |  |  |  |
| Payments made or non-cash benefits provided on or after 1 July 2019 to an employee, director, religious practitioner or under a labour hire agreement are not deductible if the payer fails to withhold (or in the case of a non-cash benefit pay an amount), under the PAYG withholding system or fails to notify the ATO where required to do so. |  |  |  |
| The [Skills and Training Boost](https://www.ato.gov.au/businesses-and-organisations/income-deductions-and-concessions/income-and-deductions-for-business/deductions/small-business-skills-and-training-boost) is available for small businesses with aggregated annual turnover less than $50 million. It provides small businesses to claim and additional 20 per cent tax deduction for eligible expenditure incurred on external training delivered to their employees by certain registered training providers.The boost applies to eligible expenditure incurred from 7.30 pm (AEDT) on 29 March 2022 until 30 June 2024. |  |  |  |
| **GENERAL (CONTINUED)** |
| The [digital games tax offset (DGTO](https://www.ato.gov.au/Business/Income-and-deductions-for-business/Concessions%2C-offsets-and-rebates/Digital-games-tax-offset/)) is a refundable tax offset which allows eligible companies that develop digital games in Australia to claim 30% of their total qualifying Australian development expenditure (QADE), under Division 378 of the ITAA 1997. |  |  |  |
| The instant asset write-off ([IAWO](https://www.ato.gov.au/about-ato/new-legislation/in-detail/businesses/small-business-support-20000-dollar-instant-asset-write-off)) is available to small businesses with an aggregated annual turnover of less than $10 million. It provides small businesses to immediately deduct the full cost of eligible assets costing less than $20,000 that are first used or installed ready for use between 1 July 2023 and 30 June 2024.The $20,000 threshold will apply on a per asset basis, so small businesses can instantly write-off multiple assets. Assets valued at $20,000 or more (which cannot be immediately deducted) can continue to be placed into the small business depreciation pool and depreciated at 15% in the first income year and 30% each income year after that.*At the date of release, the Bill containing the IAWO is still progressing Parliament. However, if passed, it will apply to the 2024 income year.**It is noted that in the 2024-25 Federal Budget, the Government announced that the small business instant asset write off will be extended for 12 months to 30 June 2025.* |  |  |  |
| The [small business energy initiative](https://www.ato.gov.au/about-ato/new-legislation/in-detail/businesses/small-business-energy-incentive) is available to small businesses with an aggregated annual turnover of less than $50 million. It provides small businesses to claim an additional 20% deduction on expenditure that supports electrification and more efficient energy use. Broadly, a depreciating asset is eligible expenditure for the bonus deduction if:* it uses electricity instead of fossil fuel
* it is more energy efficient than the asset it is replacing, and
* it is an energy storage, time-shifting or monitoring asset.

The deduction is to be limited to $20,000 with respect to qualifying expenditure of up to $100,000. Further, the qualifying expenditure must be in respect of eligible assets or upgrades that are used or installed ready for use between 1 July 2023 and 30 June 2024.*At the date of release, the Bill containing the small energy initiative is still progressing Parliament. However, if passed, it will apply to the 2024 income year.* |  |  |  |
| Have you considered whether certain labour costs related to the creation of capital assets are deductible or non-deductible, in accordance with the Commissioner’s views in Taxation Ruling TR 2023/2?If the labour costs relate to both capital assets and non-capital assets (i.e. where employees have mixed duties), have you considered apportioning the deduction? |  |  |  |
|  |  |  |  |
| DECLINE IN VALUE (DEPRECIATION)  |
| **Other issues related to depreciation** |  |  |  |
| Have you ensured this year’s tax opening adjustable value agrees to last year’s closing adjustable value? |  |  |  |
| Has the effective life of new additions been reviewed, applying Taxation Ruling TR 2022/1? |  |  |  |
| **DECLINE IN VALUE (DEPRECIATION) (CONTINUED)** |  |  |  |
| Where an asset or assets consists of a number of components, have you considered whether it is necessary to determine that the larger asset is a depreciating asset, or whether one or more of its components are separate depreciating assets? The Commissioner’s views on identifying the relevant depreciating asset for capital allowances is set out in Taxation Ruling TR 2024/1, |  |  |  |
| Is there merit in self-assessing the effective life of any acquired depreciating assets during the year, (and if so, has any documentation been retained to justify any shorter effective life applied, and disclosure been made in the return)? In determining whether to self-assess the effective life be mindful of assets where this is not allowable, e.g. certain intangible assets in section 40-95(7) of the ITAA 1997. |  |  |  |
| Have additions been reviewed to ensure depreciation has been correctly claimed on depreciating assets? Have additions for accounting and tax purposes been reconciled?  |  |  |  |
| Has the balancing adjustment on disposed or scrapped assets been reviewed? Has any salvage value been included in assessable income?  |  |  |  |
| Has the company stopped using a depreciating asset which has not otherwise been sold or physically scrapped during the 2024 year, in which case a balancing adjustment deduction may be available? |  |  |  |
| Have improvements to depreciating assets been expensed for accounting purposes as repairs, been capitalised for tax purposes and included as additions to the tax fixed assets schedule and depreciated? |  |  |  |
| Has the motor vehicle depreciation cost limit of $68,108 been applied when calculating depreciation on a car acquired during the 2024 year for tax purposes? |  |  |  |
| Has a profit on the sale of previously leased motor vehicles been brought into account? |  |  |  |
| Have plant conversion and relocation costs been capitalised and depreciated? |  |  |  |
| For construction of income-producing buildings or for building extensions, alterations and improvements, is a capital works deduction available under Division 43 of the ITAA 1997? |  |  |  |
| Have repairs to buildings which have been expensed for accounting purposes constitute alterations, improvements or extensions to existing buildings which would constitute deductible capital works expenditure under Division 43 of the ITAA 1997? |  |  |  |
| Is capital expenditure relating to buildings being correctly claimed at the rate of 2.5% or 4% (which will differ depending on when the construction expenditure was incurred and whether it relates to industrial buildings)? |  |  |  |
| Can the company write-off the cost of any structural improvements or environment protection earthworks under Division 43 of the ITAA 1997? |  |  |  |
| Has the company allocated expenditure incurred on the development of in-house software which is used solely for a taxable purpose to a software development pool rather than wait until the software is created and used or held ready for use as a depreciating asset? Taxpayers are required to create a separate software development pool for each income year for which they incur expenditure on in-house software. |  |  |  |
| Where such expenditure is incurred on or after 1 July 2015, no deduction can be claimed in the first year the expenditure is incurred but such costs will be deductible at a rate of 30% in years two to four and a rate of 10% in year five. |  |  |  |
| Have the blackhole expenditure rules in section 40-880 of the ITAA 1997been considered in respect of any business capital expenditure incurred during the year? Such expenditure may be regarded as eligible blackhole expenditure where it is not deductible, depreciable or included in the cost base of a CGT asset. Eligible blackhole expenditure is deductible over five years in equal proportions (and there is no pro-rating of the deduction in the year the expenditure is incurred by the taxpayer).It may be available in relation to the taxpayer’s business or in respect of a former business that used to be carried on or in respect of a business that is proposed to be carried on provided there is a sufficient and relevant connection between the expenditure incurred and the business carried on (see Taxation Ruling TR 2011/6). Section 40-880(5) of the ITAA 1997 also provides that no deduction is available under the blackhole deductibility rules where, amongst other things, the expenditureforms part of the cost of land or depreciating asset; it would be taken into account in working out an assessable profit, a deductible loss, a capital gain or a capital loss; it relates to a lease or other legal or equitable right; or if it is deductible under another provision of the income tax assessment acts.  |  |  |  |
| Small businesses with an aggregated annual turnover of less than $50 million may claim a 100% immediate write off for capital expenditure incurred in relation to a proposed business structure or operation where the costs are incurred in an income year where a business has not yet been carried on. Eligible start-up costs which can be written off include, amongst others, legal and accounting advice on how the business can best be structured and implemented.  |  |  |  |
| Disclosures are required to be made at Items 9 and 10 of the income tax return in relation to depreciating assets and depreciation claimed.  |  |  |  |
| **NON-RESIDENT COMPANIES**  |
| Has the residency status of the company been determined? Where the company is a non-resident, the matters listed below should be considered. Taxation Ruling TR 2018/5 sets out the Commissioner’s view on how to apply the central management and control (CM&C) test in determining the residency status of a company underthedefinition of a ‘resident’ company under section 6(1) of the *Income Tax Assessment Act 1936 (*ITAA 1936*).*Practical Compliance Guideline PCG 2018/9 contains practical guidance to assist in applying the principles set out in Taxation Ruling TR 2018/5.Technical amendments were announced in the 2020-21 Federal Budget to clarify the corporate residency test. The amendments will provide that a company that is incorporated offshore will be treated as an Australian resident for tax purposes if it has a ‘significant economic connection to Australia’. This will be satisfied where the company’s:* core commercial activities are undertaken in Australia and
* CM&C is in Australia.

*At the date of this document, the technical amendments have not been implemented. As such, TR 2018/5 and PCG 2018/9 continues to provide the Commissioner’s existing views on the CM&C test of corporate residency.* |  |  |  |
| Has income from only Australian sources / permanent establishments been included in assessable income? |  |  |  |
| **NON-RESIDENT COMPANIES (CONTINUED)** |  |  |  |
| Have applicable double tax treaties been considered, particularly the articles dealing with business profits and permanent establishments? |  |  |  |
| For companies that do not have a permanent establishment in Australia – have dividends, interest and amounts attributed to MIT fund payments (that are franked or subject to withholding tax) been excluded from the calculation of taxable income? |  |  |  |
| For companies that have a permanent establishment in Australia – have interest, amounts attributed to MIT fund payments, dividends and their franking credits (that are not subject to withholding tax) been included in the calculation of taxable income? |  |  |  |
| Have the capital gains tax implications of a sale of taxable Australian property by a foreign resident company been considered? |  |  |  |
| SUPERANNUATION  |
| Have all superannuation contributions claimed for the year been received by a complying fund before year end? If not, have accrued superannuation contributions been added back? |  |  |  |
| Has the entity provided the prescribed level of superannuation for each employee pursuant to the Superannuation Guarantee (SG) Scheme? |  |  |  |
| Has an SG charge (SGC) amount been paid by the entity? If so, has the amount been added back as non-deductible? If a late superannuation contribution was offset against the SG charge, the offset amount is not deductible.It should be noted that directors of a company can be held personally liable for unpaid superannuation guarantee amounts. |  |  |  |
| **CAPITAL GAINS TAX (CGT)** |
| Have all capital gains arising under the CGT provisions for the 2024 year been correctly identified? Are any of these capital gains exempt? |  |  |  |
| Did the company apply any CGT rollover relief in respect of disposals of CGT assets during the 2024 year?A company which is a SBE may apply small business CGT restructure rollover relief where the eligibility conditions set out in Subdivision 328-G of the ITAA 1997 have been satisfied.  |  |  |  |
| Have all elements of the cost base of a CGT asset be considered in relation to any CGT event occurring in relation to that CGT asset for the year ended 30 June 2024? In particular, have all eligible incidental costs on acquisition and disposal be considered as well as any capital improvements in the cost base of the asset? Does the market valuation substitution rule, or any other cost base modifications apply? |  |  |  |
| Are the capital proceeds received on the disposal of the CGT asset under CGT event being correctly determined? Does the market value substitution rule or other modifications to capital proceeds apply? |  |  |  |
| Where pre-CGT acquired assets were sold during the 2024 year were there any sales of related separate post CGT assets (particularly taking into account the 2024 CGT [improvement threshold](https://www.ato.gov.au/individuals-and-families/investments-and-assets/capital-gains-tax/property-and-capital-gains-tax/property-improvements-and-additions) of $174,465)? |  |  |  |
| **CAPITAL GAINS TAX (CGT) (CONTINUED)** |  |  |  |
| Have all capital gains calculations been reviewed for their correctness? |  |  |  |
| Have adjustments been made where the accounting gain/loss does not equal the capital gain/loss for tax purposes? |  |  |  |
| Have you considered the unrealised loss rules in Subdivision 165-CC of the ITAA 1997 in relation to the disposal of CGT assets that were held at a changeover time (i.e. change in the ownership or control of the company)?The purpose of Subdivision 165-CC of the ITAA 1997 is to restrict the availability of a capital loss, deduction or trading stock loss where there is a change of majority ownership or control of the company which earlier made an unrealised loss in respect of a CGT asset. Where there is an unrealised net loss at the changeover time, any capital loss, deduction or trading stock loss subsequently made by the company in respect of a CGT event on the happening of a CGT event will be disallowed up to the amount of the unrealised loss unless the company satisfies the business continuity test (BCT) for the period immediately before the changeover time to the period in which the capital loss or deduction is recouped. |  |  |  |
| Have you considered whether capital gains may be able to be reduced, eliminated or deferred in accordance with the small business CGT ([SBCGT](https://www.ato.gov.au/businesses-and-organisations/income-deductions-and-concessions/income-and-deductions-for-business/concessions-offsets-and-rebates/small-business-cgt-concessions)) concessions? Eligibility conditions must be met in order for a capital gain to be reduced under the SBCGT concessions. For more information refer to CPA Australia’s [tax preparation checklist](https://www.cpaaustralia.com.au/tools-and-resources/taxation/tax-time-year-end-updates-and-resources/checklists). |  |  |  |
| Has any sale consideration been received during the year under an eligible earnout arrangement relating to the prior year disposal of a CGT active asset in which case the consideration received is disregarded in the 2024 year but will form part of the capital proceeds relating to the disposal of that asset in that earlier year? Care should be taken to ensure that all the requirements of being an eligible earnout arrangement under Subdivision 118-I of the ITAA 1997are satisfied. |  |  |  |
| Have you considered whether capital gains made in relation to shares in foreign companies can be reduced or eliminated under Subdivision 768-G of the ITAA 1997? |  |  |  |
| REPAIRS AND MAINTENANCE  |
| Have repairs and maintenance claims been reviewed to ensure they are of a revenue nature and contain no capital items? Further guidance as to when repair expenditure will be deductible under section 25-10 of the ITAA 1997 is set out in Taxation Ruling TR 97/23. An amount will not be regarded as being a deductible repair where it constitutes capital expenditure relating to the replacement of an entire asset (as opposed to part of an asset), a capital improvement or an initial repair. |  |  |  |
| TAXATION OF FINANCIAL ARRANGEMENTS (TOFA) |
| Have you considered the application of TOFA rules to the company? |  |  |  |
| Has the disclosure at item 7E and 7W regarding TOFA gains and losses not included in the Profit & Loss for the company been reconciled to the 'Financial and other income disclosures' at item 8T and 8U? |  |  |  |
| BAD DEBTS  |
| Have bad debts written off during the year been claimed as a tax deduction? Is there documentation on file evidencing the company’s inability to collect the debt? |  |  |  |
| Have any of these debts been compromised or released before being written off in which case a bad debt deduction will not be available? |  |  |  |
| For bad debts claimed as deductions during the year has:* the debt been physically written off prior to balance date, or is there a Board minute authorising the writing-off of the debt prior to year-end, confirming that the debt is irrecoverable?
* the debt either previously been returned as assessable income by the company or does it represent a loan made in the ordinary course of a money lending business?
* the company satisfied the Continuity of Ownership Test (COT), the Same Business Test (SBT) or the Similar Business Test (as applicable) during the period from when the debt was created to when the debt is proposed to be written off as bad?
 |  |  |  |
| **Comments:** |

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| **TAX RETURN FORM COMPLETION**  | **YES** | **NO** | **N/A** |
| STATUS OF COMPANY (ITEM 3)  |
| Has the relevant disclosure been completed for a consolidated head company or a subsidiary member thereof where the subsidiary member is completing a part year return?  |  |  |  |
| **Comments:** |
| INTERPOSED ENTITY SELECTION STATUS (ITEM 4)  |
| Has the company made an interposed entity election (IEE)? A company may be required to make an IEE to be included in the family group of a trust that has made a family trust election. Where a trust that has made a family trust election distributes income or capital to a company which is not part of the family group and has not made an IEE, the distribution may be subject to family trust distributions tax (FTDT), which is currently levied at a rate of 47% on the trustee of the family trust. Subsequent distributions by a company that has made an IEE of income to entities outside the family group may also attract FTDT. |  |  |  |
| Comments: |
| TOFA (ITEMS 7E and 7W of reconciliation of taxable income or loss)  |
| Has the company correctly calculated its TOFA gains, TOFA losses or TOFA transitional balancing adjustments (if applicable)?If yes, consider the TOFA disclosures to be made at items 7 and 8 and the International Dealings Schedule 2024 (if applicable). |  |  |  |
| The TOFA rules apply to the following entities:* authorised deposit-taking institutions, securitisation vehicles, and financial sector entities with an aggregated turnover of $20 million or more
* a superannuation entity, a managed investment schemes or a similar status under a foreign law if the value of the entity’s assets is $100 million or more
* any other entity (excluding an individual) which satisfies one or more of the following:
	+ an aggregated turnover of $100 million or more
	+ assets of $300 million or more or
	+ financial assets of $100 million or more.

If the company has previously been subject to TOFA, this does not change if the thresholds above are no longer satisfied.The aggregated turnover test includes the annual turnover of any entity a company is connected with, or any affiliate of the company (including foreign resident companies and trusts).An entity that is not mandatorily subject to TOFA can make an election to have TOFA apply to its financial arrangements. An election for TOFA to apply can be made at any time during the income tax year and applies from the first day of the income year in which election is made. TOFA elections are complex and cannot be revoked. Care should be taken before such an election is made. |  |  |  |
| **Comments:** |
| FINANCIAL AND OTHER INFORMATION (ITEM 8) |
| Have all the appropriate disclosures been made at Item 8?  |  |  |  |
| For the 2024 income year, it is necessary to disclose the aggregated turnover of the entity and the aggregated turnover range, if the company is claiming IAWO or any of the small business entity concessions. |  |  |  |
| Where applicable, has the company disclosed debit loans provided during the year to shareholders or associates of shareholders who are natural persons, partnerships or trusts? (Label 8N) |  |  |  |
| Where applicable, has the company disclosed all payments made during the year (including salaries, wages, commissions, superannuation contributions and allowances) to related persons? (Label 8Q) |  |  |  |
| Has total salary and wages expenditure been disclosed and reconciled to Label W1 on the BAS? |  |  |  |
| Have the gains and losses from financial arrangements (that are subject to TOFA) been disclosed at Labels 8S, 8T and 8U been reconciled to Labels 7E and 7W? |  |  |  |
| **Comments:** |
| CAPITAL ALLOWANCES (ITEM 9)  |
| Did the company hold any depreciating assets (tangible or intangible) during the year? If so, have the appropriate disclosures been made in relation to the company’s capital allowances?  |  |  |  |
| **Comments:** |
| SMALL BUSINESS ENTITY SIMPLIFIED DEPRECIATION (ITEM 10)  |
| Is the company a small business entity? If so, have the appropriate small business entity depreciation deductions been disclosed? Refer to the above section under ‘decline in value’ for further information. |  |  |  |
| CONSOLIDATION DEDUCTIONS RELATING TO RIGHTS TO FUTURE INCOME, CONSUMABLE STORES AND WORK IN PROGRESS (ITEM 11)  |
| For consolidated groups, have there been any deductions claimed for the 2024 income year relating to rights to future income, consumable stores and work in progress? The categories for the above deductions should be classified and disclosed as follows:* pre-rules deductions (arising before 12 May 2010)
* interim rules deduction (arising between 12 May 2010 and 30 March 2011)
* prospective rule deductions (arising on or after 31 March 2011).
 |  |  |  |
| **Comments:** |
| NATIONAL RENTAL AFFORDABILITY SCHEME (NRAS) (ITEM 12)  |
| Has the entity derived rent in respect of dwelling from renting it on an affordable housing basis under the [NRAS](https://www.ato.gov.au/individuals-and-families/investments-and-assets/residential-rental-properties/rental-affordability-schemes/national-rental-affordability-scheme-refundable-tax-offset-and-other-taxation-issues) for the income year which will entitle the company to a tax offset shown at Label J? |  |  |  |
| Has the entity been issued with a certificate by the Secretary of the Department of Social Security under the NRAS? Only entities who have obtained this certificate are entitled to the refundable tax offsets. |  |  |  |
| **Comments:** |
| LOSSES INFORMATION (ITEM 13)  |
| Has the continuity of ownership, the same business test or the similar business test (as applicable) of the company been reviewed to ensure the deductibility of a bad debt or a prior year tax loss/capital loss claimed by the company? |  |  |  |
| Does the company have tax losses and net capital losses in excess of $100,000? If so, has a losses schedule or consolidated group losses schedule been completed? |  |  |  |
| Does the head company of a consolidated group or multiple entry consolidated group have transferred tax losses carried forward to the 2024 year greater than $100,000? If so, has a consolidated group’s losses schedule been completed? |  |  |  |
| Does the company have an interest in a controlled foreign company that has 2024 losses greater than $100,000, or has it deducted or carried forward a loss greater than $100,000 to later income years? If so, a loss schedule must also be completed. |  |  |  |
| **Comments:** |
| PERSONAL SERVICES INCOME (ITEM 14)  |
| Does the income of the company include income which is an individual’s personal services income (PSI)? If yes, the company must complete the PSI disclosures at item 14.PSI is included in the individual’s personal income tax return. PSI is income that is mainly a reward for an individual’s personal efforts or skills. Refer to CPA Australia’s [PSI / PSB Self-Assessment Checklist](https://www.cpaaustralia.com.au/tools-and-resources/taxation/tax-time-year-end-updates-and-resources/checklists). for further information |  |  |  |
| **Comments:** |
| **FOREIGN INCOME TAX OFFSET (ITEM 20)** |
| Have you worked out the amount of foreign income tax offset if applicable? |  |  |  |
| **Comments:** |
| **RESEARCH AND DEVELOPMENT TAX INCENTIVE (ITEM 21)** |
| Have you considered whether the company is an R&D entity which is eligible for a refundable R&D tax offset (i.e. applicable to certain entities with an aggregated turnover of less than $20 million) or a non-refundable R&D tax offset (i.e. applicable to certain entities with an aggregated turnover of $20 million or more)? |  |  |  |
| Has a Research and Development Tax Incentive Schedule 2024 been prepared and lodged with the company tax return? This is required when Item 21 Labels A or U are completed.If an R&D claim is made in relation to notional deductions, ensure these amounts are added back at Label 7D in the reconciliation to taxable income or loss. To be eligible for the incentive, the company must be an R&D entity engaging in eligible R&D activities and have a notional R&D deduction of at least $20,000. Prior to claiming the offset, check that the company has appropriately registered its R&D activities with AusIndustry. |  |  |  |
| The R&D tax incentive currently provides two types of benefits a) a **refundable** tax offset of the claimant’s company tax rate plus a 18.5% premium, effectively resulting in 43.5% for base rate entities b) a **non-refundable** tax offset calculated based on an R&D intensity threshold scale which comprises 2 tiers being 8.5% over the corporate tax rate for notional deductions up to and including 2% of total expenses, and 16.5% over the corporate tax rate for notional deductions representing more than 2% of total expenses. The R&D intensity rate is the R&D expenditure as a percentage of the total business expenditure. |  |  |  |
| Where applicable, the company should disclose the feedstock adjustment amount that is included in its assessable income and included in item 21W (and in item 7B under ‘other assessable income’). |  |  |  |
| **Comments:** |
| **EARLY STAGE VENTURE CAPITAL LIMITED PARTNERSHIP (ITEM 22)**  |
| Check to see if the company is eligible for a non-refundable Early Stage Venture Capital Limited Partnership ([ESVCLP](https://www.ato.gov.au/businesses-and-organisations/income-deductions-and-concessions/incentives-and-concessions/venture-capital-and-early-stage-venture-capital-limited-partnerships/early-stage-venture-capital-limited-partnerships)) tax offset in the 2024 year as either a limited partner of the ESVCLP or as an investor in an ESVCLP through a partnership or trust.A summary of the various eligibility rules concerning the tax offset are available on the [ATO website](https://www.ato.gov.au/business/venture-capital-and-early-stage-venture-capital-limited-partnerships/esvclp-tax-incentives-and-concessions/). Check to see whether there is an amount of unused ESVCLP tax offset for the year ended 30 June 2023, which may be available to be utilised where the tax offset carry forward rules under Division 65 of the ITAA 1997are met. |  |  |  |
| **Comments:** |
| **EARLY STAGE INVESTOR (ITEM 23)**  |
| Check to see if the company is eligible for a non-refundable tax offset as an investor in a qualifying Early Stage Innovation Company (ESIC) in the 2024 year. Special rules must be met by both the investor and the ESIC before this offset will be available. Widely held companies and their subsidiaries are not entitled to the offset. A summary of the eligibility rules are available on the [ATO website](https://www.ato.gov.au/Business/Tax-incentives-for-innovation/In-detail/Tax-incentives-for-early-stage-investors/?anchor=Qualifying_for_the_tax_incentives#Qualifying_for_the_tax_incentives). Check to see whether there is an amount of unused early stage investor tax offset for the year ended 30 June 2023, which may be available to be utilised where the tax offset carry forward rules under Division 65 of the ITAA 1997are met. |  |  |  |
| **Comments:** |
| **DIGITAL GAMES TAX OFFSET (ITEM 24)** |
| Check to see if the company is eligible for a refundable tax offset for costs incurred in developing digital games in Australia. Further details of the eligibility rules are available on the [ATO website](https://www.ato.gov.au/businesses-and-organisations/income-deductions-and-concessions/income-and-deductions-for-business/concessions-offsets-and-rebates/digital-games-tax-offset). |  |  |  |
| **REPORTABLE TAX POSITION (ITEM 25)**  |
| Has the company been notified by the ATO that it is required to lodge a Reportable Tax Position (RTP) Schedule 2024?The RTP schedule requires large companies to disclose their material tax positions. Further details on what constitutes a ‘reportable tax position’ can be found on the [ATO website](https://www.ato.gov.au/Forms/Reportable-tax-position-schedule-instructions-2021/?page=2#Who_needs_to_complete_the_schedule). The RTP Schedule applies to all companies that have total business income of either:* $250 million or more in the current year
* $25 million or more in the current year and is part of an [economic group](https://www.ato.gov.au/Forms/Reportable-tax-position-schedule-instructions-2023/?anchor=EconomicGroup#EconomicGroup) with total business income of $250 million or more in the current year.
 |  |  |  |
| **Comments:** |
| **OVERSEAS TRANSACTIONS OR INTERESTS / THIN CAPITALISATION / FOREIGN SOURCE INCOME (ITEMS 26-30)**  |
| Have the transfer pricing provisions in Subdivision 815-B of the ITAA 1997(and the need for commercial arm’s length principles been applied to cross-border transactions with international related parties) been considered? |  |  |  |
| Are the arm’s length conditions of cross-border transactions consistent with the arm’s length methodologies approved by the OECD as effectively required under section 815-135 of the ITAA 1997*?*  |  |  |  |
| Has the company prepared contemporaneous documentation in respect of the arm’s length conditions of any cross-border transaction setting out the arm’s length methodology used in identifying the arm’s length conditions and pricing of such a transaction? |  |  |  |
| **OVERSEAS TRANSACTIONS OR INTERESTS / THIN CAPITALISATION / FOREIGN SOURCE INCOME (ITEMS 26-30)** |
| Does such documentation satisfy the requirements of Subdivision 284-E of Schedule 1 of the *Taxation Administration Act (*TAA 1953*)* and Taxation Ruling TR 2014/8? |  |  |  |
| Is the company eligible to elect to apply the simplified transfer pricing record keeping options under Practical Compliance Guideline PCG 2017/2 to reduce the amount of contemporaneous transfer pricing documentation administratively required to be retained in order to ensure that a penalty for a failure to maintain a reasonably arguable position will not be imposed? |  |  |  |
| Consider the interaction of the thin capitalisation and transfer pricing provisions under Subdivision 815-B of the ITAA 1997on interest claimed on any cross-border related party debt. Section 815-140 of the ITAA 1997 provides that the transfer pricing provisions may apply to reduce any interest rate charged on related party debt to an arm’s length amount which may result in reduced debt deductions. The thin capitalisation provisions under Division 820 of the ITAA 1997 are then applied after any transfer pricing benefit has been cancelled to determine whether an entity’s adjusted average debt exceeds its maximum allowable debt. |  |  |  |
| Is the aggregate amount of the company’s transactions or dealings with international related parties (including the value of any property transferred or the balance outstanding on any loans) greater than $2 million? If yes, has a 2024 International Dealings Schedule (IDS) been prepared? |  |  |  |
| Does the company have any overseas branch operations? If yes, has a 2024 IDS been prepared? |  |  |  |
| Does the company have a direct or indirect interest in a foreign trust, foreign company, controlled foreign entity or transferor trust? If yes, has a 2024 IDS been prepared? |  |  |  |
| Do the thin capitalisation provisions apply?The following entities are subject to the thin capitalisation provisions (collectively, referred to as ‘general class investors’):* Australian entities with certain overseas operations, and their associate entities
* Australian entities that are foreign controlled
* Foreign entities with operations or investments in Australia that are claiming debt deductions.

Check whether the outward investor’s foreign assets represent less than 10% of its total assets. If so, the exemption in section 820-37 of the ITAA 1997 may apply.Check whether the sum of the company’s debt deductions together with all of its associate entities is $2 million or less. If so, the exemption under section 820-35 of the ITAA 1997 may apply. Refer to Taxation Determination TD 2019/12 for the ATO’s views as to the type of costs that are debt deductions.For income years commencing from 1 July 2023, new thin capitalisation rules apply to introduce new tests, being:* Fixed Ratio Test (FRT)
* Group Ratio Test)
* Third Party Debt Test (TPDT)

Does the entity need to work out its maximum allowable debt under thin capitalisation provisions in Division 820 of the ITAA 1997?The FRT is the default test that limits debt deductions to 30% of a taxpayer’s Tax EBITDA. The Tax EBITDA is broadly calculated as the taxable income of the taxpayer adjusted for interest deductions, losses and tax depreciation.If the thin capitalisation rules apply, has a 2024 IDS been prepared? |  |  |  |
| **OVERSEAS TRANSACTIONS OR INTERESTS / THIN CAPITALISATION / FOREIGN SOURCE INCOME (ITEMS 26-30)** |
| Do the debt deduction creation rules apply?The debt deduction creation rules apply to all taxpayers subject to the thin capitalisation rules, and operate to deny deductions prior to applying the above thin capitalisation rules.For income years commencing from 1 July 2024, the debt deduction creation rules will apply to deny debt deductions arising from both pre-existing arrangements and new arrangements, in the following two cases:* Where related party debt is used to acquire a CGT asset, or a legal or equitable obligation, from an associate.
* Where related party debt is used to pay an associate:
	+ a dividend or other profit-like distribution
	+ a capital return, or
	+ a royalty or similar payment for the use of, or right to use, an asset.
 |  |  |  |
| Did the company directly or indirectly send to, or receive from, any funds or property from a specified country? Or does the company have the ability or expectation to control, whether directly or indirectly, the disposition of any funds, property, assets or investments located in, or located elsewhere but controlled or managed from one of those countries? If yes, has a 2024 IDS been prepared? |  |  |  |
| **CALCULATION STATEMENT**  |
| Is the company a base rate entity for the 2024 year? A company will be regarded as being a base rate entity if no more than 80% of the company’s assessable income comprises ‘base rate entity passive income’ (BREPI) and its ‘aggregated turnover’ is less than $50 million for the year ended 30 June 2024. For these purposes aggregated turnover is only calculated on the relevant annual turnover of the company and its affiliates and connected entities for the current year being 30 June 2024. A company’s BREPI includes the following:* Distributions (e.g. dividends) other than non-portfolio dividends. A non-portfolio dividend is defined under section 317 of the ITAA 1936 to mean a dividend paid to a company where that company has a voting interest amounting to at least 10% of the voting power in the company paying the dividend
* Franking credits attached to dividends
* Non-share dividends
* Interest income or a payment in the nature of interest (except interest income derived by an entity which is a financial institution such as a Bank or a Co-operative Housing Society or an entity that holds an Australian credit licence or is a financial services licensee in certain circumstances)
* Royalties and rent
* Deferred and discounted gains on Division 16E qualifying securities
* Net capital gains (as defined under section 995-1(1) of the ITAA 1997)

Amounts included in assessable partnership or trust distributions of net income to the extent that they are attributable to BREPI under one of the preceding items which has been on-distributed to a company which is a partner in a partnership or a company which is a beneficiary of a trust. |  |  |  |
| Further guidance on the concepts of ‘base rate entity’ and BREPI can be found in Law Companion Ruling LCR 2019/5.An amount that flows through a partnership or trust to a company (either directly or via interposed trusts or partnerships) will retain its character in the hands of the company for the purposes of determining whether or not that amount is BREPI of the company.  |  |  |  |
| **CALCULATION STATEMENT (CONTINUED)** |  |  |  |
| Accordingly, it is necessary to analyse partnership and trust distributions to determine the nature of the income which is received by the company where it is either a partner in a partnership or a beneficiary of a trust. LCR 2019/5 provides that if a company is assessed on a share of ‘net’ income of a trust or partnership it will have BREPI to the extent that the amount is included in assessable income as a trust or partnership distribution. However, where the distribution comprises a mixture of BREPI and trading income it will also be necessary to allocate expenses in a fair and reasonable way particularly in relation to indirect costs. |  |  |  |
| Is the company not a base rate entity for the 2024 year? Where the company is not a base rate entity a standard company tax rate of 30% will apply. |  |  |  |
| Have all the applicable non-refundable non-carry forward tax offsets been included (e.g. foreign income tax offset and franking credit tax offset)? (Label C) |  |  |  |
| Have all the applicable non-refundable carry forward tax offsets been included (e.g. non-refundable R&D tax offset)? (Label D) |  |  |  |
| Have all refundable tax offsets been included (e.g. refundable R&D tax offset and film tax offset)? (Label E and I) |  |  |  |
| Have all eligible credits been included (e.g. credit for TFN withholding tax)? (Label H) |  |  |  |
| Has a credit been claimed for any amount withheld under the foreign resident capital gains tax withholding rules at Label H8 in the calculation statement of the return? |  |  |  |
| Have all PAYG instalments paid during the year been included? (Label K) |  |  |  |
| **Comments:** |

|  |  |  |  |
| --- | --- | --- | --- |
| **OTHER ATO FORMS / ELECTIONS**  | **YES** | **NO** | **N/A** |
| TAX CONSOLIDATION  |
| Is the company a member of a wholly-owned group of companies which has not consolidated for tax purposes? If yes, have the benefits of entering the tax consolidation regime been considered? |  |  |  |
| Have any members of the consolidated group joined or left during the year and, if so, has the ATO been appropriately notified? The ATO is required to be notified within 28 days of an entity joining or leaving the group. |  |  |  |
| SIGNIFICANT GLOBAL ENTITY |
| Significant global entities broadly include an Australian member of a multinational group with a global consolidated accounting turnover of AUD1 billion or more. The Australian member of the group is broadly required to lodge general purpose financial statements with the Australian Taxation Office. Have you considered this lodgement requirement?  |  |  |  |
| **SIGNIFICANT GLOBAL ENTITY (CONTINUED)** |  |  |  |
| If you are part of a significant global entity, have you also considered: * Lodgement of the master file, local file and country by country reporting?
* Permanent establishment anti-avoidance measures?
* Diverted profits measures?
* Hybrid mismatch rules?
 |  |  |  |
| NOTICES AND ELECTIONS  |
| Have all the relevant notices and/or elections relied on by the entity been properly prepared? |  |  |  |
| Where applicable, have you completed all required schedules such as dividend and interest schedules and CGT schedules, in addition to the schedules mentioned above? |  |  |  |
| Have all notices and/or elections, where lodgement is not required, been appropriately sighted and retained on record? |  |  |  |
| DIVIDEND IMPUTATION / FRANKING ACCOUNT |
| Have the requirements under section 254T of the Corporations Act 2001been met so that dividends can be paid? Have dividend resolutions been prepared? Has the retained earnings position of the company been checked to verify if dividends can be franked. |  |  |  |
| Has the franking account been prepared in accordance with the imputation rules? |  |  |  |
| Check to ensure that the amount of any franking credits attached to a dividend does not exceed the maximum franking credit available to be franked by the company. |  |  |  |
| Check that the company tax rate used for imputation purposes in the 2024 year has been calculated based on the company’s 2023 aggregated turnover, BREPI and assessable income which are taken to have been derived for the 2024 year for franking purposes. Where the company had an aggregated turnover of less than $50 million and no more than 80% of that company’s assessable income is BREPI for the 2024 year it will apply the lower corporate tax rate of 25% in the 2024 year for franking purposes. Where these criteria are not met the corporate tax rate for imputation purposes for the 2024 year will be 30%. Where the company did not exist in the previous year its corporate tax rate for imputation purposes will be deemed to be at the lower corporate tax rate of 25%. |  |  |  |
| Has the franking percentage applied to the first distribution been applied to all other distributions made during the relevant franking period in accordance with the franking benchmark percentage rule? Has there been any over-franking or under-franking of dividends?  |  |  |  |
| If there is greater than 20% variance of the benchmark franking percentage between franking periods, has the ATO been notified? |  |  |  |
| **DIVIDEND IMPUTATION / FRANKING ACCOUNT (CONTINUED)** |  |  |  |
| Is there a franking deficit at year end? If so, is the company aware that a franking account return must be lodged together with franking deficit tax payable within a month of the end of the franking year?A company which pays franking deficit tax at year end will record a franking credit in its franking account and will be entitled to a franking deficit tax offset. However, the amount of that franking deficit tax offset will be reduced by 30% if the amount of the franking deficit exceeded 10% of the company’s total franking credits for the relevant year. |  |  |  |
| Has the 45/90 day holding period rule been considered in relation to dividends received by the company? |  |  |  |
| Have the dividend washing provisions been considered?  |  |  |  |
| Has consideration been given to section 207-159 which applies to dividends made on or after 28 November 2023 to prevent companies from attaching franking credits to distributions to shareholders made outside of the company’s normal dividend cycle where the distribution is funded by capital raising activities for new equity interests? |  |  |  |
| INTERNATIONAL TAX ISSUES |
| Has all assessable foreign sourced income been identified and returned as assessable income? If so, has foreign income been grossed up for the appropriate taxes? |  |  |  |
| Has withholding tax been deducted from interest, royalties and unfranked dividends paid to non-residents or offshore / foreign ‘branches’ of resident companies during the year? |  |  |  |
| Have management fees, software licence fees etc. paid to overseas entities been examined to determine whether they are within the definition of royalties? |  |  |  |
| Have insurance premiums been paid by the entity to non-resident insurers? If so, has the appropriate amount been deducted and a return been furnished in respect of the foreign premiums as required under Division 15 of the ITAA 1936? |  |  |  |
| Have you considered the Controlled Foreign Company (CFC) rules in relation to the attribution of income? |  |  |  |
| Have you considered whether any overseas branch derived tainted branch income? Have you considered the deductibility of expenses (including foreign branch losses) incurred in deriving non-assessable non-exempt income? |  |  |  |
| Have you updated the conduit foreign income account for any non-assessable non-exempt foreign income or gains? |  |  |  |
| Have you considered the foreign hybrid integrity measures, including payments of interest to foreign interposed zero or low-rate entities? Hybrid mismatch rules which target aggressive structures used by banks and financial institutions for tax minimisation apply to income years starting on or after 1 January 2019. Consider whether the taxpayer is a party to any of the below arrangements which may trigger the operation of the foreign hybrid mismatch rules:* Hybrid Financial Instrument Mismatch: If you have a financial instrument (e.g a convertible preference debt or subordinated loan) with a group entity which is taxed differently in Australia and in the offshore jurisdiction. For instance, the instrument may be treated as a debt interest in Australia but an equity interest offshore.
* Hybrid Payer Mismatch: Applicable if an entity making a payment is taxed as a separate entity in the country of formation but treated as a tax transparent entity in the overseas country.
 |  |  |  |
| **INTERNATIONAL TAX ISSUES (CONTINUED)** |  |  |  |
| * Reverse Hybrid Mismatch: Applicable if an entity is treated as a tax transparent entity in the country of formation but a separate entity by the investor in the investor’s country.
* Deducting Hybrid Mismatch: Applicable if the same payment is deducted in two or more jurisdictions for example due to dual residency or the use of tax concessions.
* Structured Arrangement: Applicable to payment made under an arrangement where the hybrid mismatch is either priced into or is a ‘design feature’ of the scheme and it is not reasonable to assume they were not aware that the arrangement gives rise to a hybrid mismatch. (Note that this can apply to payments made to third parties as well.)
* Imported Hybrid Mismatch: This provision generally only applies to payments made on or after 1 Jan 2020 where overseas Hybrid Mismatch rules do not already apply, the entity (payee) you are dealing with may have a separate arrangement with another group entity that is subject to the above discussed measures. In this case, the imported hybrid mismatch rules may be triggered This may result in expenses (such as interest, rent, fees, royalty payments) paid to the payee to be denied as a deduction.

Note: Practical Compliance Guideline PCG 2021/5 sets out the Commissioner’s compliance approach and risk assessment framework in connection with the imported hybrid mismatch rules, including the Commissioner’s approach to reviewing whether a taxpayer has undertaken reasonable enquiries in relation to the rules for non-structured arrangements. |  |  |  |
| Have you considered the impact of the Multilateral Instrument/Agreement, if applicable?  |  |  |  |
| If you have a non-resident trust in your structure which derived a capital gain, have you considered Tax Determinations TD 2017/23 and TD 2017/24 whereby capital gains on disposal of non-taxable Australian Property may be assessed under section 99B of the ITAA 1936 rather than the CGT provisions?  |  |  |  |
| Have you considered the ‘transferor trust’ rules in relation to the attribution of income? |  |  |  |
| GENERAL VALUE SHIFTING REGIME  |
| Have the value shifting rules been considered in respect of:* any acquisitions or disposals of equity or debt interests in the company (or the company’s subsidiaries, if appropriate)
* creation of rights in non-depreciating assets or
* non-arm’s length dealings with related parties?
 |  |  |  |
| OTHER TAX ISSUES  |
| Do the amounts disclosed in the Labels on the Business Activity Statements of the company reconcile to the relevant accounts of the company? |  |  |  |
| Has the carry forward action sheet at the end of this checklist been completed? |  |  |  |

|  |  |  |
| --- | --- | --- |
| **ENTITY’S NAME** | **INITIAL**  | **DATE** |
| Preparer: |  |  |  |
| Reviewer: |  |  |
| Partner: |  |  |

**Year ended 30 June 2024**

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| **CARRY FORWARD ACTION SHEET** |
| Date | Item Carried Forward | $ | Working Paper Ref | Checked By |
|  | Net revenue losses carried forward |  |  |  |
|  | Net capital losses carried forward |  |  |  |
|  | CGT small business rollover amount |  |  |  |
|  | Other CGT rollover |  |  |  |
|  | Other assessable income amount |  |  |  |
|  | Other deductible expenses (i.e. prepayments) |  |  |  |
|  | Franking amount balance |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
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| **POINTS FOR PARTNER REVIEW** |
| Date | Review Point | Checked By |
|  |  |  |
|  |  |  |
|  |  |  |
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