



Large business compliance and governance

Work out the compliance and governance requirements for large businesses.

Annual compliance arrangement

Large businesses can choose to enter into an annual compliance arrangement (ACA) with us.

Reportable tax positions

Reportable tax positions may need to be disclosed by large businesses.

Reviewing tax governance for large public and multinational businesses

Practical guidance on how we review and rate tax governance to assist large public and multinational businesses.

Entities with a substituted accounting period

How to apply for a substituted accounting period (SAP), how to lodge a return and what to consider when lodging early.

Supplementary annual GST return



A return for public and multinational businesses that have had a GST assurance review.

QC 48012

Annual compliance arrangement (ACA)

Large businesses can choose to enter into an annual compliance arrangement (ACA) with us.

Last updated 8 November 2018

The Annual compliance arrangement (ACA) is an administrative arrangement developed to manage the compliance relationship with you in an open and transparent environment.

Entering into an ACA with us helps to identify tax issues early to avoid costly audits and tax disputes.

As an administrative arrangement, the terms of an ACA will not override the application of the law and the policies administered under those laws.

We encourage our ACA clients to enter into a whole-of-tax ACA arrangement, for example, income tax, GST, excise, PRRT and FBT, as required.

If a whole-of-tax ACA is impractical for our ACA clients, we will discuss ways in which a whole or multi-tax ACA could be practically considered.

See also:

- Annual compliance arrangements – what you need to know

Reportable tax position schedule

Reportable tax positions may need to be disclosed by large businesses.

Last updated 20 February 2025

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RTP and governance

About the RTP schedule

The Reportable tax position (RTP) schedule is a schedule to the *Company tax return*. It gathers information on uncertain tax positions from the largest companies.

The RTP schedule requires taxpayers to disclosure arrangements that pose a risk to the corporate tax base. This often involves questions related to tax avoidance, profit shifting, or both.

Companies are required to lodge if they:

- are notified of the requirement to lodge
- meet the lodgment criteria set out in the relevant RTP schedule instructions.

The RTP schedule categories

The RTP schedule contains the following 3 categories.

Category A

Category A requires disclosures of material positions that are either:

- about as likely to be correct as incorrect, even if they're reasonably arguable
- less likely to be correct than incorrect.

Category B

Category B requires disclosures of both:

- material tax-related provisions
- current or contingent tax liabilities recognised or disclosed in accordance with accounting principles in financial statements.

Category C

Category C requires disclosures of:

- specific arrangements of concern
- self-assessed risk ratings for arrangements covered by our Practical Compliance Guidelines (PCGs).

Each year we publish what we've learned from **Category C disclosures for public and multinational businesses**.

How to lodge the RTP schedule

You need to self-assess your large business against the lodgment criteria listed in the RTP schedule instructions for the relevant year. You're required to lodge even if your entity has no disclosures to make.

The tax positions that are reportable have changed over income years. When completing your company's tax return, refer to the RTP schedule instructions for the relevant income year:

- Reportable tax position schedule instructions 2025
- Reportable tax position schedule instructions 2024
- Reportable tax position schedule instructions 2023
- Reportable tax position schedule instructions 2022

Penalties may apply if you don't make a full and true disclosure under the RTP schedule.

For assistance with your entity's RTP lodgment obligations, email ReportableTaxPosition@ato.gov.au.

How we use RTP disclosures

RTP disclosures help us understand and assess changes in tax positions and arrangements, including new arrangements taxpayers are entering into. It also allows us to prioritise our assurance activities.

Taxpayers who have achieved **justified trust** (high assurance) will have a less intensive engagement approach during the monitoring and maintenance period. This enables us to effectively monitor changes in arrangements supported by disclosures in the RTP schedule and to adjust our actions accordingly.

RTP and our assurance programs

We have full coverage of the most systemically important corporate taxpayer groups through our assurance programs, allowing us to check the accuracy of disclosures. Our assurance programs include:

- Top 100 program and Top 1,000 tax performance programs, covering the largest public and multinational groups.
- Top 500 and Next 5,000 tax performance programs, covering the largest private groups. This allows us to check the accuracy of disclosures.

We continually monitor taxpayer disclosures in the Top 100 and Top 500 populations and assess disclosures on an annual basis. Our high coverage levels through our assurance activities mean we'll ordinarily already be aware of arrangements before disclosures are made.

We review the Top 1,000 taxpayers on a 4-year cycle. This means not all arrangements related to the most recent RTP schedule disclosures made have been assured by us yet.

We review the larger Next 5,000 taxpayers through comprehensive risk reviews that target the key priority focus areas, together with any new emerging issues impacting private groups. This means that only some

arrangements related to the most recent RTP schedule disclosures made would be assured.

How we use RTP disclosures in our compliance program

We tailor our compliance approach to the risk rating disclosed by taxpayers. For example, our activity for low-risk disclosures is limited to confirming the arrangement is within the low-risk zone and the methodology in our Practical Compliance Guideline (PCG) is correctly applied.

We apply more intensive scrutiny for high-risk disclosures to determine if they comply with the relevant legislative provisions. If we can't gain this assurance at the review stage, we may undertake an audit or more intensive investigation through our **Top 1,000 Next Actions Program** or **large business** assurance programs.

Disclosures enable us to understand and assess changes in tax positions and arrangements, including new arrangements taxpayers are entering, and to prioritise our assurance activities. Importantly, taxpayers who have achieved justified trust (high assurance) will have a less intensive engagement approach during the monitoring and maintenance period. This enables us to effectively monitor changes in arrangements supported by disclosures in the schedule and adjust our action accordingly.

We review all disclosures to monitor the performance and assess and prioritise our engagement with the large business population. Where we identify new high-risk arrangements or arrangements of concern, we prioritise the taxpayer for review.

RTP disclosures also inform how we conduct the assurance review. For example, a taxpayer who has self-assessed in the green zone will be reviewed on whether the PCG has been correctly applied to obtain confidence of the tax outcome. This is typically a less resource intensive process.

We monitor and determine if disclosures in the RTP schedule are incomplete or inaccurate through our assurance programs and analysis of other data sources, for example **country-by-country reporting**.

RTP and governance

For taxpayers in the medium and emerging populations (as well as the smaller Next 5,000 taxpayers), we take a risk-based approach to allocating compliance resources. This means we review the highest risk arrangements where these are material.

Given the lack of materiality thresholds for most Category C disclosures, we may not apply compliance resources to review in detail every high-risk arrangement disclosed. Instead, we'll concentrate our efforts on arrangements that have a material impact on the taxpayer's tax outcomes.

The RTP schedule can play an important role in the tax risk governance framework of large companies. It is a useful tool for tax functions, risk committees, chief financial officers (CFOs) and boards to understand the tax risk profile of your organisation across key system risks.

RTP schedule disclosures can highlight potential areas of dispute with us. To reduce your level of tax risk, we encourage you to review and amend RTP disclosures that have either:

- a high-risk rating for an arrangement
- an arrangement with the same or similar characteristics to those within a **Taxpayer alert**.

This will improve your own and our confidence in those tax positions.

Our RTP findings report will allow large companies to understand your risk profile across key system risks relative to that of your peers. This provides an important sense check to organisational thinking as to the relativity of your tax risk profile.

RTP schedule expansion to large private companies



Guidance on the obligation for large private companies to lodge a Reportable tax position (RTP) schedule.

Findings report RTP – Public and multinational businesses



QC 48014

RTP schedule expansion to large private companies

Guidance on the obligation for large private companies to lodge a Reportable tax position (RTP) schedule.

Last updated 24 May 2024

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About the expansion

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About the expansion

This information will assist you in meeting your obligations to lodge a Reportable tax position (RTP) schedule, including your disclosure obligations.

All companies need to lodge an RTP schedule for years beginning on or after 1 July 2021 if they meet the RTP schedule lodgment criteria. This is the same for all types of companies, whether private, public or foreign-owned.

Entities that aren't companies, who are required to lodge company tax returns, don't need to lodge an RTP schedule. For example, a corporate limited partnership isn't required to lodge an RTP schedule.

For years beginning between 1 July 2020 and 30 June 2021, private companies only need to lodge the RTP schedule if we have notified them of the requirement to do so. The notification letters were issued in July and September 2020.

If you have questions or require further information, email us at ReportableTaxPosition@ato.gov.au.

Lodgment criteria

To access the RTP lodgment criteria see [Who needs to complete the schedule?](#) in the RTP schedule instructions.

Lodgment requirements

Private companies are required to lodge the RTP schedule for their:

- 2021–22 and later income years if they meet the RTP lodgment criteria
- 2020–21 income year if we have sent them a notification

2021–22 and later income years

You need to lodge an RTP schedule for the 2021–22 income years if you meet the RTP schedule lodgment criteria. This is the same for all types of companies, whether private, public or foreign-owned.

2020–21 income year

You need to lodge an RTP schedule for the 2020–21 income year if we've sent you a notification of the requirement to lodge. If you have an early balancing [substituted accounting period](#), your first RTP schedule will be for the 2021–22 year. If your private company wasn't sent a notification, you're not required to lodge a 2021 RTP schedule.

Substituted accounting period

Large private companies with an **early** balancing substituted accounting period (SAP) starting before 1 July, will:

- not be required to lodge an RTP schedule for 2020–21
- be required to lodge an RTP schedule for 2021–22 if they're notified
- be required to lodge an RTP schedule for 2022–23 and subsequent years if they meet the lodgment criteria.

Large private companies with a **late** balancing SAP starting after 1 July, will be required to lodge an RTP schedule for:

- 2020–21 if they're notified
- 2021–22 and subsequent years if they meet the lodgment criteria.

QC 63131

Findings report RTP – Public and multinational businesses

What we've learned from Reportable tax position (RTP) schedule Category C disclosures made in the 2022–23 income year.

Last updated 18 September 2024

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About this report

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About this report

In this report, we provide the aggregated disclosures made by large public and multinational companies for the 2019–20 to 2022–23 income years under Category C of the reportable tax position (RTP) schedule as of 30 June 2024. Further lodgments of RTP schedules after this date will not be included for this report.

The data provides insights as to the prevalence of key corporate tax risks in relation to large public and multinational entities. The range of risk levels can vary across the lodging population. We consider and

verify the level of risk reported as part of our compliance program. Generally, this corresponds with our assessment of the disclosed arrangements.

RTP disclosures are provided to our specialist tax performance teams and reviewed under our compliance and assurance programs, which include the Top 100 Justified Trust program, the Top 1,000 Combined Assurance program and the Top 1,000 Next Actions program.

To ensure RTP lodgment obligations are met, we undertake an annual RTP non-lodgment program and take action when required.

RTP disclosures help us understand and assess changes in tax positions and arrangements, including new arrangements taxpayers are entering into. The disclosures also allow us to prioritise our assurance activities.

We tailor our compliance approach to the risk rating disclosed by taxpayers. Taxpayers who have achieved **justified trust** (high assurance) will have a less intensive engagement approach during the monitoring and maintenance period.

We apply more intensive scrutiny for high-risk disclosures to determine if they comply with the relevant legislative provisions. If we can't gain this assurance at the review stage, we may undertake an audit or more intensive investigation through our assurance programs.

For more information about how we use RTP disclosures and our assurance programs, see **RTP and our assurance programs**.

For more information about the purpose of the RTP and information disclosed, see **Reportable tax position schedule**.

Report highlights

This is the fifth year of publishing this report. It includes high-level observations on trends over the 4 income years 2019–20 to 2022–23, where practicable.

- **Increase in taxpayer disclosures**
 - Once again, there has been an increase in taxpayers making disclosures and an upward trend in low-risk disclosures for large public and multinational entities.
- **Arrangements of concern are declining**

- The data shows that high-risk or arrangements of concern are declining for large public and multinational businesses. This finding is consistent with our view that most large businesses do the right thing and are paying the right amount of tax. It is also reflected in our estimate of the **large corporate groups income tax gap**.
- **15% increase in lodged schedules over 4 years**
 - The number of disclosures made has more than doubled and the number of schedules lodged has increased by more than 15% over the 4 years 2019–20 to 2022–23. This reflects the progressive expansion of the lodgment requirement from our Top 100 population to all entities that meet the total business income threshold and ownership criteria.
- **We continue to focus on ensuring ongoing compliance by large corporates**
 - While the data from RTP schedule disclosures and the tax gap estimates indicate high levels of voluntary compliance, we still see room for improvement, such as the rate of errors made by taxpayers on their schedules. We will continue our scrutiny of the large corporate groups population to ensure their ongoing compliance. We will also take firm action with those who choose to do the wrong thing.

For more information on how we're improving the system for those who want to comply, and taking firm action against those who choose not to, see [Tax and Corporate Australia](#).

Category C of the RTP schedule

Questions in Category C of the RTP schedule are typically linked to **ATO public advice and guidance (PAG)** products, such as:

- taxpayer alerts (TAs)
- practical compliance guidelines (PCGs).

Together these products cover the key systemic risks in relation to large public and multinational businesses. As such, the aggregate data provides insights about the prevalence of key tax risks in the population.

There are generally no materiality thresholds on Category C questions. Taxpayers who meet the lodgment criteria must disclose arrangements irrespective of the impact on their overall tax outcomes.

Questions

Nearly two-thirds of Category C questions in 2022–23 relate to arrangements described in taxpayer alerts. A third of the questions relate to PCGs and require taxpayers to self-assess the risk rating by applying the criteria in PCGs; the remaining questions relate to other risks.

Table 1: 2022–23 Category C questions and the related PAG product

Question number	PAG product
7, 9, 14, 22–24, 27, 37 and 39	PCG
2, 3, 10–13, 17, 25, 26, 32–36 and 41	Taxpayer alert
16, 19, 21 and 42	Other

Note: Questions 28–31 and 40 have not been included as they relate to private company arrangements. All disclosures will be monitored; however, the risks are not part of the compliance program for public and multinational businesses.

Disclosures

Taxpayers are only required to provide a response to a question under Category C if they have an arrangement covered by the question. This means every schedule lodged won't contain a response to every Category C question. For example:

- some taxpayers will have no disclosures to make
- some taxpayers will only have one question related to an arrangement
- some taxpayers may have multiple arrangements to disclose, or a question may ask them to make multiple disclosures.

Care needs to be taken when making comparisons across multiple years as taxpayers and arrangements change year on year. Any comparison across years may not be a comparison of the same arrangements or taxpayers. The population has changed over the years as a staggered approach to the expansion of the schedule has occurred to take account of substituted accounting periods and the expansion to private entities. Disclosures made by private entities have not been included in this report. Population changes over time will mean taxpayers will move in and out of the public and multinational businesses demographic.

Note: Only questions included in the 2022–23 schedule have been included in the analysis. Any questions from prior years that have been removed are not included in this report.

For more information, see [How we use RTP disclosures](#).


RTP lodgments and disclosures

There has been an increase in lodgments, a high level of lodgment compliance and increase in disclosures over the past 4 years due to:

- improvements in processes
- an increase in questions
- the expansion to the schedule made over the period.

There were over 1,400 public and multinational taxpayers that made disclosures against a Category C question in 2022–23. This has increased 14% over the 4 years from 2019–20 to 2022–23. These taxpayers reported 4,208 disclosures against Category C questions in 2022–23, which has more than doubled over the 4 year period to 2022–23–□

Figure 1: RTP lodgments and disclosures from 2019–20 to 2022–23

 Bar chart showing number and percentage of RTP lodgments and disclosures by year, as detailed in table 1 linked below.

You can also view data for RTP lodgments and disclosures by year in [table format](#).

Note:


- Nil RTP disclosures refer to taxpayers that have lodged an RTP schedule but do not have any arrangements to disclose.

- This graph only includes questions that are current for public and multinational businesses in 2022–23. Taxpayers may have made disclosures on questions that were current in prior years, but which are not included for comparative purposes.

Disclosures by public advice and guidance product

Most Category C questions ask taxpayers to disclose whether they have arrangements covered by specific ATO public advice and guidance products, including taxpayer alerts and PCGs. The majority of disclosures relate to PCGs, which may apply to an entity irrespective of the risk level self-assessed by the entity.

Figure 2: proportion of disclosures by public advice and guidance product for 2019–20 to 2022–23.

 Bar chart showing number and percentage of disclosures by year as detailed in table 2 linked below.

You can also view data for the **proportion of disclosures by public advice and guidance product** in table format.

Disclosures by PCG related questions


The following RTP questions relate to PCGs. Table 2 and Figure 3 provide a high-level summary and the number of disclosures for each question.

Table 2: 2022–23 Category C, PCG related disclosures

Question number	PCG topic
7	Mobile offshore drilling units
9	Offshore hubs
14 and 23	Related party financing arrangements
22	Hybrid arrangements
24	Inbound supply chains
27 and 37	Arm's length debt test

39	Imported hybrid mismatch rule
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Figure 3: disclosures by PCG related questions for 2019–20 to 2022–23.

 Bar chart showing number and percentage of disclosures per question, by year, as detailed in table 3 linked below.

You can also view data for the disclosures by PCG related questions in table format.

Disclosures by taxpayer alert related questions


The following RTP questions relate to Taxpayer alerts. Table 3 and Figure 4 provide a high-level summary and the number of disclosures for each question.

Table 3: 2022–23 Category C, Disclosures on arrangements subject to taxpayer alerts

Question number	Taxpayer alert topic
2	Funding special dividends or buybacks
3	Bifurcated procurement hubs
11, 17 and 33	Related party finance
10	Thin capitalisation
12	Business fragmentation
13	Research and development
25	Payments connected with intangibles
26	Multiple entry consolidated groups
32	DEMPE of intangible assets
34	Interest withholdings tax

35	Multiple entry consolidated groups
36	Derivatives
41	Treaty shopping arrangements (new question)

Figure 4: disclosures by taxpayer alert related questions for 2019–20 to 2022–23.

 Bar chart showing number and percentage of disclosures per question, by year, as detailed in table 4 linked below.

Note: No responses were received for questions 2, 33 and 36.

You can also view data for disclosures by taxpayer alert related questions in table format.


Disclosures on other questions

The following RTP questions relate to other areas of concern. Table 4 and Figure 5 provide a high-level summary and the number of disclosures for each question.

Table 4: 2022–23 Category C, Other questions

Question number	Topic
16	Consolidation churning rules
19	Settlements
21	Unamended mistakes or omissions
42	Global intangible low-taxed income (new question)

Figure 5: disclosures on other questions for 2019–20 to 2022–23.

 Bar chart showing number and percentage of disclosures per question, by year, as detailed in table 5 linked below.

You can also view data for the number and percentage of disclosures on other questions in table format.

Self-assessing risks related to arrangements

PCGs provide a framework for corporate taxpayers and their boards to self-assess the risk associated with their arrangements and understand our likely compliance response. Self-assessment is voluntary, but we consider it best practice for corporate taxpayers to include self-assessment under PCGs as part of their standard tax governance processes.

If a taxpayer hasn't undertaken the self-assessment, they must disclose a high-risk rating in the schedule or tell us they haven't applied the PCG. This alerts us to examine the arrangement more closely to obtain confidence about the tax outcome.

Taxpayers must disclose their self-assessed risk rating in the corresponding Category C question. In some cases, they may be required to disclose multiple arrangements, therefore the greatest number of disclosures are against PCG linked questions.

PCG related disclosures

Non-resident owned MODUs: question 7

Overview of question 7

Practical Compliance Guideline PCG 2020/1 sets out the transfer pricing risks for projects involving the use in Australian waters of non-resident owned mobile offshore drilling units (MODUs). These MODUs include drill-ships, drilling rigs, pipe-laying vessels, and heavy-lift vessels. The risk framework in PCG 2020/1 enables taxpayers to self-assess the transfer pricing risks for these arrangements.

Findings from question 7

Table 5: Disclosures for question 7, 2019–20 to 2022–23

Disclosure	No MODUs	Medium risk	High risk	Not disclosed	1
					2

2019–20	3	0	1	1	
2020–21	1	2	1	0	
2021–22	1	1	3	0	1
2022–23	1	0	3	0	(

In 2022–23, 3 taxpayers disclosed 3 high-risk arrangements. It has been indicated that this is due to market conditions which have led to a fall in their operating margins. These arrangements will be reviewed as part of our engagement and assurance programs.

Question 7 was removed from the 2023–24 RTP Instructions as the information is collected from other means. This will therefore be the last year of reporting on this question.


Offshore hubs: question 9 disclosures

Overview of question 9

Practical Compliance Guideline PCG 2017/1 provides guidance on transfer pricing issues related to centralised operating models involving procurement, marketing, sales, and distribution functions.

We are concerned with the mispricing of services and functions relating to the sales and marketing of goods and commodities provided by international related parties, and the risk of inappropriate structuring of marketing hubs. We monitor offshore procurement hubs that supply 'indirect' or 'non-core' goods or services (non-core product) to an Australian entity.

Figure 6: disclosures on question 9 in 2022–23.

 Bar chart showing number and percentage of disclosures at question 9 by year, as detailed in table 6 linked below.

You can also view data for the disclosures on question 9 in 2022–23 in table format.


Note:

- PCG 2017/1 asks taxpayers to make a disclosure for each hub arrangement they have in place.

- In 2020–21, arrangements that did not apply the risk methodology or calculate the tax impact were separated from the high-risk category. Disclosures categorised as PCG not applied remain a high-risk focus.

Disclosures on marketing hubs

Figure 7: comparison of risk zone disclosures on marketing hubs in question 9 for 2019–20 to 2022–23.

 Bar chart comparing risk zone disclosures by marketing hub, by year, as detailed in table 7 linked below.

You can also view data for the comparison of risk zone disclosures on marketing hubs in question 9 in table format.

Marketing hubs findings

In 2022–23, 118 taxpayers disclosed 174 marketing hub arrangements. The number of marketing hub disclosures has increased just over 20% over the 4 years to 2022–23.

The top 3 commodities sold via offshore marketing hubs are iron ore, coal and liquified natural gas (LNG). Only a very small portion of all exports sold via offshore marketing hubs are for commodities not produced by the energy and resources sector.

There were 4 high-risk arrangements in 2022–23, all of which are currently under review or audit under our compliance and assurance programs. The proportion of high-risk disclosures was 2% in 2022–23, decreasing by 4% over the 4 years from 2019–20 to 2022–23.

In addition, 86% of disclosures were rated as low or white zone in 2022–23. The proportion of these disclosures has remained steady over the 4-year period to 2022–23.

The decreasing high-risk disclosures and high proportion of low and white zone disclosures indicates a positive behavioural shift for taxpayers undertaking these types of arrangements.


We continue to undertake a range of engagement activities in relation to the risk, including engagement with industry bodies and other jurisdictions and work through our compliance and assurance programs.

Information from other schedules such as the International Dealings Schedule (IDS) and CBC reporting are also used to understand and

identify the risk.

Disclosures on non-core procurement hubs

Figure 8: Comparison of risk zone disclosures on non-core procurement hubs in question 9 for 2019–20 to 2022–23.

 Bar chart comparing risk zone disclosures by non-core procurement hub, by year, as detailed in table 8 linked below.

You can also view data for the **comparison of risk zone disclosures on non-core procurement hubs in question 9** in table format.

Procurement hubs findings

Question 9 was extended to include non-core procurement hub arrangements in the 2018–19 schedule, resulting in a 75% increase in disclosures and a doubling of taxpayers making disclosures.

In 2022–23, 76 taxpayers disclosed 132 non-core procurement hub arrangements, a decrease from 145 disclosures in the previous year. This 9% decrease is largely attributable to one large taxpayer reporting less arrangements than in the previous reporting period, followed by 2 smaller taxpayers who also reported a reduction in such arrangements. Overall, there is no marked change in the year-on-year reporting trend for these arrangements other than the overall decrease in disclosures being made. There are however 2 noted shifts. Firstly, the number of low-risk disclosures increased by 14 (20%) over the last 4 years. Secondly, in line with the past 2 years, there continues to be no high-risk disclosures, indicating a continuation of the positive behavioural shift for taxpayers with these arrangements.

The large number of high-risk disclosures in 2019–20 was due to one taxpayer that is part of a Top 100 corporate group disclosing approximately 50 arrangements. In 2020–21, the previously high-risk disclosures were made under the new category 'High-risk - PCG not applied' – where a taxpayer does not apply risk methodology or calculate tax impact.

Related party finance: questions 14 and 23 disclosures

Overview of question 14 and 23

Practical Compliance Guideline PCG 2017/4 allows taxpayers to self-assess the tax risk of their cross-border related party financing

arrangements.

Schedule 1 sets out the risk assessment framework to determine the risk rating of cross-border related party debt. We expect the pricing of related party debt to align with the commercial incentive of achieving the lowest possible 'all in' cost to the borrower.


Schedule 2 is used to determine the risk rating of related party derivative arrangements.

Schedule 3 was introduced in 2020–21 and is related to outbound interest-free loans between related parties. It outlines the factors under which the risk score assigned to outbound interest-free loans made between related parties may be modified for the purposes of Schedule 1.

Given the prevalence and significant tax outcomes involved, we actively investigate these arrangements. We continue to undertake assurance activities on arrangements disclosed in the red and amber zones by Top 100 and 1,000 taxpayers. We have strategies in place to address high-risk arrangements where the loan amounts are less significant, including where the disclosures come from taxpayers in the medium and emerging population segment.

The review of related party financing arrangements is an inherent element of the assurance work we undertake. This involves reviewing the application of **PCG 2017/4** against the taxpayer's relevant loan agreements and transfer pricing documentation.

Figure 9: disclosures on questions 14 and 23 for 2022–23.

 Bar chart showing number and percentage of disclosures by question, by year, as detailed in table 9 linked below.

You can also view data from disclosures on questions 14 and 23 in table format.

Note:


- Not disclosed refers to disclosures by taxpayers who included the question number but didn't include the subcategory number on their schedule.
- Schedule 3 was introduced in 2020–21 with its own separate risk zone sub-categories to distinguish outbound interest free loans as outlined under Schedule 3 of **PCG 2017/4**.

In 2020–21, an additional category for question 14 was added where Schedule 1 and 3 of PCG 2017/4 were not applied; these are included under the PCG not applied category. Where a taxpayer does not apply the PCG we treat this as high-risk as it requires us to review the arrangements to establish the existence or otherwise of risk.

Findings from question 14

Disclosures on related party financing

Figure 10: comparison of risk zone disclosures on related party financing arm's length conditions in question 14 for 2019–20 to 2022–23.

 Bar chart showing percentage of risk zone disclosures in question 14, by year, as detailed in table 10 below.

You can also view data on the numbers and percentages of risk zone disclosures on related party financing arm's length conditions in question 14 in table format.

Note:

- Not disclosed refers to disclosures by taxpayers who included the question number but didn't include the subcategory number on their schedule.
- Schedule 1 risk zone sub-categories have been combined with Schedule 3 to provide a complete picture of disclosures made and historical comparison.
- From 2020–21 reporting requirements changed and taxpayers were required to report their self-assessed risk zone for their 3 most material arrangements and their highest risk arrangement if that was not already disclosed. This changed the number of disclosures made from one disclosure per taxpayer to up to 4 per taxpayer. This resulted in a 30% increase in the number of disclosures made.

The number of disclosures doubled over the last 4 years from 2019–20 to 2022–23, largely due to the change in reporting requirements for question 14. Question 14 receives the highest number of disclosures, with over 2,140 disclosures made in 2022–23.


Since the change in the reporting requirements in 2021, the spread of risk ratings has remained relatively stable with a slight increase in low-risk ratings.

The information from question 14 is analysed with other information such as CBC and IDS to better understand the risk. Through our compliance programs we have coverage of over 80% of all inbound interest-bearing related party debt.

Findings from question 23

Disclosures on related party financing derivatives

Figure 11: comparison of risk zone disclosures on related party financing derivatives in question 23 for 2019–20 to 2022–23.

 Bar chart showing percentage of risk zone disclosures in question 23, by year, as detailed in table 11 below.

You can also view data on numbers and percentages of risk zone disclosures on related party financing derivatives in question 23 in table format.

Note:

- Not disclosed refers to disclosures by taxpayers who included the question number but didn't include the subcategory number on their schedule.
- In 2020–21, reporting requirements for question 23 changed and taxpayers were required to report their self-assessed risk zone for their 3 most material arrangements, and their highest-risk arrangement if that was not one of their 3 most material arrangements.

There were 93 disclosures made for question 23 in 2022–23, a decrease of 8 on the previous year. There were 5 high-risk disclosures made in 2022–23, a 38% decrease from the previous year. All the high-risk disclosures either have been reviewed or are under review as part of our compliance and assurance program. More than 68% of disclosures made under question 23 have had or are currently undergoing compliance activity.

The proportion of high-risk arrangements has declined over the 4 years from 15% in 2019–20 to 5% in 2022–23. The proportion of low-risk arrangements has increased over the 4 years from 60% in 2019–20 to 81% in 2022–23, indicating a positive behavioural shift for taxpayers entering into related party derivative arrangements.

Hybrid arrangements: question 22, question 27 and question 39

- [Question 22](#)
- [Question 27](#)
- [Question 39](#)

Question 22

The hybrid mismatch rules are intended to deter the use of hybrid mismatch arrangements that result in double non-taxation outcomes by exploiting differences in the tax treatment of an entity or financial instrument under the income tax laws of 2 or more countries.


Question 22 relates to Practical Compliance Guideline PCG 2018/7, which has been designed to assist taxpayers to restructure into compliant replacement arrangements. These arrangements eliminate double non-taxation outcomes, consistent with the underlying objective of the hybrid mismatch rules.

We use data available from schedule disclosures and other information sources, such as question 49 on the IDS, to identify and monitor hybrid restructures undertaken and arrangements maintained by taxpayers. Our focus is on ensuring compliance with the hybrid mismatch rules through ongoing engagement.

Table 6: Disclosures on question 22, 2019–20 to 2022–23

Disclosure	Low risk	Not low risk	Not disclosed	Total
2019–20	74	4	0	78
2020–21	16	0	0	16
2021–22	9	1	4	14
2022–23	6	0	2	8

Figure 12: comparison of risk zone disclosures on hybrid arrangements in question 22, 2019–20 to 2022–23.

 Bar chart showing percentage of risk zone disclosures in question 22, by year, as detailed in table 12 below.

You can also view data on **numbers and percentages of risk zone disclosures on hybrid arrangements in question 22 in table format.**

Findings from question 22

The number of disclosures for question 22 continued to decrease, with 8 disclosures made in 2022–23, which is a 43% decrease from 2021–22. This is in line with our expectations that most of the restructuring would have occurred closer to the implementation of the hybrid mismatch rules on 1 January 2019.

There were 2 disclosures made without a subcategory provided. We use data from other information sources, including question 49 on the IDS to gain a better understanding of the restructure being disclosed. If required, these disclosures will be queried as part of our compliance and assurance program.

There were 6 disclosures that self-assessed as low risk, we have or will verify these self-assessments when we engage with these taxpayers through our compliance and assurance programs.

Question 27

This is the third year of reporting under question 27, which was introduced in 2020–21. This question relates to payments made under structured arrangements which gave rise to imported hybrid mismatches.

The objective of the imported hybrid mismatch rule is to maintain the integrity of the other hybrid mismatch rules by removing any incentive for multinational groups to enter into hybrid mismatch arrangements.

Law Companion Ruling **LCR 2019/3** provides the Commissioner's view of the law in relation to the phrase 'structured arrangement', and Practical Compliance Guideline **PCG 2019/6** helps taxpayers assess whether a payment giving rise to a hybrid mismatch is made under a 'structured arrangement'.

Question 27 has been removed from the 2024 RTP Instruction in the annual update as the information is collected through other means.

Findings from question 27

Question 27 had 6 disclosures in 2022–23. One disclosure has been reviewed as part of our compliance and assurance program and received a high level of assurance in relation to the imported hybrid mismatch rule.


The remaining 5 disclosures had discrepancies between information disclosed on the RTP schedule and the IDS. These may be reviewed under our compliance and assurance programs.

Question 39

This is the second year of reporting under question 39, which was new to the RTP instructions in 2021–22. It requires taxpayers to disclose self-assessed risk ratings using Practical Compliance Guideline PCG 2021/5.

PCG 2021/5 contains practical guidance as to the ATO's assessment of the relative levels of tax compliance risk associated with imported hybrid mismatches addressed by Subdivision 832-H of the *Income Tax Assessment Act 1997*. It sets out the Commissioner's approach to reviewing whether a taxpayer has undertaken reasonable enquiries in relation to the imported hybrid mismatch rule for non-structured arrangements.

Figure 13: comparison of risk zone disclosures on hybrid arrangements in question 39 for 2021–22 and 2022–23.

 Bar chart showing number and percentage of risk zone disclosures in question 39, by year, as detailed in table 13 below.

You can also view data on numbers and percentages of risk zone disclosures on hybrid arrangements in question 39 in table format.

Findings from question 39

There were 1,129 disclosures made in 2022–23, a 10% increase from 2021–22. PCG 2021/5 is relevant to any Australian taxpayer that seeks a deduction for a cross-border payment made to a member of its Division 832 control group and therefore we expect a large number of disclosures for this question.

The number of high-risk – PCG not applied disclosures has significantly reduced in 2022–23. This was expected as PCG 2021/5 was released on 16 December 2021, part way through the 2021–22 income year. As a result, approximately 20% of taxpayers disclosed that they had insufficient time to self-assess against PCG 2021/5 in

2021–22. The increase in the number of taxpayers applying PCG 2021/5 in 2022–23 resulted in an increase in the number of disclosures across the remaining risk zones.

In 2022–23 more than 80% of disclosures were rated as low-risk and a further 15% of disclosures were rated as low-moderate risk or white zone. This indicates that more than 95% of taxpayers have applied PCG 2021/5 and followed the ATO recommended approaches to demonstrate compliance with Subdivision 832-H.

There were 11 disclosures rated as very high-risk, which account for 1% of disclosures made in 2022–23. Of these, 6 have been reviewed as part of our compliance and assurance program with recommendations to improve the process implemented to demonstrate compliance with the imported hybrid mismatch rule. The remaining very high-risk disclosures may be reviewed under our compliance and assurance programs.

In 2022–23, 11 disclosures were rated as PCG not applied and 10 disclosures did not provide a self-assessed risk rating. We consider these disclosures to be high-risk and they may be reviewed under our compliance and assurance programs.

The disclosures made under question 39 are used with other information sources such as the IDS to better assess risk with the imported hybrid mismatch rule.

Inbound distribution arrangements: question 24 disclosures


Overview of question 24

Practical Compliance Guideline PCG 2019/1 provides a framework for taxpayers to assess the transfer pricing risk of their inbound distribution arrangements. Our focus for PCG 2019/1 is on transfer pricing outcomes associated with the activities of inbound distributors including the distribution of goods purchased from related foreign entities for resale, and the distribution of digital products or services where the intellectual property in those products or services is owned by related foreign entities.

We review the reasonableness of these disclosures as part of our Justified Trust program. Under this program we review the top 1,100 public groups and multinationals in Australia including many inbound distributors. We use our data and analytics capabilities to assess the

reasonableness of disclosures of distributors outside this population who are required to complete the RTP schedule. We employ a range of approaches to detect and address any incorrect disclosure or non-disclosure.

Figure 14: comparison of risk zone disclosures on inbound distribution arrangements in question 24, 2020–21 to 2022–23.

 Bar chart showing percentage of risk zone disclosures in question 24, by year, as detailed in table 14 below.

You can also view data on numbers and percentages of risk zone disclosures on inbound distribution arrangements in question 24 in table format.

Note:

- Not disclosed refers to disclosures by taxpayers who included the question number but didn't include a valid sub-category on their schedule.
- PCG not applied refers to taxpayers who choose not to follow the PCG or taxpayers who fall within any of the following
 - entities that have adopted the distributor simplified transfer pricing record keeping option in PCG 2017/2
 - paragraph 49 of PCG 2019/1
 - where an entity has an inbound distribution arrangement but an EBIT margin is unable to be determined and the taxpayer has not applied PCG 2019/1.
- PCG 2019/1 doesn't provide for an equivalent white zone similar to other PCGs covered in this report.

Findings from question 24

There has been an increasing trend in the number of question 24 disclosures made each year, with a 12% increase over the last 4 years since 2019–20. In addition, there was:

- a 2% increase in 2022–23 from the prior year
- level of high-risk disclosures decreased by nearly 27% over the 4-year period and by 6% from the prior year
- the number of low-risk disclosures increased by 22% over the 4-year period and by 13% from the prior year.

These findings indicate a positive shift in behaviour for disclosures regarding these arrangements. However, we do have some concerns that taxpayers may be mischaracterising themselves as low-risk distributors when in fact they are not. We will look to improve the guidance in this area, which may impact the risk profile of the population.

Most taxpayers who disclosed an inbound distribution arrangement fall within our Top 100 or 1,000 populations and are subject to review under our compliance and assurance programs or through the advance pricing arrangement (APA) program.

Arm's length debt test: question 37 disclosures


Overview of question 37

The arm's length debt test is one of the tests available to establish an entity's maximum allowable debt for thin capitalisation purposes. The test focuses on identifying an amount of debt a notional stand-alone Australian business would reasonably be expected to borrow, and what independent commercial lenders would reasonably be expected to lend on arm's length terms and conditions.

Practical Compliance Guideline **PCG 2020/7** sets out our compliance approach in respect to the arm's length debt test. It also provides a differentiated risk assessment framework for taxpayers to self-assess their perceived level of risk.

Disclosures made under question 37 provide meaningful insights into the population of taxpayers relying on arm's length debt test. The subcategories provide further understanding of the risk profile of taxpayers.

Figure 15: comparison of risk zone disclosures for question 37, 2020–21 to 2022–23.

 Bar chart showing number and percentage of risk zone disclosures in question 37, by year, as detailed in table 15 below.

You can also view data on the numbers and percentages of risk disclosures for question 37 in table format.

Findings from question 37

This is the third year of reporting for question 37. There were 81 disclosures received in 2022–23, an increase of 8 disclosures and

8% from the previous year.

Of these, 33% of disclosures in 2022–23 are rated as low or white zone, with a further 58% rated as medium-risk. Low-risk has increased more than 70% over the 3 years, while medium-risk has increased by almost 40%. Although we have observed an increase in disclosures over the 3 years, we note that respondents are increasingly adopting low-risk and medium-risk (and therefore following 'best practice' in a manner consistent with PCG 2020/7) approaches to applying the arm's length debt test, which have risen 380% and 62% respectively during this period.

For 2022–23 there were 5 disclosures rated as high, 4 of which are subject to compliance activity and the remaining disclosure is under consideration. There are 2 disclosures that have not applied the PCG, these have been reviewed and may be referred to our compliance and assurance program.

Disclosures made under question 37 are compared to other data sources to understand the risk and the population. A discrepancy between sources will be reviewed under our compliance and assurance programs.

Disclosures on arrangements subject to taxpayer alerts

Taxpayer alerts

We issue taxpayer alerts to warn taxpayers of our concerns about new or emerging arrangements that we consider might pose a high-risk, such as tax avoidance arrangements. Our aim is to share our concerns early to help taxpayers make informed decisions about their tax affairs. This also limits the proliferation of the arrangements in the market.

Our experience shows most large corporate taxpayers don't wilfully take on tax risk. Taxpayers will often engage with us to gain certainty on arrangements we've indicated we have concerns with. They may apply for a ruling or APAs or simply not enter into these arrangements, preventing proliferation.

You can find out more about Taxpayer alerts.

Related party finance: questions 11, 17, 33

Table 7: Disclosures on questions related to financing arrangements 2020–21 to 2022–23

Question	Topic	Taxpayer alert	2020–21	2021–22
11	Financing – round robin arrangements	TA 2016/10	5	5
17	Financing – WHT	TA 2018/4	11	10
33	Mischaracterisation arrangements connected with foreign investment	TA 2020/2	0	0

Risks associated with related party financing arrangements continue to be a key focus for us. We use the disclosures under questions 11, 17 and 33 together with data from the IDS and CBC reports to identify and assess these risks.

Question 11

This question addresses Taxpayer alert TA 2016/10 *Cross-border round robin financing arrangements*.

The concern with these arrangements is that they involve funding of an overseas entity or operations by an Australian entity, where the funds are subsequently provided back to the Australian entity, or its Australian associate, in a manner which purportedly generates Australian tax deductions while not generating corresponding Australian assessable income.

Findings from question 11

There were 3 disclosures at question 11 in 2022–23, a decrease from 5 in 2021–22. All of which have been reported in prior years. These have been or will be reviewed as part of our compliance and assurance programs.

Question 17

Question 17 relates to Taxpayer alert TA 2018/4 *Cross-border arrangements* where income tax deductions are claimed in Australia on an accrual basis but withholding tax is not paid when deductions are

claimed. We are concerned with tax-driven structuring, claiming a deduction where a payment is not expected to take place and tax issues that arise from how the transaction is affected.

Findings from question 17

There were 9 disclosures made at question 17 in 2022–23, a decrease from 10 in 2021–22. All disclosures have been reviewed. Further engagement will occur as part of our compliance and assurance programs.

Question 33

Question 33 was added to the schedule in 2020–21 and relates to mischaracterised arrangements and schemes connected with foreign investment into Australian entities as outlined in TA 2020/2. TA 2020/2 is concerned with cross-border arrangements that mischaracterise the structure used by foreign investors to invest directly into Australian businesses.

Findings from question 33

There were no disclosures made for question 33, as expected for this risk. The risk remains part of our compliance and assurance program.

Business fragmentation: question 12

Question 12 relates to arrangements involving the fragmentation of integrated trading businesses in order to re-characterise trading income to passive income to achieve a more favourable tax outcome as described in Taxpayer alert TA 2017/1. Our concerns arise where an arrangement fragments integrated trading businesses to re-characterise trading income into more favourable passive income.

We combine the information obtained from disclosures at question 12 with data from transitional election forms to risk assess stapled groups. Those eligible taxpayers that have lodged a valid transitional election form may be entitled to claim transitional relief and continue to apply the lower 15% withholding rate during the transition period.

Findings from question 12

Table 8: Disclosures on questions related to business fragmentation, 2020–21 to 2022–23

Question	2020–21	2021–22	2022–23
Question 12	6	4	4

There were 4 disclosures at question 12 in 2022–23. Of the 4 disclosures, 2 have been subject to a recent review and have been considered as part of our compliance and assurance program.

We understand that of the taxpayers that have lodged valid transitional election forms, many have not accurately reflected managed investment trust cross staple arrangements income. We are engaging with taxpayers that have interests in staple structures to ensure the application of integrity measures and appropriate pricing of financial arrangements.

R&D: question 13

Taxpayer alerts for the Research and development (R&D) tax incentive relate to claims for ineligible activities and expenditure, including R&D tax incentive claims for ordinary business activities. Specific concerns are also identified within the following industry sectors:

- Taxpayer alert TA 2017/2 (construction activities)
- Taxpayer alert TA 2017/3 (any business activities)
- Taxpayer alert TA 2017/4 (agricultural activities)
- Taxpayer alert TA 2017/5 (software development activities).

Findings from question 13

Table 9: Disclosures on questions related to R&D, 2020–21 to 2022–23

Question	2020–21	2021–22	2022–23
Question 13 TA 2017/2	0	0	0
Question 13 TA 2017/3	3	3	3
Question 13 TA 2017/4	1	1	1

Question 13 TA 2017/5	7	5	5
More than 1 taxpayer alert	3	3	5
Total	14	12	14

There were 14 disclosures at question 13 in 2022–23, a slight increase of 2 from the previous year.

The majority of disclosures for question 13 relate to TA 2017/3 (3 disclosures) and TA 2017/5 (5 disclosures). A further 5 disclosures relate to multiple taxpayer alerts and one relates to TA 2017/4. Where appropriate, we refer concerns identified with eligibility of R&D activities to AusIndustry, who are responsible for this aspect of the R&D tax incentive.

Payments connected with intangibles: question 25

This information is about the characterisation of payments connected with intangibles as part of question 25 disclosures.

Overview of question 25

Question 25 relates to deductions for expenses incurred under an arrangement with offshore parties using intangible assets held by an offshore party, as described in Taxpayer alert TA 2018/2. Question 25 was added to the RTP schedule in the 2019–20 income year to inform whether intangible assets have been appropriately recognised and Australian royalty obligations have been met.

Findings from question 25

Table 10: Disclosures on questions related to intangibles as part of question 25, 2020–21 to 2022–23

Question	2020–21	2021–22	2022–23
Question 25	20	18	16

There were 16 disclosures at question 25 in 2022–23:

- 13 disclosures indicated the taxpayer had considered the arm's length principle in determining the appropriate consideration for the use of the intangible assets, but the arrangement wasn't covered by section 284–255 (*Taxation Administration Act 1953*) compliant transfer pricing documentation.
- one disclosure indicated that the taxpayer hasn't applied the arms' length principle in determining the appropriate consideration for the use of intangible assets,
- one disclosure did not appropriately recognise an amount as consideration for the use of the intangible
- one did not disclose the subcategory.

These will be reviewed through compliance and assurance activities.

We will continue to monitor and take action in relation to arrangements described under TA 2018/2 as part of our compliance and assurance programs.

All other taxpayer alert questions

The following questions relate to taxpayer alerts that involve either nil disclosure or a small number of disclosures and don't fit within a grouping above. Accordingly, we have provided the information in a single table form.

Other information such as CBC and IDS are also used to understand and support disclosures.

Table 11: Disclosures on all other taxpayer alert questions, to 2022–23

Question	Topic	Taxpayer alert	2020–21	2021–22
2	Funding special dividends or buy backs	TA 2015/2	0	0
3	Bifurcated procurement hubs	TA 2015/5	4	6

7	Lease in lease out arrangements	TA 2016/4	4	6
10	Thin capitalisation	TA 2016/9 & TD 2020/2	5	4
26	MEC group and CGT assets	TA 2019/1	1	1
32	DEMPE of intangible assets	TA 2020/1	1	1
34	Interposed entities to avoid withholding tax	TA 2020/3	0	0
35	MEC groups	TA 2020/4	6	6
36	Derivative instruments	TA 2020/5	0	0
41	Treaty shopping	TA 2022/2	-	-

Disclosures on other questions

Material changes to settlement positions: question 19

Question 19 relates to breaches or material changes to facts covered by settlement deeds and future compliance arrangements. It is an important feature of our settlements that we achieve behavioural change and secure future tax outcomes. We continue to monitor compliance with these agreements.

Findings from question 19

There were 3 disclosures at question 19 in 2022–23, a decrease of 5 on the previous year. We engaged directly with each taxpayer and confirmed all are taking active steps to ensure compliance with the terms of the settlement deeds or future compliance arrangement.

All other questions

The following provides a summary of all other questions.

- Question 16 was removed from the RTP schedule in 2023–24 and this will therefore be the last year of reporting.
- Question 42 was new in 2022–23 and it focused on Taxation Determination TD 2022/9. This question requires taxpayers to make a disclosure if they have treated global intangible low-taxed income (GILTI) as 'subject to foreign income tax' in the US under section 832-130 of the ITAA 1997.

Table 12: Disclosures on other questions, 2020–21 to 2022–23

Question	Topic	2020–21	2021–22	2022–23
16	The application of the consolidation churning rule to arrangements entered into by a multiple entry consolidated group	15	13	10
21	Unamended mistakes or omissions made in the income tax return	29	37	28
42	Treatment of global intangible low-taxed income as subject to foreign income tax in the US for	n/a	n/a	7

	the purpose of the hybrid mismatch rules in Division 832 of the ITAA 1997. Outlined in TD 2022/9.			
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Ratings tables – Findings report RTP



Tables detailing the data supporting the Findings report RTP - Public and multinational business.

QC 64611

Ratings tables – Findings report RTP

Tables detailing the data supporting the Findings report RTP - Public and multinational business.

Published 18 September 2024

Table 1 details the data used in Figure 1: RTP lodgments and disclosures from 2019–20 to 2022–23

Table 1: RTP lodgments and disclosures from 2019–20 to 23

Year	Multiple Category C disclosures	One Category C disclosure	No Category C disclosures	Nil RTP disclos
2020	473 (27.84%)	582 (34.26%)	27 (1.59%)	617 (36.32%)

2021	623 (37.24%)	429 (25.64%)	27 (1.61%)	594 (35.51%)
2022	959 (50.58%)	436 (23.00%)	11 (0.58%)	490 (25.84%)
2023	1,038 (52.77%)	381 (19.37%)	11 (0.56%)	537 (27.30%)

Table 2 details the data used in Figure 2: Proportion of disclosures by public advice and guidance product for 2019–20 to 2022–23

Table 2: Proportion of disclosures by public advice and guidance product for 2019–20 to 2022–23

Year	PCG	Taxpayer Alert	Other
2020	1,776 (91.55%)	104 (5.36%)	60 (3.09%)
2021	2,245 (93.74%)	98 (4.09%)	52 (2.17%)
2022	3,711 (96.11%)	95 (2.46%)	55 (1.42%)
2023	4,093 (97.27%)	67 (1.59%)	48 (1.14%)

Table 3 details the data used in Figure 3: Disclosures by PCG related questions for 2019–20 to 2022–23.

Table 3: Disclosures by PCG related questions for 2019–20 to 2022–23

Question	2020	2021	2022	2023
7	5 (0.28%)	4 (0.18%)	5 (0.13%)	4 (0.10%)
9	286 (16.10%)	283 (12.61%)	307 (8.27%)	306 (7.48%)
14	1,027 (57.83%)	1,514 (67.44%)	1,874 (50.50%)	2,144 (52.38%)

22	78 (4.39%)	16 (0.71%)	14 (0.38%)	8 (0.20%)
23	93 (5.24%)	85 (3.79%)	101 (2.72%)	93 (2.27%)
24	287 (16.16%)	292 (13.01%)	317 (8.54%)	322 (7.87%)
27	0 (0%)	1 (0.04%)	5 (0.13%)	6 (0.15%)
37	0 (0%)	50 (2.23%)	73 (1.97%)	81 (1.98%)
39	0 (0%)	0 (0%)	1,015 (27.35%)	1,129 (27.58%)

Table 4 details the data used in Figure 4: Disclosures by taxpayer alert related questions for 2019–20 to 2022–23.

Table 4: Disclosures by taxpayer alert related questions for 2019–20 to 2022–23.

Question	2020	2021	2022	2023
3	7 (6.73%)	4 (4.08%)	6 (6.32%)	4 (5.97%)
10	12 (11.54%)	5 (5.10%)	4 (4.21%)	4 (5.97%)
11	6 (5.77%)	5 (5.10%)	5 (5.26%)	3 (4.48%)
12	10 (9.62%)	6 (6.12%)	4 (4.21%)	4 (5.97%)
13	18 (17.31%)	14 (14.29%)	12 (12.63%)	14 (20.90%)
17	12 (19.23%)	11 (11.22%)	10 (10.53%)	9 (13.43%)

18	20 (19.23%)	25 (25.51%)	28 (29.47%)	2 (2.99%)
25	19 (18.27%)	20 (20.41%)	18 (18.95%)	16 (23.88%)
26	0 (0%)	1 (1.02%)	1 (1.05%)	2 (1.49%)
32	0 (0%)	1 (1.02%)	1 (1.05%)	2 (2.99%)
34	0 (0%)	0 (0%)	0 (0%)	1 (1.49%)
35	0 (0%)	6 (6.12%)	6 (6.32%)	6 (8.96%)
41	0 (0%)	0 (0%)	0 (0%)	1 (1.49%)

Table 5 details the data used in Figure 5: Disclosures on other questions for 2019–20 to 2022–23.

Table 5: Disclosures on other questions for 2019–20 to 2022–23

Question	2020	2021	2022	2023
16	26 (43.33%)	15 (28.85%)	13 (23.64%)	10 (20.83%)
19	3 (5%)	8 (15.38%)	5 (9.09%)	3 (6.25%)
21	31 (51.67%)	29 (55.77%)	37 (67.27%)	28 (58.33%)
42	0 (0%)	0 (0%)	0 (0%)	7 (14.58%)

Table 6 details the data used in Figure 6: Disclosures on question 9 in 2022–23.

Table 6: Disclosures on question 9 in 2022–23

Hub	High risk	High risk - PCG not applied	Not disclosed	Medium risk
Marketing	4 (2.30%)	5 (2.87%)	2 (1.15%)	13 (7.47%)
Non-core procurement	0 (0%)	0 (0%)	0 (0%)	0 (0%)

Table 7 details the data used in Figure 7: Comparison of risk zone disclosures on marketing hubs in question 9 for 2019–20 to 2022–23.

Table 7: Comparison of risk zone disclosures on marketing question 9 for 2019–20 to 2022–23

Year	High risk	High risk - PCG not applied	Not disclosed	Medium risk	Low risk
2020	8 (6%)	0 (0%)	0 (0%)	11 (8%)	98 (72%)
2021	4 (3%)	5 (3%)	2 (1%)	11 (8%)	106 (73%)
2022	5 (3%)	6 (4%)	1 (1%)	10 (6%)	125 (77%)
2023	4 (2%)	5 (3%)	2 (1%)	13 (7%)	132 (76%)

Table 8 details the data used in Figure 8: Comparison of risk zone disclosures on non-core procurement hubs in question 9 for 2019–20 to 2022–23.

Table 8: Comparison of risk zone disclosures on non-core procurement hubs in question 9 for 2019–20 to 2022–23

Year	High risk	High risk - PCG not applied	Low risk	White zone
2020	77 (52%)	0 (0%)	71 (48%)	1 (1%)
2021	0 (0%)	58 (42%)	77 (56%)	2 (1%)
2022	0 (0%)	1 (1%)	87 (60%)	57 (39%)
2023	0 (0%)	0 (0%)	85 (64%)	47 (36%)

Table 9 details the data used in Figure 9: Disclosures on questions 14 and 23 for 2022–23.

Table 9: Disclosures on questions 14 and 23 for 2022–23

Risk	Schedule 1 - Related party debt funding	Schedule 2 - Related party derivative arrangements	Schedule 3 - Interest-free lands between related parties
High risk	193 (9.67%)	5 (5.37%)	18 (12.24%)
High risk - PCG not applied	39 (1.95%)	0 (0%)	8 (5.44%)
Not disclosed	14 (0.70%)	0 (0%)	0 (0%)
Medium risk	479 (23.99%)	12 (12.90%)	49 (33.33%)
Low risk	1,226 (61.39%)	75 (80.65%)	70 (47.62%)

White zone	46 (2.30%)	1 (1.08%)	2 (1.37%)
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Table 10 details the data used in Figure 10: Comparison of risk zone disclosures on related party financing arm's length conditions in question 14 for 2019–20 to 2022–23.

Table 10: Comparison of risk zone disclosures on related party financing arm's length conditions in question 14 for 2019–20 to 2022–23

Risk	2020	2021	2022	2023
High risk	205 (20%)	162 (11%)	183 (10%)	211 (10%)
High risk - PCG not applied	0 (0%)	26 (2%)	41 (2%)	47 (2%)
Not disclosed	9 (1%)	12 (1%)	7 (0%)	14 (1%)
Medium risk	289 (28%)	401 (26%)	512 (27%)	528 (25%)
Low risk	493 (48%)	879 (58%)	1,090 (58%)	1,296 (60%)
White zone	31 (3%)	34 (2%)	41 (2%)	48 (2%)

Table 11 details the data used in Figure 11: Comparison of risk zone disclosures on related party financing derivatives in question 23 for 2019–20 to 2022–23.

Table 11: Comparison of risk zone disclosures on related party financing derivatives in question 23 for 2019–20 to 2022–23

Risk	2020	2021	2022	2023
High risk	14 (15%)	11 (13%)	8 (8%)	5 (5%)

High risk - PCG not applied	0 (0%)	1 (1%)	0 (0%)	0 (0%)
Not disclosed	2 (2%)	1 (1%)	0 (0%)	0 (0%)
Medium risk	19 (20%)	19 (22%)	19 (19%)	12 (13%)
Low risk	56 (60%)	52 (61%)	73 (72%)	75 (81%)
White zone	2 (2%)	1 (1%)	1 (1%)	1 (1%)

Table 12 details the data used in Figure 12: Comparison of risk zone disclosures on hybrid arrangements in question 22, 2019–20 to 2022–23.

Table 12: Comparison of risk zone disclosures on hybrid arrangements in question 22, 2019–20 to 2022–23

Risk	2020	2021	2022	2023
Not disclosed	0 (0%)	0 (0%)	4 (29%)	2 (25%)
Not low risk	4 (5%)	0 (0%)	1 (7%)	0 (0%)
Low risk	74 (95%)	16 (100%)	9 (64%)	6 (75%)

Table 13 details the data used in Figure 13: Comparison of risk zone disclosures on hybrid arrangements in question 39 for 2021–22 and 2022–23.

Table 13: Comparison of risk zone disclosures on hybrid arrangements in question 39 for 2021–22 and 2022–23

Risk	2022	2023
Very high risk	3 (0.30%)	11 (0.97%)

High risk	2 (0.20%)	0 (0%)
Not disclosed	6 (0.59%)	10 (0.89%)
High risk - PCG not applied	183 (18.03%)	11 (0.97%)
Low-moderate risk	81 (7.98%)	160 (14.17%)
Low risk	738 (72.71%)	935 (82.82%)
White zone	2 (0.20%)	2 (0.18%)

Table 14 details the data used in Figure 14: Comparison of risk zone disclosures on inbound distribution arrangements in question 24, 2020–21 to 2022–23.

Table 14: Comparison of risk zone disclosures on inbound distribution arrangements in question 24, 2020–21 to 2022–23

Risk	2020	2021	2022	2023
High risk	84 (29%)	71 (24%)	65 (21%)	61 (19%)
High risk - PCG not applied	9 (3%)	44 (15%)	39 (12%)	0 (0%)
Not disclosed	6 (2%)	0 (0%)	4 (1%)	26 (8%)
Medium risk	91 (32%)	94 (32%)	105 (33%)	105 (33%)
Low risk	97 (34%)	83 (28%)	104 (33%)	118 (37%)
Not rated	0 (0%)	0 (0%)	0 (0%)	12 (4%)

Table 15 details the data used in Figure 15: Comparison of risk zone disclosures for question 37, 2020–21 to 2022–23.

Table 15: Comparison of risk zone disclosures for question 37, 2020–21 to 2022–23

Risk	2021	2022	2023
High risk	4 (8.00%)	3 (4.11%)	5 (6.17%)
High risk - PCG not applied	5 (10%)	2 (2.74%)	2 (2.47%)
Medium risk	29 (58%)	39 (53.42%)	47 (58.02%)
Low risk	7 (14%)	24 (32.88%)	24 (29.63%)
White zone	5 (10%)	5 (6.85%)	3 (3.70%)

QC 103018

Reviewing tax governance for large public and multinational businesses

Practical guidance on how we review and rate tax governance to assist large public and multinational businesses.

Last updated 3 April 2023

On this page

How we assess tax governance

Stage 1: demonstrating a tax control framework exists

Stage 2: demonstrating design effectiveness

Stage 3: demonstrating the framework is operating in practice

Red flag: not evidenced or significant concerns

Tax governance is a key focus area under the justified trust methodology for large public and multinational businesses. Demonstrating how your good tax governance is embedded in positions taken, disclosures in returns and tax calculations provides us with evidence we can rely upon which can reduce the intensity of enquiries.

We have developed practical guidance to assist large public and multinational businesses to understand how we rate tax governance in applying our justified trust methodology. This guidance is based on the Tax risk management and governance review guide (the Guide). We recommend you review the Guide for best practices, self-assessment procedures and detailed examples about what evidence can be provided.

See also:

- Justified trust
- Top 100 justified trust program
- Top 1000 Tax Performance Program

How we assess tax governance

In order to assess large public and multinational businesses' tax governance, we look for evidence that a tax control framework exists, focusing on the controls set out in the director's summary within the Guide. We use the following staged rating system:

- [Stage 1: tax control framework exists](#)
- [Stage 2: tax control framework is designed effectively](#)
- [Stage 3: tax control framework is working in practice](#)
- [Red flag: not evidenced or significant concerns](#)

Stage 1: demonstrating a tax control framework exists

You will reach stage 1 when you provide objective evidence that a tax control framework exists. This includes one or more of the following:

- board endorsed tax policy documentation describing how the organisation identifies and manages tax risk
- documented procedures for preparing returns, including income tax returns and Business Activity Statements
- a testing program to validate the operating effectiveness of the tax control framework.

We are unable to rely on slide presentations, draft policies or narrative descriptions of the tax control framework, as they do not represent source documentation. We look for evidence in the form of actual policies and procedures demonstrating the existence of a tax control framework.

Stage 2: demonstrating design effectiveness

When we have established a tax control framework exists, we then look for objective evidence that the framework is designed effectively.

We recommend you prepare a gap analysis by self-assessing the design of your framework against the Guide. If a gap exists, you should describe your compensating controls and document why particular aspects of the Guide may not be applicable to your circumstances. This may be due to a range of factors including size, complexity and history.

Stage 3: demonstrating the framework is operating in practice

This stage is the highest rating for tax governance, and we encourage all large public and multinational businesses to achieve this stage. Achieving stage 3 provides a strong foundation for our level of confidence and supports less intense future engagements.

To achieve this stage, you must be able to demonstrate that your tax control framework has not only been designed effectively, but is also operating as intended.

This stage can be evidenced by a **periodic tax controls testing program** as well as reports describing the outcomes of that testing. The program scope should include testing of the six controls as set out in the **director's summary**.

Evidence of the program could also include:

- reference to the tax internal controls testing program in the tax control framework
- an extract of the testing program for the next 3-5 years setting out the
 - scope of tax controls testing (controls and taxes reviewed)
 - details of who is conducting the review (extent of independence)
 - description of the testing methodology to be applied to gather evidence.

The report describing the outcomes of the testing should include an opinion on the operating effectiveness of the tax control framework and could also include a description of the:

- tax controls tested
- testing methodology
- sample sizes.

We look for the independent review and testing of tax controls, for example by internal or external auditors, that provide an independent level of assurance to the audit committee and the Board. Control owners (such as the tax or finance teams) testing their own controls do not provide the requisite degree of independence.

See also:

- Board level responsibilities

Red flag: not evidenced or significant concerns

A red flag may be assigned where you cannot provide evidence to demonstrate a tax control framework exists or if we have significant concerns with your tax risk management and governance. These

concerns may include your approach to tax compliance, for example, where there are significant errors your tax control framework is not detecting. We will let you know our concerns before we give you a red flag rating.

QC 56047

Entities with a substituted accounting period

How to apply for a substituted accounting period (SAP), how to lodge a return and what to consider when lodging early.

Last updated 3 March 2025

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Applying for a SAP

An entity's accounting period is ordinarily the 12-month period ending on 30 June.

You can seek leave from the Commissioner to adopt an alternative annual accounting period (known as a substituted accounting period or SAP).

Use the [Application for a substituted accounting period \(NAT 5087, PDF 1.7MB\)](#)  form to:

- apply for a SAP
- revert to a standard accounting period ending 30 June.

When you apply, you must provide:

- a reason for requesting a SAP
- supporting evidence.

Find out what supporting evidence you need to provide and why it's important to lodge as early as possible. For guidance on circumstances that warrant granting a SAP, see Law Administration Practice Statement PS LA 2007/21 *Substituted Accounting Periods*.

We accept retrospective or out-of-date applications in limited circumstances. See PS LA 2007/21 for details.

Lodging your income tax return with a SAP

If you've been granted leave to adopt a SAP, you must meet different lodgment requirements.

See Substituted Accounting Periods to find out:

- your lodgment date
- tax agent concessions
- more about how SAPs work.

Transitioning to a SAP

When you adopt a SAP, the end date of your accounting period changes. This usually results in a transitional period of more or less than 12 months. You must lodge an income tax return for the transitional period.

We will determine and notify you of your transitional period when we approve your SAP.

To better understand your transitional period, see [examples of transitional periods](#) for scenarios including:

- first time lodgers

- existing entities
- entities exiting consolidated groups.

When you've adopted a SAP, the new accounting period will involve either late or early balancing in relation to a 30 June year end. Whether you are late or early is determined when your application is approved.

For more on how and when an entity transitions to a SAP, see **PS LA 2007/21**.

What tax return form to use

Prepare your tax return on the form for the year in lieu of which the accounting period has been adopted. For example:

- if you adopted a SAP ending 31 December 2024 you're an early balancer
- your transitional period is in lieu of the following income year ending 30 June, being the year ended 30 June 2025
- this means you should prepare your tax return on the 2025 tax return form.

We try to release tax time stationery as early as possible. However, if the relevant form has not been produced by the date you wish to lodge, you must use the most recently available tax return form, whether lodging electronically or by paper.

If you are transitioning to a SAP, you must lodge a paper form if you are:

- not lodging the entity's first tax return
- lodging before we release next year's tax time stationery.

For more information, see **what tax return form to use** and **Example 5 – early December SAP**.

Franking period

Your transitional period will affect your **franking period**.

For a corporate tax entity that is not a private company, the franking period depends on the length of its income year. The franking period is

different for an early or late balancing corporate tax entity that has adopted a SAP.

Lodging additional information for early balancers

Tax return labels may change when new stationery is released.

If you're an early balancer and lodged using the most recent tax return form, you may need to lodge an amendment if [label changes](#) are relevant to your circumstances.

We expect to publish draft details of tax return label changes each year in December. Where further changes are required due to law changes not currently known or anticipated, we will update the tax return label changes and provide further advice.

Tax return label changes

To help early balancers, each year we provide information on label changes we expect in the new tax time stationery to be released at the end of May.

While tax returns can be lodged from 1 January, our processing for the new labels will not take place before our system is deployed in June 2025.

Company tax return 2025

In 2025, there are label changes to the company tax return, items 7, 28 and 29.

Label changes for item 7

Item 7 Reconciliation to taxable income or loss

Change	Label	Description
New	Y	Build to rent capital works deduction at 4%
Removed	J	Small business skills and training boost

Removed	K	Small business energy incentive
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Label Y Build to rent capital works deduction at 4%

Item **7** has been modified to include new label **Y** for 'Build to rent capital works deduction at 4%'.

From 1 January 2025, owners of eligible build to rent developments may make a choice for their development to access the tax incentives. The tax incentives include increasing the capital works tax deduction depreciation rate for active new build to rent developments from 2.5% to 4% per year.

For more information, see [Build to rent development tax incentives](#).

Label J Small business skills and training boost

Item **7** has been modified to remove label **J** for 'Small business skills and training boost'.

The small business skills and training boost ended on 30 June 2024.

As an early balancer, if you incurred eligible expenditure in your 2024–25 income year (up until 30 June 2024), you may be able to claim the bonus deduction in respect of this expenditure in your 2024–25 tax return.

Early balancers completing their 2024–25 tax return using the:

- 2024 form – claim the bonus deduction at item **7 Reconciliation to taxable income or loss** label **J Small business skills and training boost**.
- 2025 form – claim the bonus deduction at item **7 Reconciliation to taxable income or loss** label **X Other deductible expenses**.

For more information, see [Small business skills and training boost](#).

Label K Small business energy incentive

Item **7** has been modified to remove label **K** for 'Small business energy incentive'.

The small business energy incentive ended on 30 June 2024.

As an early balancer, if you incurred eligible expenditure in your 2024–25 income year (up until 30 June 2024), you may be able to claim the

bonus deduction in respect of this expenditure in your 2024–25 tax return.

Early balancers completing their 2024–25 tax returning using the:

- 2024 form - claim the bonus deduction at item **7 Reconciliation to taxable income or loss** label **K Small business energy incentive**.
- 2025 form - claim the bonus deduction at item **7 Reconciliation to taxable income or loss** label **X Other deductible expenses**.

For more information, see [Small business energy incentive](#).

Label changes for item 28

Label Z Did you have branch operations in Australia or overseas, or a direct or indirect interest in a foreign, trust, foreign company, controlled foreign entity or transferor trust?

Item **28** has been modified from 'Overseas interests' to 'Overseas interests and Australian branch operations'.

Label **Z** has been modified from 'Did you have overseas branch operations or a direct or indirect interest in a foreign trust, foreign company, controlled foreign entity or transfer trust' to 'Did you have branch operations in Australia or overseas, or a direct or indirect interest in a foreign, trust, foreign company, controlled foreign entity or transferor trust.'

This label change is to clarify that foreign resident entities that carry on Australian branch operations must tick yes to this label.

Label changes for item 29

Label O Were the thin capitalisation or debt deduction creation rules applicable to you?

Item **29** has been modified from 'Thin capitalisation' to 'Thin capitalisation and debt deduction creation'.

The thin capitalisation rules and the debt deduction creation rules (DDCR) may be applicable to companies. The International Dealings Schedule (IDS) requires additional reporting on both the thin capitalisation rules and the DDCR. As the DDCR apply for income years starting on or after 1 July 2024, for early balancers the IDS will only require disclosure of restructures in relation to the DDCR.

Accordingly, Label **O** has been modified from 'Did the thin capitalisation provisions affect you?' to 'Were the thin capitalisation or debt deduction creation rules applicable to you?'.

The following table identifies when the thin capitalisation rules and the DDCR are applicable.

Table: Thin capitalisation rules and debt deduction creation rules application

Entity type	Thin capitalisation rules applicable?	DDCR applicable?
General class investor	Yes	Yes
Outward investing financial entity (non-ADI)	Yes	Yes
Inward investing financial entity (non-ADI)	Yes	Yes
Outward investing entity (ADI)	Yes	No
Inward investing entity (ADI)	Yes	No

You must answer yes at question **29** – label **O** – **Were the thin capitalisation or debt deduction creation rules applicable to you?** if:

- the thin capitalisation rules or DDCR are applicable to you according to the table above
- your debt deductions, together with those of any associate entities, are more than \$2 million for the income year.

Early balancers completing their 2024–25 tax returning using the:

- 2024 form – answer this question at item **29 Thin capitalisation**. If you answer yes, you must complete and attach an **International**

dealings schedule 2024 to the Company tax return.

- 2025 form – answer this question at item **29 Thin capitalisation and debt deduction creation**. If you answer yes, you must complete and attach an **International dealings schedule 2025** to the Company tax return.

For more information, see:

- Debt deduction creation rules and Division 7A
- Practical Compliance Guideline PCG 2024/D3 Restructures and the new thin capitalisation and debt deduction creation rules.

Reportable tax position schedule 2025

The *Reportable tax position schedule 2025* updates will be published early in 2025. Prior to publishing, taxpayers should refer to the *Reportable tax position schedule 2024* for lodgment.

Tax return instructions for SAPs

You should consider if the Reportable tax position schedule applies.

QC 71072

Supplementary annual GST return

A return for public and multinational businesses that have had a GST assurance review.

Published 3 October 2024

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About the return

We're working to better tailor our engagement with taxpayers under our Top 100 and Top 1,000 Justified Trust programs for GST. To facilitate this, we're introducing the Supplementary annual GST return for those large businesses that have had a GST assurance review.

The information provided in the annual return will enable more targeted and less resource intensive justified trust reviews for many taxpayers. The return is simple to complete and targeted at understanding key governance and GST changes during the year. Taxpayers who have achieved high levels of assurance are expected to benefit most as they've already adopted best practice governance and systems practices.

We're introducing the return for the 2024–25 financial year, for those taxpayers who received a GST assurance report on or before 30 June 2024 with a GST assurance rating. We'll notify you directly if you're required to lodge the return.

As part of a pilot program to support the implementation of the new return, we'll initially ask a small number of Top 100 and Top 1,000 taxpayers to respond to the return questions as part of their assurance reviews. This pilot will focus on the clarity and functionality of the questions.

The return covers:

- how you've actioned recommendations, areas of low assurance or red flags outlined by us in your most recent GST assurance review (including subsequent interactions with us)

- whether you've maintained or increased your level of GST governance and if you've had any material business or systems changes that impact your GST control framework since your last GST assurance review
- the reconciliation between your audited financial statements and your annualised business activity statements
- whether you've taken any material uncertain GST positions in the period
- whether you've identified any material GST errors in the period and how these have been rectified, and whether you claimed any material amounts of credits in the period that were referable to earlier periods.

You should keep objective evidence to support your responses in the return.

Who is required to lodge

Public and multinational businesses that have received a GST assurance rating through a Top 100 or Top 1,000 assurance review are required to lodge a Supplementary annual GST return.

You'll be required to lodge a Supplementary annual GST return for the 2024–25 financial year if you received one of the following on or before 30 June 2024:

- Top 100 GST Assurance Report
- Top 1,000 Combined Assurance Review report with a GST assurance rating
- Top 1,000 GST Streamlined Assurance Review.

If you haven't yet received a GST assurance rating, you're not required to lodge a Supplementary annual GST return.

You'll need to complete a Supplementary annual GST return starting from the financial year following the financial year you received your GST assurance report.

For example, if you received your first GST assurance rating in a Top 1,000 Combined Assurance Review report issued after 30 June 2024, but before 30 June 2025, you'll need to complete a

Supplementary annual GST return for the 2025–26 financial year onwards.

Example 1: GST assurance rating received in September 2024

Titmus Forestry received an initial Top 100 GST Assurance Report in September 2024, with its first GST assurance rating. Titmus Forestry is an early December balancer.

As Titmus Forestry received the report prior to 30 June 2025, it will need to complete a Supplementary annual GST return for the 2025-26 financial year onwards (that is, for the period 1 January to 31 December 2025).

When the return is due

Taxpayers who received a GST assurance review report on or before 30 June 2024 will need to lodge a return annually from the 2024–25 financial year, according to the due dates shown in table 1.

Table 1: Due dates for the 2024–25 financial years

Financial year end	Due date
December 2024	21 August 2025
January, February, March 2025	21 November 2025
April, May, June 2025	21 February 2026
July, August, September 2025	21 May 2026
October, November 2025	21 August 2026

The Supplementary annual GST return is a further return that we require certain taxpayers to lodge under Division 31 of the GST Act. If you need to lodge, you'll receive a notice under this provision requiring you to lodge the return by the specified due date.

Division 31 enables us to require taxpayers to lodge a fuller or further GST return for a tax period or a specified period. It enables us to require information to be provided relating to the tax period to which the return relates, or one or more preceding tax periods, or to both.

The Supplementary annual GST return is a further return with a due date that aligns with an existing activity statement due at least 7 months after the end of the financial year.

For instance, for June balancers, the 2024–25 Supplementary annual GST return will be an additional return for the January 2026 period, due by 21 February 2026. The return will require information to be provided about the period 1 July 2024 to 30 June 2025.

The further return does not replace any other GST return for the relevant period and won't impact the due dates for any activity statements, nor the 4-year entitlement period to input tax credits under Division 93 of the GST Act.

Penalties can apply if you fail to lodge the return on time.

How we use the information you provide

The information provided in the return will help us:

- assess the extent to which we have confidence that GST has been correctly reported
- determine the level of ongoing investment in GST governance.

We'll also use the information provided to identify and monitor GST risks, and differentiate our approach where we do identify specific issues that require further engagement with you.

Taxpayers in the Top 100 program

We complete an initial Top 100 GST assurance review (initial review) for each Top 100 taxpayer and continue annual reviews until overall high or medium assurance is attained.

Once a taxpayer has attained an overall medium or high level of assurance in a Top 100 GST assurance review, they can expect **tailored engagement**. We review on a periodic basis at least once every 4 years, taking a monitoring stance during the intervening 3-year period. We may conduct targeted assurance activities during this time.

We use the information you provide under the Supplementary annual GST return for Top 100 taxpayers to:

- monitor your GST disclosures and outcomes in the intervening 3 years
- inform the scope and intensity of our GST assurance reviews, including refresh reviews.

The return also provides information for the refresh review period that is relevant to each of the 4 focus areas under Justified Trust. We'll use this information, in conjunction with what we obtained under our earlier assurance review and what has since been disclosed in real time, to target our focus on the key areas where we need to refresh our assurance base.

Our **Top 100 Pre-lodgment Disclosures Framework** sets out our existing expectations for real-time disclosures by Top 100 taxpayers. If you disclose something in real time that needs to be included in your Supplementary annual GST return, you can provide a brief explanation in the return and refer to the date of the prior disclosure for further context.

Example 2: taxpayer in the Top 100 program

Layoun Minerals is a Top 100 taxpayer that has had a GST assurance review and received an overall high assurance rating and a stage 2 governance rating. There were no areas of low assurance or red flags in the assurance report.

Our assurance report recommended that Layoun Minerals:

- create a procedure document in relation to issuing Recipient Created Tax Invoices
- implement a documented procedure to undertake the GST analytical tool (GAT) or similar reconciliation on an annual basis to understand variances between their financial statements and GST reporting.

Layoun Minerals has actively implemented our recommendations. They also make real-time disclosures when applicable in accordance with the **Top 100 Pre-lodgment Disclosures Framework**.

When completing the Supplementary annual GST return for the 2024–25 financial year, Layoun Minerals' provides the following responses:

- Section B - there were no outstanding actions in relation to recommendations or areas of low assurance or red flags from its most recent GST assurance review (including subsequent ATO interactions) as it has implemented
 - a procedure document for Recipient Created Tax Invoices
 - a documented process to undertake the GAT annually
- Section C - during the period the return covers, it considers it meets the criteria to maintain or increase the GST governance rating given in the most recent GST assurance review. In considering its GST control framework, it considers it has either maintained its Stage 2 or increased to a Stage 3 governance rating, based on the criteria set out in our **GST governance, data testing and transaction testing guide**. There have not been any material business changes or material systems changes that impact its GST control framework since the earlier assurance review.
- Section D - it had completed the GAT for the period the return covers, with the effective net GST rate calculated for the period the return covers of 10.2% and considers that unreconciled amounts can be explained.
- Section E - it did not take any material uncertain GST positions in the period the return covers.
- Section F - during the period the return covers, it has not identified any material GST reporting errors or claimed material input tax credit amounts referable to earlier periods.

Layoun Minerals retains objective evidence to support its responses.

Layoun Minerals has a refresh GST assurance review of the 2024–25 financial year.

We take a tailored approach in determining the scope and intensity of the refresh review, leveraging off the existing information, evidence and knowledge from our earlier assurance review, in combination with the information provided in Layoun

Minerals' Supplementary annual GST return relevant to the refresh period and any real-time disclosures. The information indicates that Layoun Minerals has maintained a high level of GST compliance and governance, enabling us to reduce the scope and intensity of the refresh review.

Layoun Minerals has already completed the GAT and can readily provide the objective evidence used to support its calculations.

When considering all the relevant information, including the Supplementary annual GST return, we determine that there will be no requirement to conduct comprehensive data testing in the refresh review.

Taxpayers in the Top 1,000 program

Under our differentiated approach to Combined Assurance Reviews, we'll assess the responses to the returns to determine the level of intensity for your next GST assurance review. This may result in a less intensive GST assurance review or we may decide a GST assurance review is not required, where:

- you have obtained an overall medium or high assurance rating for GST and a stage 2 or 3 GST governance rating in your most recent assurance review, with no unresolved ATO or client next actions
- the information you provide in the return enables us to maintain confidence that your investment in GST governance is maintained and that GST is correctly reported.

Taxpayers who obtained an overall low GST assurance rating or a stage 1 GST governance rating will be subject to a GST assurance review when selected under our Combined Assurance Review program.

Example 3: taxpayer in the Top 1,000 program

Timlin Manufacturing is a Top 1,000 taxpayer that has had a Combined Assurance Review and received an overall high GST assurance rating and a stage 2 GST governance rating. There were no areas of low assurance or red flags in the assurance report.

Our assurance report recommended that the taxpayer:

- document a process to periodically review whether it exceeds the financial acquisitions threshold
- implement a documented procedure to undertake the GST analytical tool or similar reconciliation on an annual basis to understand variances between their financial statements and GST reporting.

Timlin Manufacturing has actively implemented our recommendations from its assurance review.

When completing the Supplementary annual GST return for the 2024–25 financial year, Timlin Manufacturing's responses were:

- Section B - there are no outstanding actions in relation to recommendations or areas of low assurance or red flags relating to its most recent GST assurance review (including subsequent ATO interactions). Timlin Manufacturing has implemented documented procedures to undertake the GST Analytical Tool (GAT) on an annual basis and has introduced documented processes to regularly review whether the financial acquisitions threshold has been breached.
- Section C - it considers it meets the criteria to maintain the GST governance rating obtained in the most recent GST assurance review. That is, a stage 2, based on the criteria set out in our **GST governance, data testing and transaction testing guide**.
- Section D - it has completed the GAT with the effective net GST rate calculated for the period the return covers of 9.8% and considers that all variances can be explained.
- Section E - it has not taken any material uncertain GST positions in the period the return covers.
- Section F - it has not identified any material GST reporting errors or claimed material input tax credit amounts referable to earlier periods.

Timlin Manufacturing retains objective evidence to support the responses.

Based on the information provided in the return, we were able to assess Timlin Manufacturing's GST compliance position and determine that it has actioned our recommendations and the


responses provided us with confidence that the level of investment in GST compliance has been maintained.

If Timlin Manufacturing is selected for a Combined Assurance Review in the 2024–25 financial year, we would expect to either:

- not undertake the GST component of the Combined Assurance review
- apply the differentiated tailored approach to undertake the CAR. That is, tailor the approach for GST to focus on any changes since the previous review, for example new products or services, changes to business operations, M&A activity, systems changes, testing of tax controls.

Completing and lodging the return


To get a copy of the return, see [Supplementary annual GST return 2025](#). You can also read [instructions for completing the return](#).

Email the completed Supplementary annual GST return to SAGR@ato.gov.au .

If additional lodgment methods are available, we'll let you know when we issue your notice to lodge.

You should have objective evidence to support your responses in the return. However, you do not need to provide any documentation when lodging your return. We may ask you for supporting evidence later.

More information

If you have any questions about the Supplementary annual GST return, you can email us at SAGR@ato.gov.au .

QC 103044

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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