



Country-by-country reporting guidance

Guidance on country-by-country reporting in Australia.

Last updated 29 November 2024

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Country-by-country (CBC) reporting is part of a broader suite of international measures aimed to combat tax avoidance.

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Country-by-country Local file reporting changes from 1 January 2025.

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What is country-by-country reporting

Country-by-country (CBC) reporting is part of a broader suite of international measures aimed to combat tax avoidance.

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Subdivision 815-E of the Income Tax Assessment Act 1997 represents Australia's CBC reporting regime and implements the recommendations of the 2015 [final report of Action 13](#)  of the Organisation for Economic Co-operation and Development (OECD)/G20 base erosion and profit shifting (BEPS) project.

CBC reporting incorporates revised standards for:

- transfer pricing documentation
- common template for certain entities to report income
- other measures of economic activity for each country in which they conduct their activities.

The measure balances the need to enhance transparency for these entities, with the cost of providing information to tax authorities for the purposes of assessing transfer pricing and other BEPS-related risks.

Determining whether you have CBC reporting obligations in relation to your income year turns on either your SGE or CBC reporting entity status for a previous period. This will depend on the start date of your income year. The rules apply as follows.

- For income years starting **on or after 1 January 2016** but **prior to 1 July 2019**, CBC reporting applies to entities that were a significant global entity (SGE) for the whole or a part of the previous income year (see **Significant global entities – prior to 1 July 2019**).
- For income years **starting on or after 1 July 2019**, CBC reporting applies to entities that were a **CBC reporting entity** for the whole or a part of the previous income year.

If you were the relevant entity type for the whole or a part of the previous income year and you have a specified connection to Australia, you will be required to provide us with 3 statements required by Australia's domestic CBC reporting regime. They will need to be submitted within 12 months after the end of your income tax year.

These 3 statements are:

- CBC report
- master file
- local file.

The statements disclose information that is relevant to your transfer pricing and BEPS-related risk profile. These include your global and local operations and activities, transfer pricing policies, international related party dealings, revenues, profits, and taxes paid.

In most cases, the CBC report will be filed in the jurisdiction of a multinational group's CBC reporting parent and automatically exchanged with tax authorities in other jurisdictions in which the group operates.

Australia is one of several countries that have signed a CBC reporting multilateral competent authority agreement (MCAA) (see [Multilateral competent authority agreement on the exchange of country-by-country reports \(PDF 406KB\)](#)  and [Signatories of the MCAA \(PDF 214KB\)](#)  ). The MCAA facilitates the automatic exchange of CBC reports between tax authorities in participating jurisdictions. There may also be additional jurisdictions where an agreement to exchange CBC reports has been implemented bilaterally outside of the MCAA.

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Our guidance

The types of statements required for CBC reporting.

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This guidance outlines our administrative practice on CBC reporting to assist you in understanding and meeting your obligations under Subdivision 815-E of the ITAA 1997.

The 3 types of statements required under the CBC reporting regime as represented in Annexes I, II and III to Chapter V of the final report, correspond to:

- master file
- local file
- CBC report.

We have approved forms for each of these statements.

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CBC reporting obligations

Understand the circumstances under which you have CBC reporting obligations.

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You will have CBC reporting obligations for an income year if:

- you (including a trust or partnership) were a CBC reporting entity for the whole or a part of the previous income year
- during the income year, you were an Australian resident entity or a foreign entity with a permanent establishment (PE) in Australia
- you are not exempt from providing any CBC reporting statements.

If you are a foreign partnership or foreign hybrid treated as a partnership conducting activities through a permanent establishment in Australia, you have CBC reporting obligations if you were a CBC reporting entity in the preceding year.

You will be a CBC reporting entity for an income year if you are any of the following:

- a CBC reporting parent
- a member of a group of entities consolidated for accounting purposes where another entity of the group is a CBC reporting

parent

- a member of a notional listed company group where another entity of the group is a CBC reporting parent.

You will meet your CBC reporting obligations if you lodge your statements within 12 months after the end of the income year to which the statements relate.

If the due date for lodgment falls on a day that is not a business day, you can lodge on the next business day.


SAP transitional period – less or greater than 12 months

An 'income year' for CBC reporting purposes must be a 12-month period. Generally, if you have a transitional period that is less or greater than 12 months because we have approved a substituted accounting period (SAP) and changed your income tax accounting period, the SAP transitional period is not an income year. This is because the SAP transitional period is not a 12-month period.

A SAP transitional period of less than 12 months can arise, for example where we have approved a SAP from a year ending 30 June 2022 to a year ending 31 December 2022. This results in a SAP transitional period of 6 months.

A SAP transitional period of greater than 12 months can also arise, for example where we have approved a change for an 'early balancer' with a year ending 31 December 2020 to a year ending 31 March 2022. This results in a SAP transitional period of 15 months. SAP transitional periods of different lengths can also apply depending on your new SAP balance date that is adopted (see **Law Administration Practice Statement PS LA 2007/21**).

As a SAP transitional period is not a 12-month period, it is not considered to be an income year under Subdivision 815-E for CBC reporting purposes. Subdivision 815-E will not require CBC reporting for the SAP transitional period.

However in the interests of transparency, and [consistent with OECD guidance](#) , we request that you still lodge your CBC report, master file and local file for the SAP transitional period.

Your CBC reporting entity status before a SAP transitional period is relevant in determining future CBC reporting obligations. If you were a CBC reporting entity for the income year prior to your SAP transitional period, then you will have CBC reporting obligations for your new substituted accounting period. These CBC reporting statements must be lodged within 12 months after the end of your new substituted accounting period.

Example: acquired entity with a change in SAP to align with the acquiring group

X Co, an Australian resident company, is acquired by Foreign Group Y (with its ultimate parent entity being Foreign Co Y) and is approved for a change to its income tax accounting period to align with the same accounting period as its new parent. This results in a SAP transitional period that is not a 12-month period. X Co will not have CBC reporting requirements for the SAP transitional period. In the interests of transparency, and consistent with OECD guidance, X Co voluntarily lodges a CBC report, master file and local for the SAP transitional period.

Newly created entity with a SAP – first income year

If you are a newly created entity and you are granted a SAP for your first tax return, the first period is an income year.

A newly created entity will not have CBC reporting obligations for the year it comes into existence. It will not have been a CBC reporting entity in the preceding income year as it did not exist in the preceding year.

New permanent establishment

A foreign entity will have CBC reporting obligations for the income year in which it first operated at or through a permanent establishment in Australia if the foreign entity was a CBC reporting entity for the whole or part of the preceding income year.

Accounting and tax consolidated groups


If you are a member of a group of entities consolidated for accounting purposes and more than one member of the group has a CBC

reporting obligation for the income year, you or another member of the group may file the CBC report and master file on behalf of all the members of that group. However, each entity required to lodge a tax return is required to individually file a local file.

A head company of a tax consolidated group or multiple entry consolidated (MEC) group filing a local file will need to include all the required subsidiary member information for the relevant periods of their membership of the tax consolidated group or MEC group during the income year. If you lodge the local file as the head company of a tax consolidated group or MEC group, you will meet the obligations of your subsidiary members for the period of their membership of the group. Similarly, if you lodge a master file or CBC report as the head company of a tax consolidated group or MEC group, you will meet the obligations of your subsidiary members for the period of their membership of the group.

If you join or leave a tax consolidated group or MEC group during an income year, you may have an obligation to lodge a tax return for any period that you were not a member of that group or another group. This is sometimes called a 'stub return'. While the tax return will only reflect matters relevant to the period that you were not a subsidiary member of any tax consolidated group or MEC group, it is nevertheless a tax return for the income year in which the period occurred. If you were a CBC reporting entity for the whole or a part of the previous income year, you must lodge a local file, master file and CBC report for the current income year. The local file needs to include information in relation to you for the period that you were not a subsidiary member of any tax consolidated group or MEC group.

Takeovers, mergers, demergers and other restructures

A restructure during an income year of a group consolidated for accounting purposes may present difficulties in preparing or obtaining a CBC report or master file. The OECD has published guidance on the effect of some restructures on the filing and content of CBC reports – see (section VI) of [Guidance on the implementation of country-by-country reporting](#) . If you have had a restructure during a CBC reporting year that is like a scenario described in the OECD guidance, you may look to the principles described in that OECD guidance in determining your obligation to file a CBC report. You may take the

same approach in determining any obligation to file a master file and if so, the scope of the group reflected in the master file.

To supplement the OECD guidance, we provide the following advice on some specific scenarios.

If you have CBC reporting obligations because of your membership of a consolidated accounting group in the preceding year, but you left that group during the CBC reporting year due to demerger or being acquired by new owners, we recognise that the former group may not provide access to a CBC report, a master file or the information required to prepare such statements. Our approach to this situation depends on whether you continue to have CBC reporting entity status after leaving the former group.

If you will continue to have CBC reporting entity status after leaving the former group, we will accept that any obligation you have to lodge a CBC report or master file may be satisfied by you (or another entity on your behalf) lodging a CBC report and master file reflecting the new group that includes you.

If you will not be a CBC reporting entity after the restructure we will, on request, provide an exemption from lodging a CBC report or master file. See the section on **exemptions**.

Local file obligations are generally not affected by restructures. An entity that was a CBC reporting entity in the prior year will have an obligation to lodge a local file for the reporting year. The content of the local file will reflect the nature of transactions during the income year including whether other parties were related parties at the relevant time.

If you are in doubt or are having difficulties, email us at CBCreporting@ato.gov.au

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Exemptions and administrative relief – from 1 January 2025

When you may be eligible for an exemption from some CBC reporting obligations under Subdivision 815-E of the ITAA

1997.

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Overview

CBC reporting exemption requests

The following approach applies to all Country-by-Country (CBC) reporting exemption requests received from 1 January 2025. There is generally no administrative relief available for the local file with respect to reporting periods starting on or after 1 January 2024.

In specific circumstances you may be eligible for an exemption from lodging one or more of your CBC reporting statements. We generally consider granting exemptions in 3 defined circumstances but may grant an exemption in exceptional cases, taking into account matters relevant to the Commissioner's exercise of the exemptions power.

In some circumstances, you may be eligible for administrative relief without the need to request an exemption. If you qualify, we will apply

the relief to you using the information you have lodged or will lodge with us.

For more information about circumstances where administrative relief is available, see [Administrative relief – CBC report](#) to [National Tax Equivalent Regime](#).

The representations made in all exemption requests must be factually correct. You are required to:

- articulate how you meet the circumstances of the exemption category for which you are applying and set out all the relevant facts or circumstances
- reference the relevant source materials to support your analysis and conclusions and provide this source material in your exemption application
- articulate and provide source documents in support as to the entity that is the ultimate parent entity or CBC reporting parent of the CBC reporting group in your application.

If you request an exemption, you must ensure that any representations of your facts and circumstances are consistent with the disclosures in the associated tax returns and financial statements prior to lodging the exemption application. We may ask for further substantiating materials to support the points made in the exemption request or that is otherwise relevant to determine the exemption request. We will apply an evidence-based approach in reviewing and approving requests.

The approach outlined on this page does not disturb any exemptions that have been granted historically or in relation to requests made prior to 1 January 2025. If you have previously been granted an exemption, that exemption stands, unless you have breached a condition of that exemption.

Exemptions

Exemptions for CBC reporting statements are available in 3 prescribed circumstances. You can request an exemption by outlining how your circumstances align with those described in the exemption categories below and provide the relevant substantiating evidence.

Following scrutiny of the evidence, which may include a certain level of engagement with you and an examination of your lodgment records,

we will provide an outcome to your exemption request by email reply. Exemption requests that are not supported by adequate evidence or that are not lodged in accordance with this exemptions framework are likely to be declined.

Available exemption categories

Exemption category	Exemption available
1. You are an Australian CBC reporting parent, or a member of a group consolidated for accounting purposes with an Australian CBC reporting parent, where the group has no foreign operations. No foreign operations means no constituent entity or permanent establishment outside Australia.	CBC report
2. The annual global income of your foreign CBC reporting parent is A\$1 billion or more but falls below the CBC reporting foreign currency threshold in the jurisdiction of the foreign CBC reporting parent.	CBC report
3. You were a CBC reporting entity in the preceding year due to your membership of a group of entities but left that group during the CBC reporting year due to a demerger or sale to a third party and will not be a CBC reporting entity under your new structure for the foreseeable future.	CBC report and master file

Other exemptions for the CBC report, master file and local file may be available in exceptional circumstances after a review of the facts and circumstances and consideration of the evidence.

In principle, these exemptions will be limited to circumstances:

- that are not covered by exemptions 1–3, outlined above
- where granting an exemption is necessary to ensure conformity with the OECD Action 13 recommendations.


If your circumstances are exceptional and you wish to apply for an exemption, you must provide in your request evidence that substantiates your claims alongside citations of the relevant sections of the OECD BEPS Action 13 report. An absence of international related party dealings or internal dealings will not be sufficient for either a local file or master file exemption to be granted. These exemptions will be granted in very limited circumstances and the overarching expectation is that the master file and local file will be lodged.

Lodging an exemption request


An exemption request should set out the facts and circumstances relevant to your CBC reporting obligations and include the following information:

- The names and TFNs or ABNs of the entity or entities for which an exemption is sought, noting that all Australian CBC group members should be identified.
- The name of the CBC reporting parent, its TIN (if applicable) and the country in which it is a tax resident.
- The reporting periods for which an exemption is sought, noting that exemptions will be granted for a period of one year predominantly and the exemption request should be made after the tax return has been lodged for the associated income year and financial statements are available.
- The exemption category for which an exemption is sought, outlining how the scenario applies to your facts and circumstances.
- The CBC reporting statements for which an exemption is sought (that is, CBC report or CBC report and master file).
- Supporting documentation for the exemption, including the global financial statements (which must be in English, or translated into English) for the prior period and the reporting period. These should be the full and complete versions of the documents including the notes and not an extract or a summary. All source documents relied upon to determine eligibility for the exemption and the ultimate parent entity or CBC reporting parent should also be provided.
- If you are not listed as the authorised representative of the relevant entity, you will need to demonstrate that you are authorised by the


entity to request an exemption on its behalf prior to submitting an application. For more information, see **Primary contact and authorised contacts**.

You should send your exemption requests by email to CBCreporting@ato.gov.au . We will aim to decide your exemption request within 28 days of receiving all relevant information from you.


Changes in circumstances

If your circumstances change or there is relevant information not provided in your request (for example, your CBC reporting group has foreign operations that were not disclosed), your exemption will cease to apply. You should notify us immediately of any changes to the facts and circumstances outlined in your exemption request by emailing CBCreporting@ato.gov.au .

Review rights

If you are dissatisfied with our exemption decision, you can seek to have it reconsidered by emailing CBCreporting@ato.gov.au .

A CBC reporting exemption decision is not a 'reviewable objection decision'. This means you do not have the right to lodge an objection with us or have the decision reviewed by the Administrative Appeals Tribunal.

You may apply for a review by the Federal Court under the *Administrative Decisions (Judicial Review) Act 1977*. Any applications to the [Federal Court](#)  will need to be lodged within 28 days of the date of the decision issued to you.

Administrative relief – CBC report

There are 2 scenarios where you may qualify for administrative relief from filing a CBC report. These concessions are designed to align domestic CBC report filing obligations with the OECD model.

We will not seek the CBC report from you if your CBC reporting parent is resident for tax purposes in a foreign jurisdiction and one or more of the following applies:

- your CBC reporting parent is under an obligation to file a CBC report in their jurisdiction of tax residence and Australia has an active CBC exchange agreement with that jurisdiction
- your CBC reporting parent or another entity in your global accounting group (a 'surrogate parent entity') voluntarily files a CBC report in its jurisdiction of tax residence for exchange under an active CBC exchange agreement with Australia.

If you are relying on a filing by a surrogate parent entity you should confirm with that entity that it has filed in that capacity.

When you provide your local file or master file, you may provide the name of your CBC reporting parent and the jurisdiction in which they are a tax resident. You will be able to state whether that entity or another entity in the accounting group has lodged (or will lodge) a CBC report on your behalf. You will also indicate their jurisdiction of tax residence. This information is taken as notification of your intention to use the administrative relief described in this section.

Administrative relief – local file

There is generally no administrative relief available for the local file with respect to reporting periods starting on or after 1 January 2024.

The only exceptions to this rule are those outlined in the sections below:

- [Tax exempt entities under Division 50](#)
- [National Tax Equivalent Regime](#).

Administrative relief for the local file may be available for reporting periods commencing before 1 January 2024 where:

- you are an Australian resident company that was a CBC reporting entity for the whole or a part of the previous income year
- you declare in your tax return that you have no transactions or dealings with international related parties for the reporting year by answering 'no' at question **26**.

Tax exempt entities under Division 50

If you are a CBC reporting entity and a tax-exempt entity under Division 50 of the ITAA 1997 (a 'Division 50 entity'), we will not seek CBC reporting statements from you. This relief applies automatically, no separate exemption request is required.

This relief also applies to you if you are a taxable entity that is a wholly owned subsidiary of a Division 50 entity. You will need to identify the Division 50 entity in your tax return as your ultimate holding company (UHC) to access this relief.

There is one exception to this concession. If you are the CBC reporting parent and you have a foreign constituent entity or foreign permanent establishment, you will need to lodge a CBC report. We will not, however, require that you lodge a master file or local file.

National Tax Equivalent Regime

If you are a CBC reporting entity and a **National Tax Equivalent Regime** (NTER) entity, or a wholly owned subsidiary of such an NTER entity, you will generally not be required to lodge CBC reporting statements. We will apply this treatment automatically.

There is one exception to this concession. If you are the CBC reporting parent entity and you have a foreign constituent entity or foreign permanent establishment, you will need to lodge a CBC report. A master file or local file will not be required.


Ceasing operations or winding up

If an entity with a foreign CBC reporting parent was a CBC reporting entity for the whole or a part of the previous income year and it is wound up in the current income year, or if the Australian presence was a PE and it ceased to be a PE during the current income year, a final tax return for the period of its existence may still be required. While this final return would reflect activities for a period less than 12 months the tax return is nevertheless for a full income year and CBC reporting statements are still required for that income year.

The winding up of an entity or cessation of an Australian presence will not, on its own, be considered grounds for a CBC reporting exemption. CBC reporting statements will not be required for income years after an entity has been wound up or, in the case of a foreign resident

operating through a PE, for income years after an entity ceased to operate in Australia.

Difficulties in accessing information

We expect foreign parent entities to support local entities to meet all of their local legal requirements, including their tax and associated reporting obligations. If you experience genuine difficulties in obtaining information or reports from your CBC reporting parent or another entity in your multinational enterprise group, such that you will have difficulties meeting your CBC reporting lodgment obligations, you can outline your circumstances to us by emailing CBCreporting@ato.gov.au .

In doing so, you will need to fully describe the difficulties you're encountering in accessing the information. We will consider how you can best meet your obligations, including whether your circumstances support an extension of time to lodge a CBC reporting statement.

Exemptions and administrative relief prior 31 December 2024



In some circumstances you may qualify for an exemption from some or all of your CBC reporting obligations.

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Exemptions and administrative relief – prior to 31 December 2024

In some circumstances you may qualify for an exemption from some or all of your CBC reporting obligations.

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CBC reporting exemption requests

The following approach applies to Country by Country (CBC) reporting exemption requests received up to 31 December 2024. The local file administrative relief outlined in this section for Australian resident companies does not apply to local files with respect to reporting periods starting on or after 1 January 2024.

Applying for an exemption

We provide exemptions in 3 ways:

- administrative relief, without the need to request an exemption
- fast-track exemption
- exemption on formal request.

The circumstances where administrative relief is available are described in the sections [Administrative relief – CBC report](#) to [Dormant entities](#) of this guidance. If you qualify, we will apply the relief to you using the information you have lodged or will lodge with us.

A fast-track exemption is available if you meet specified conditions and you send an email to CBCreporting@ato.gov.au confirming that

you meet those conditions. We will acknowledge your exemption by email reply.

Alternatively, if your circumstances do not qualify for administrative relief or a fast-track exemption, you may lodge a formal exemption request setting out your grounds for believing that an exemption is warranted. You or your authorised representative may request an exemption from some or all of your obligations by emailing your request to CBCreporting@ato.gov.au.

If you are not the authorised representative of an entity with a CBC reporting lodgment obligation, you will need to provide a letter of authority from the entity to request an exemption on its behalf.

A request for exemption should set out the facts and circumstances relevant to your CBC reporting obligations, including:

- the statements from which you seek exemption (that is, one or more of the CBC report, master file and local file)
- the reporting periods for which you seek exemption
- the names and TFNs or ABNs of the entity or entities for which you seek an exemption
- the name of your CBC reporting parent and the country in which it is a tax resident
- your reasons for seeking an exemption.

If you are the head company of a tax consolidated or MEC group, your request will be taken to cover the tax consolidated or MEC group. If you are requesting an exemption on behalf of entities outside the tax consolidated or MEC group (entities that are members of the same group of entities consolidated for accounting purposes), you should identify those entities in your request. You must have authorisation to act on their behalf.

Note: If you self-assess, it must be factually based. We recommend you:

- document how you met the exemption criteria
- reference the relevant source materials to support your analysis and conclusions.

If you request a formal or fast-track exemption, ensure that your representations of facts and circumstances are consistent with the disclosures in the associated tax returns and financial

statements. We may ask for substantiating materials to support the points made in the exemption request. We will apply an evidence-based approach in reviewing and approving requests.

Fast-track exemption


Fast-track exemptions for one or more CBC statements are available in certain scenarios. You can self-assess your eligibility and advise us by email that you meet the conditions required for the exemption.

The following table lists the fast-track exemption scenarios

Type of scenario	Exemption available	Exemption period
1. You are an Australian CBC reporting parent, or a member of a group consolidated for accounting purposes with an Australian CBC reporting parent, where the group has no foreign operations. No foreign operations means no constituent entity or permanent establishment outside Australia.	CBC report and master file	Up to 3 years
2. Scenario 1 above, with the additional fact that you have no international related party dealings.	Local file	Up to 3 years
3. The annual global income of your foreign CBC reporting parent is A\$1 billion or more but falls below the CBC reporting foreign currency threshold	CBC report	One year

in the jurisdiction of the foreign CBC reporting parent.		
4. Scenario 3 above, with the additional fact that Australia is the only jurisdiction in which the global accounting group has an obligation to lodge a master file.	Master file	One year
5. You were an SGE or CBC reporting entity in the preceding year due to your membership of a group of entities but left that group during the CBC reporting year due to a demerger or sale to another entity and will not be an SGE or CBC reporting entity under your new structure.	CBC report and master file	One year
6. You are a foreign resident with an Australian permanent establishment.	CBC report	Up to 3 years
<p>7. You have no international related party dealings and, if you are a foreign resident operating through an Australian permanent establishment, no cross-border internal dealings.</p> <p>Note: if you are an Australian resident company, we automatically apply an exemption from lodging a local file if you declare in your</p>	Local file	One year

tax return that you have no transactions or dealings with international related parties for the reporting year.		
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If you qualify for a fast-track exemption because of a scenario above, you can send an email to CBCreporting@ato.gov.au . Your email should:

- identify the relevant scenario
- identify the income year (or years) and the entity (or entities) to be covered by the exemption
- confirm that the conditions are met
- include 'Fast-track exemption' in the email subject.

We will acknowledge your exemption by reply email.

Formal exemption

Find out about:

- [lodging a formal exemption request](#)
- [exemption considerations](#)
- [exemption scope](#).

Lodging a formal exemption request

We recommend that you make an exemption request as early as possible to allow us to consider it and notify you of our decision before the statutory due date for lodging your CBC reporting statements.

If you make a formal exemption request close to the statutory due date, you may also need to make a request for an extension of time to lodge. You can combine these requests.

We aim to decide on your formal exemption request within 28 days of receiving all the relevant information from you.

Exemption considerations

We decide on each exemption request based on your facts and circumstances and the purpose of CBC reporting. Before doing so, we may request further information. We set out below the circumstances

that may be relevant to considering an exemption from lodging a particular CBC reporting statement. These circumstances are not exhaustive.

If you are a CBC reporting parent, circumstances that may be relevant to an exemption from lodging a CBC report include:

- whether any member of your group consolidated for accounting purposes is a foreign resident, or carries on business through a permanent establishment in a foreign jurisdiction
- whether one or more foreign jurisdictions may expect automatic exchange of the CBC report by Australia
- whether there are any cross-border dealings between constituent entities of your group.

If you are not a CBC reporting parent, the circumstances that may be relevant to an exemption from lodging a CBC report include:

- whether any other entity in your global accounting group has an obligation to file a CBC report outside of Australia
- whether voluntary filing of a CBC report in another jurisdiction is available to your CBC reporting parent or another foreign entity in your global accounting group
- the materiality of the business operations in Australia in terms of transfer pricing risk or other BEPS-related risks for Australia
- any transitional circumstances arising from delays in the implementation of CBC reporting in other jurisdictions.

Circumstances that may be relevant to an exemption from lodging a master file might include:

- whether any member of your group consolidated for accounting purposes is a foreign resident, or carries on business through a permanent establishment in a foreign jurisdiction
- whether any other entity in your global accounting group has been or will be required to prepare or file the master file outside of Australia
- any transitional circumstances arising from delays in the implementation of CBC reporting in other jurisdictions

- the materiality of the business operations in Australia in terms of its transfer pricing risk or other BEPS related risks for Australia.

Circumstances that may be relevant to an exemption from lodging a local file include:

- you have no international related party dealings (IRPDs)
- whether you have IRPDs with entities in the specified countries listed in the International dealings schedule (IDS) instructions for the income year that most closely corresponds to the relevant reporting periods
- whether you are currently subject to a risk review or audit (an active compliance product relevant to transfer pricing risk or other BEPS related risks)
- the materiality of the business operations in Australia in terms of its transfer pricing risk or other BEPS-related risks for Australia.


Exemption scope

If an exemption is granted, the notice will outline which statements you are exempt from providing and the reporting periods the exemption applies to.

If the circumstances relevant to an exemption are not expected to change in the foreseeable future, an exemption may be given for up to 3 reporting periods. You may seek to extend an exemption if appropriate.

Exemptions provided for transitional reasons, such as delays in the implementation of CBC reporting in another jurisdiction, will usually be granted for one year. A further period of exemption may be considered in limited circumstances.

Changes in circumstances

Exemptions are granted on the condition that you will notify us in a timely manner of any material changes in the facts and circumstances outlined in your exemption request by emailing CBCreporting@ato.gov.au . You should also notify us of any other changes to your facts and circumstances that may affect your exemption.


Examples of where you may need to advise us of changes to your facts and circumstances include:

- you subsequently acquire a foreign resident entity who then becomes a member of your CBC reporting group
- you no longer engage in IRPDs, or you commence having IRPDs, or you significantly increase your IRPDs.

Review rights

If you are dissatisfied with our exemption decision, you can seek to have it reconsidered by emailing CBCreporting@ato.gov.au.

A CBC reporting exemption decision is not a 'reviewable objection decision'. This means you do not have the right to lodge an objection with us or have the decision reviewed by the Administrative Appeals Tribunal.

You may apply for a review by the Federal Court under the *Administrative Decisions (Judicial Review) Act 1977*. Any applications to the [Federal Court](#)  will need to be lodged within 28 days of the date of the decision issued to you.

Administrative relief – CBC report

There are 2 scenarios where you may qualify for administrative relief from filing a CBC report. These concessions are designed to align domestic CBC report filing obligations with the OECD model.

We will not seek the CBC report from you if your CBC reporting parent is resident for tax purposes in a foreign jurisdiction and one or more of the following applies:

- your CBC reporting parent is under an obligation to file a CBC report in their jurisdiction of tax residence and Australia has an active CBC exchange agreement with that jurisdiction
- your CBC reporting parent or another entity in your global accounting group (a 'surrogate parent entity') voluntarily files a CBC report in its jurisdiction of tax residence for exchange under an active CBC exchange agreement with Australia.

If you are relying on a filing by a surrogate parent entity you should confirm with that entity that it has filed in that capacity.

When you provide your local file or master file, you may provide the name of your CBC reporting parent and the jurisdiction in which they are a tax resident. You will be able to state whether that entity or another entity in the accounting group has lodged (or will lodge) a CBC report on your behalf. You will also indicate their jurisdiction of tax residence. This information is taken as notification of your intention to use the administrative relief described in this section.

Administrative relief – local file

If you are an Australian resident company that was a CBC reporting entity for the whole or a part of the previous income year and you declare in your tax return that you have no transactions or dealings with international related parties for the reporting year, we will not seek a full local file or a short form local file from you for that period.

For the 2017 income year onwards, this is only available in the company tax return and is evidenced by answering No at Question 26. You will still need to consider your lodgment obligations with respect to the CBC report and master file.

Note: Local file administrative relief on the above basis is not available for local files with respect to reporting periods starting on or after 1 January 2024.

Tax exempt entities under Division 50

If you are a CBC reporting entity and a tax-exempt entity under Division 50 of the ITAA 1997 (a 'Division 50 entity'), we will not seek CBC reporting statements from you. This relief applies automatically, no separate exemption request is required.

This relief also applies to you if you are a taxable entity that is a wholly owned subsidiary of a Division 50 entity. You will need to identify the Division 50 entity in your tax return as your ultimate holding company (UHC) to access this relief.

There is one exception to this concession. If you are the CBC reporting parent and you have a foreign constituent entity or foreign permanent establishment, you will need to lodge a CBC report. We will not, however, require that you lodge a master file or local file.

National Tax Equivalent Regime

If you are a CBC reporting entity and a National Tax Equivalent Regime (NTER) entity, or a wholly owned subsidiary of such an NTER entity, you will generally not be required to lodge CBC reporting statements. We will apply this treatment automatically.

There is one exception to this concession. If you are the CBC reporting parent entity and you have a foreign constituent entity or foreign permanent establishment, you will need to lodge a CBC report. A master file or local file will not be required.

Dormant entities

If you are a dormant entity for the reporting period and a CBC reporting entity for the whole or part of the previous income year, we will not seek CBC reporting statements from you (the CBC report, master file, local file) if you:

- are the only Australian presence (entity or PE) of your global group
- are not the ultimate parent entity of the global group
- have notified us that no tax return is required for the income year.

If you are a dormant entity and your global group does have another Australian presence (entity or PE) with CBC reporting obligations, the standard administrative relief which considers the filing of statements by other entities will apply to your obligations. You will not be required to file a local file if you have notified us that no tax return is required for the income year.

Ceasing operations or winding up


If an entity with a foreign CBC reporting parent was a CBC reporting entity for the whole or a part of the previous income year and it is wound up in the current income year, or if the Australian presence was a PE and it ceased to be a PE during the current income year, a final tax return for the period of its existence may still be required. While this final return would reflect activities for a period less than 12 months the tax return is nevertheless for a full income year and CBC reporting statements are still required for that income year.

The winding up of an entity or cessation of an Australian presence will not, on its own, be considered grounds for a CBC reporting exemption. However, the administrative relief provided above in relation to dormant entities or companies with no IRPDs may apply to you. Alternatively, we may consider an exemption request from lodging one or more CBC reporting statements favourably if the business activities or transfer pricing risks during the year are immaterial.

If none of the administrative relief applies to you and an exemption is not granted, you will need to arrange to file the required CBC reporting statements.

CBC reporting statements will not be required for income years after an entity has been wound up or, in the case of a foreign resident operating through a PE, for income years after an entity ceased to operate in Australia.

Difficulties in accessing information

We expect foreign parent entities to support local entities to meet all of their local legal requirements, including their tax and associated reporting obligations. If you experience genuine difficulties in obtaining information or reports from your CBC reporting parent or another entity in your multinational enterprise (MNE) group, such that you will have difficulties meeting your CBC reporting lodgment obligations, you can outline your circumstances to us by emailing CBCreporting@ato.gov.au .

In doing so, you will need to fully describe the difficulties you're encountering in accessing the information. We will consider how you can best meet your obligations, including whether your circumstances support an extension of time to lodge a CBC reporting statement or a temporary exemption.

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Administrative matters

Information about reporting periods, notifications,

lodgment, extensions, penalties and access to CBC statements.

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Lodgment on behalf of the accounting group

An entity can lodge a master file or a CBC report (including a CBC report notification) on behalf of any other members of the same global accounting group. If the lodging entity identifies the other members of the accounting group to be covered by the lodgment, those other entities will not be required to lodge that master file or CBC report.

Alternatively, an entity lodging a local file can obtain relief from lodging a master file or CBC report by telling us when lodging the local file that a CBC report or master file is being lodged on their behalf by another entity.

Replacement reporting periods

Commonly a CBC reporting parent will prepare a CBC report and master file based on their reporting period. This reporting period could differ from your income year and if so, it may be necessary for you to use a replacement reporting period for those CBC statements. A replacement reporting period automatically applies if you:

- lodge a CBC report, a CBC report notification or a master file (or another entity does so on your behalf) that uses or refers to a reporting period different to your income year
- are using that reporting period because it aligns with your CBC reporting parent's reporting period
- the replacement reporting period ends before the end of the income year that it replaces.

If you meet the conditions above, no separate request is required. The replacement reporting period will apply to both the CBC report and master file, including a CBC report that will be received on exchange from another jurisdiction.

If you want to use a replacement reporting period for reasons other than aligning with your CBC reporting parent entity's reporting period, or are seeking a replacement reporting period for the local file, you will need to make a request by emailing CBCreporting@ato.gov.au.

A replacement reporting period in respect of the local file would only be approved in exceptional circumstances.

The due date for lodgment of a CBC reporting statement using a replacement reporting period is 12 months from the end of that period.

Example: replacement reporting period

A local entity's income year ends on 30 June 2022 and its foreign parent entity's fiscal year ends on 31 December 2021. The local entity wishes to rely on a CBC report and master file that have been prepared using the foreign parent's fiscal year.

A CBC report and master file prepared for the fiscal year ending 31 December 2021 will be accepted as meeting the local entity's obligations for their income year ending 30 June 2022. The replacement reporting period for the CBC report and master file would be the year ending 31 December 2021. These statements must be lodged by 31 December 2022.

Example: replacement reporting period

If the local entity's income year ends on 31 December and the foreign parent entity's fiscal year ends on 31 March, a replacement reporting period is permissible for the CBC report

and master file. For the income year ending 31 December 2022, the replacement reporting period would be the year ending 31 March 2022. Lodgment is due by 31 March 2023.

Notifications

Under Australian CBC reporting, you do not notify us of the matters contained in Article 3 of the OECD model legislation. If you report in Australia, you will provide notification in your tax return as to your CBC reporting entity status for the income year for which your return is lodged (we acknowledge that this is not conclusive of having CBC reporting obligations, which are determined by your status in the prior year). When lodging CBC reporting statements, you will also notify us as to whether you are a CBC reporting parent and, if you are not, you will disclose the identity of your CBC reporting parent and its jurisdiction of tax residence.

You will also have the option of notifying us as to whether you are lodging a CBC report as a surrogate parent entity, with the lodgment intended to meet a CBC reporting obligation in another jurisdiction. However, some foreign jurisdictions may require the notification to be provided to us earlier than the time of lodging the CBC report.

In such instances, you need to be aware of any timing requirements under foreign CBC laws and provide the notification within the time required by those laws by email to CBCreporting@ato.gov.au. We will accept and record notifications of this nature.

Lodgment and extensions

CBC reporting statements must be lodged within 12 months after the end of the income year to which the statements relate. The end date of the income year will be either 30 June or the balance date of the substituted accounting period. Where a replacement reporting period has been approved for one or more statements, those CBC reporting statements must be lodged within 12 months after the end of the replacement reporting period. In [the first example above](#) the CBC report and master file are due 31 December 2022 and the local file is due 30 June 2023.

You may request an extension of time to lodge one or more CBC reporting statements. Entities can do so by emailing

CBCreporting@ato.gov.au and outlining their circumstances and reasons for requesting the extension.

In making such a request, entities need to be mindful that we will have regard to international exchange obligations. We are obliged to automatically exchange the CBC report for a group within 3 months of the initial due date for lodgment.

Local file administrative solution

If a reporting entity chooses to voluntarily lodge Part A of their local file at the same time as their tax return (or as per ATO approved lodgment concession), they will not need to complete the relevant IRPD labels in Questions 2 to 17 of the IDS. Part B of the local file must be lodged by the statutory due date.

If you choose this option, you will need to lodge Part A by the time that your tax return is due. If you need more time, you will need to request an extension of time to lodge the tax return.

If the reporting entity has already provided relevant agreements to us, they don't need to provide the agreements to us again through the local file. Part B of the local file includes a provision for notifying us if an agreement has already been provided.

Penalties for late lodgment

SGE penalties may apply for the late lodgment of CBC reporting statements. Each CBC reporting statement (CBC report, master file and local file) is a separate statement for these purposes. The amount, including any multiplying factor, is worked out under **section 286–80** of Schedule 1 of the *Tax Administration Act 1953*.

Access to CBC statements

To the extent that a CBC reporting statement contains information on entities other than the Australian entity or members of its Australian tax consolidated group or MEC group, we will generally not disclose that information to the Australian entity.

CBC report instructions

A summary of the main points you need to consider when preparing your CBC report and provides some Australian context.

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Overview

A CBC reporting entity with an obligation to lodge a CBC reporting statement, must lodge the statement in the approved form. The approved form of the CBC report follows the [OECD XML schema](#). It is modelled on the template in Annex III to Chapter V of the [OECD's final report on Action 13](#). Annex III provides an outline of the structure of the CBC report alongside instructions on how to complete it and an explanation of the terms used to describe fields within it.

The final report contemplated the acceptance by participating jurisdictions of the ability for entities to file a CBC report as a surrogate parent entity. This means that one of the members of the group other than the CBC reporting parent has been appointed to file the CBC report in that member's jurisdiction of tax residence.

Surrogate parent filing is permitted in Australia. An Australian member of a CBC reporting group can notify, in the CBC report, that it is lodging as a surrogate parent entity.

The CBC report includes some terminology that requires explanation in an Australian CBC reporting context.

Table 1: CBC report terminology explained

OECD CBC report template	Australian CBC reporting – conceptual equivalent
MNE group	CBC reporting group
Ultimate parent entity	CBC reporting parent
Constituent entity	CBC reporting entity
Fiscal year (of the ultimate parent entity)	Income year (of the CBC reporting parent)

Structure and content

A CBC report consists of 3 tables.

- Table 1 provides an overview of income, taxes, employees and assets of the MNE group allocated to each of the different tax

jurisdictions in which the MNE group operates. Each line of the table reports the aggregated numbers relating to a particular tax jurisdiction.

- Table 2 provides an overview of each constituent entity (including permanent establishments) of the MNE group, grouped according to the tax jurisdictions in which the entities are tax resident. The main business activities of each entity also need to be stated.
- Table 3 allows the MNE group to provide any additional information it believes would be necessary or useful in interpreting and understanding the data provided in the CBC report.

The amounts reported in the CBC report are not required to reconcile or be reconciled to the amounts in the global financial statements for the group.

The reporting entity may use data from its consolidation reporting packages, from the statutory financial statements of separate entities, regulatory financial statements, internal management accounts or any combination of these sources. The reporting entity should provide a brief description in Table 3 – Additional information of the sources of data used in preparing the CBC report.

The same sources of data should be used consistently from year to year. Where circumstances necessitate a change in data source, the change, the reasons for it and its consequences should be explained.

Period covered

The period a CBC report covers should be the income year of the reporting entity, unless a [replacement reporting period](#) has been approved.

At the discretion of the reporting entity (usually the CBC reporting parent) and in respect of constituent entities, the CBC report should reflect on a consistent basis either:

- information for the fiscal year of the relevant constituent entities ending on the same date as the fiscal year of the reporting MNE, or ending within the 12-month period preceding such date, or
- information for all the relevant constituent entities reported for the fiscal year of the reporting MNE.

Currency

The CBC report requires the currency used for the report to be stated. An Australian CBC reporting parent should report amounts in Australian dollars. However, an Australian CBC reporting parent that uses another functional currency in its financial statements is permitted to use that currency for the CBC report.


A CBC report prepared by a foreign CBC reporting parent in a foreign currency does not need to be converted to Australian dollars. The CBC report may state rounded amounts where the source data, from which those amounts have been obtained, were rounded and the rounding is not material in relation to the values provided in the CBC report. Rounded numbers will still need to be shown in full.

If it is necessary to translate an amount appearing in financial statements to the currency used in the CBC report, it must be translated at the average exchange rate for the year. The average exchange rate used for this purpose must be stated in Table 3 of the CBC report.

Tax jurisdiction

For both Tables 1 and 2 of the CBC report, the reporting entity should list all of the tax jurisdictions in which constituent entities of the group are resident for tax purposes or carry on business operations at or through a permanent establishment. A tax jurisdiction is defined as a state as well as a non-state jurisdiction which has fiscal autonomy.

A separate line should be included for all constituent entities in the group that are not a resident of any jurisdiction for tax purposes.

Where a constituent entity is resident in more than one tax jurisdiction, the applicable tax treaty tie breaker rule should be applied to determine the jurisdiction of tax residence. Where no applicable tax treaty exists, the constituent entity should be reported for the tax jurisdiction of the constituent entity's place of effective management. In such instances, the place of effective management should be determined in accordance with Article 4 of the OECD [Model tax convention on income and on capital](#)  and its accompanying Commentary.

Constituent entity

In the context of a CBC report, a constituent entity of an MNE group is:

1. any separate business unit of the group that is included in the consolidated financial statements of the group for financial reporting purposes, or would be so included if equity interests in such business unit of the group were traded on a public securities exchange
2. any such business unit that is excluded from the group's consolidated financial statements solely on size or materiality grounds
3. any permanent establishment of any separate business unit of the group included in (1) or (2) above provided the business unit prepares a separate financial statement for such permanent establishment for financial reporting, regulatory, tax reporting, or internal management control purposes.

Where an elimination entity is created in an accounting system for the purposes of preparing consolidated financial statements, it is not a constituent entity of the group and should be excluded from the listing of entities in Table 2 of the CBC report.

Revenues

In the 3 columns of Table 1 of the CBC report under the heading 'Revenues', the CBC reporting entity must report:

- the sum of revenues of all the constituent entities of the group in the relevant tax jurisdiction generated from transactions with unrelated parties
- the sum of revenues of all the constituent entities of the group in the relevant tax jurisdiction generated from transactions with related parties
- the total revenue, both from related and unrelated parties.

Revenues should include revenues from sales of inventory and properties, services, royalties, interest, premiums and any other amounts received, including extraordinary items of income and gains from investment activities.

Revenues should exclude payments received from other constituent entities that are treated as dividends in the payer's tax jurisdiction.

When financial statements are used as the source of the data to complete the CBC report, all revenue, gains, income, or other inflows shown in the financial statements prepared in accordance with the applicable accounting rules relating to profit and loss (such as the income statement or profit and loss statement) should be reported as Revenues. Comprehensive income/earnings, revaluations, or unrealised gains reflected in net assets and the equity section of the balance sheet should not be reported as Revenues.

'Related parties' in Table 1 means constituent entities as listed in Table 2.

Where a permanent establishment is treated as a constituent entity, record allocations of revenue derived from a third party that was not a constituent entity of the group in the 'Unrelated party' column of Table 1.

Profit (loss) before income tax

The reporting entity should report the sum of the profit (or loss) before income tax in Table 1 for all constituent entities that are resident for tax purposes in the relevant tax jurisdiction. The profit (loss) before income tax should include all extraordinary income and expense items.

The profit/loss before income tax may include the dividends received from other constituent entities. If included, this should be noted in Table 3 of the CBC report with identification of the relevant jurisdictions and an explanation of any disparity this may cause between the amounts reported under 'Revenues', 'Profit (loss) before income tax', 'Income tax paid' and 'Income tax accrued'.

A loss incurred by an entity is a negative number that is netted off against the profit of any other entities in the same tax jurisdiction. Where that entity is the only entity in a particular country, specify the negative number.

Income tax paid (on cash basis)

The reporting entity should report the total amount of income tax actually paid during the relevant income year by all constituent entities that are resident for tax purposes in the relevant tax jurisdiction. Taxes paid should include cash taxes paid by the constituent entity to the jurisdiction of tax residence and to all other tax jurisdictions.

Taxes paid should include withholding taxes paid by other entities (related and unrelated) with respect to payments to the constituent entity. For example, if company A resident in tax jurisdiction A earns interest in tax jurisdiction B, the tax withheld in tax jurisdiction B should be reported by company A. Company A may presume, in the absence of knowledge to the contrary, that tax was appropriately withheld and paid by the relevant entity.

Any income taxes paid on dividends should only be included if the relevant dividends were included in 'Profit (loss) before Income Tax' in Table 1. If included, this should be noted in Table 3 of the CBC report.

Refunds during the period are treated as negative payments. A refund position overall is to be reported as a negative number.

Income tax paid includes taxes at each level of government to the extent that it is actually income tax. If in any doubt on whether a tax is an income tax, consult the tax authority in that jurisdiction.

An Australian entity required to pay Australian income tax on income of a controlled foreign company (CFC) will report this as tax paid in Australia.

Income tax accrued (current year)

The reporting entity should report the sum of the accrued current tax expense recorded on taxable profits or losses of the year of reporting of all of the constituent entities resident for tax purposes in the relevant tax jurisdiction.

The current tax expense should reflect only operations in the current year and should not include deferred taxes or provisions for uncertain tax liabilities.

Any income taxes accrued on dividends should only be included if the relevant dividends were included in 'Profit (loss) before Income Tax' in Table 1. If included, this should be noted in Table 3 of the CBC report.

Stated capital

The reporting entity should report the sum of the stated capital of all the constituent entities resident for tax purposes in the relevant tax jurisdiction. For a permanent establishment, the stated capital should be reported by the legal entity of which it is a permanent

establishment unless there is a defined capital requirement in the permanent establishment tax jurisdiction for regulatory purposes.

The amounts recorded as 'Stated capital' for each entity should generally be the residual of equity after subtracting amounts that are, or are in the nature of, accumulated earnings (or retained earnings). Accounting standards in the jurisdiction of the entity may be followed in determining these amounts.

Accumulated earnings

This is the sum of the total accumulated earnings of all constituent entities that are resident for tax purposes in the relevant tax jurisdiction as of the end of the year. For permanent establishments, accumulated earnings should be reported by the legal entity of which it is a permanent establishment.

Accumulated earnings may be a negative amount. If there are 2 or more constituent entities in the same jurisdiction, any negative figures should be netted with any positive figures. Where this is the case, you should provide the following type of statement in Table 3, 'Accumulated earnings include negative figures for [specify the relevant tax jurisdiction]'.

Number of employees

The reporting entity should report the total number of employees on a full-time equivalent (FTE) basis of all constituent entities that are resident for tax purposes in the relevant tax jurisdiction.

What constitutes FTE for a jurisdiction may be determined according to standards applicable to the jurisdiction of the employees. The number of employees may be reported as of the year-end, based on average employment levels for the year or on any other basis consistently applied across tax jurisdictions and from year to year. Independent contractors participating in the ordinary operating activities of the constituent entity may be reported as employees.

Reasonable rounding or approximation of the number of employees is permissible, providing that such rounding or approximation does not materially distort the relative distribution of employees across the various tax jurisdictions.

Consistent approaches should be applied from year to year and across entities.

Tangible assets other than cash and cash equivalents

The reporting entity should report the sum of the net book values of tangible assets of all constituent entities that are resident for tax purposes in the relevant tax jurisdiction. For permanent establishments, assets should be reported by reference to the tax jurisdiction in which the permanent establishment is situated. Tangible assets for this purpose do not include cash or cash equivalents, intangibles or financial assets.

Main business activity

Table 2 of the CBC report records the nature of the main business activity or activities carried out by each constituent entity. If appropriate, more than one activity in the available options may be selected.

Consolidated versus aggregated data

Data should generally be reported on an aggregated basis, regardless of whether the transactions occurred cross-border or within the jurisdiction, or between related parties or unrelated parties. This guidance will be particularly relevant for the columns on related party revenues and total revenues. An MNE group may use the notes section in Table 3 to explain the data if it wishes to do so.

An exception to the above approach is permissible if you are both the head entity of a tax consolidated group and a CBC reporting parent. If so, you may complete the CBC report using consolidated data at the jurisdictional level, as long as the consolidated data is reported for each jurisdiction in Table 1 of the CBC report and consolidation is consistently used across the years. If you choose this option, you should use the following wording in Table 3 'This report uses consolidated data at the jurisdictional level for reporting the data in Table 1'. You should also specify the columns in Table 1 in which the consolidated data is different than if aggregated data were reported.

Table 3 additional information

Table 3 of the CBC report is a free-text field, which should be used to provide any additional information that would facilitate the understanding of the information presented in Tables 1 and 2.

Examples include:

- a brief explanation of the sources of information used
- noting if in-country consolidation has been used
- identifying constituent entities joining or leaving the group during the year
- changes in jurisdiction of tax residence during the year
- the use of differing periods – for example, where a CBC report covers a non-12 month reporting period
- where negative amounts are reported and there is ambiguity as to their interpretation
- whether accumulated earnings include negative figures and if so, the tax jurisdiction where this is the case
- if Table 2 records a main business activity of a constituent entity as 'other', a description of the nature of that business activity.

Operation of ships or aircraft in international traffic

Australia's **tax treaties** allocate rights to tax the profits of an enterprise of a contracting state derived from the operation of ships or aircraft in international traffic exclusively to that state – that is, to the jurisdiction in which the enterprise is a resident for the purposes of the tax treaty. For example, Article 8 of the New Zealand Convention allocates the rights to tax such profits derived by an Australian resident to Australia.

Where you derive such profits, the information required in the CBC report in respect of those profits may be disclosed against the jurisdiction allocated with the taxing rights.

Foreign enterprises that derive such profits from operating an Australian permanent establishment should disclose the information required in the CBC report for such profits against the jurisdiction in which the enterprise is a resident.

Master file instructions

As a CBC reporting entity, you are required to lodge a master file within 12 months of the end of your income year.

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Overview

The master file should reflect the facts and circumstances existing in the income year or replacement reporting period of the reporting entity. The master file and its contents must be in English when lodged in Australia.

The master file is a statement relating to your global operations and activities, and the pricing policies relevant to transfer pricing of you and the other members of your multinational enterprise (MNE) group. The specific information that must be included in the master file is as described in Annex I of the [Action 13 final report](#) [↗](#). The descriptions of the 5 sections of the master file are reproduced below.

Organisational structure

Provide a chart illustrating your MNE's legal and ownership structure and the geographical location of operating entities.

Description of the MNE's business

Provide a general written description of your MNE's business, including the following.

- Important drivers of business profit.
- A description of the supply chain for the group's 5 largest products or service offerings by turnover plus any other products or services amounting to more than 5% of group turnover. The required description could take the form of a chart or a diagram. Note: When categorising or delineating products or services, the entity may use any categorisation of products or services that is reasonable having regard to commercial or industry practices and differences in supply chains for those products or services within the group.
- A list and brief description of important service arrangements between members of the MNE group, other than research and development (R&D) services, including a description of the capabilities of the principal locations providing important services and transfer pricing policies for allocating services costs and determining prices to be paid for intra-group services.
- A description of the main geographic markets for the group's products and services that are referred to in the second bullet point above.
- A brief written functional analysis describing the principal contributions to value creation by individual entities within the group – that is key functions performed, important risks assumed, and important assets used.
- A description of important business restructuring transactions, acquisitions and divestitures occurring during the fiscal year.

MNE's intangibles

Provide a:

- general description of the MNE's overall strategy for the development, ownership and exploitation of intangibles, including location of principal R&D facilities and location of R&D management
- list of intangibles or groups of intangibles of the MNE group that are important for transfer pricing purposes and which entities legally own them
- list of important agreements among identified associated enterprises related to intangibles, including cost contribution arrangements, principal research service agreements and licence agreements
- general description of the group's transfer pricing policies related to R&D and intangibles
- general description of any important transfers of interests in intangibles among associated enterprises during the fiscal year concerned, including the entities, countries, and compensation involved.

For these purposes 'intangible property' includes rights to use industrial assets such as patents, trademarks, trade names, designs or models. It also includes literary and artistic property rights and intellectual property such as know-how and trade secrets.

MNE's intercompany financial activities

Provide:

- a general description of how the group is financed, including important financing arrangements with unrelated lenders
- the identification of any members of the MNE group that provide a central financing function for the group, including the country under whose laws the entity is organised and the place of effective management of such entities
- a general description of the MNE's general transfer pricing policies related to financing arrangements between associated enterprises.

MNE's financial and tax positions

Provide:

- the MNE's annual consolidated financial statement for the fiscal year concerned if otherwise prepared for financial reporting, regulatory, internal management, tax or other purposes
- a list and brief description of the MNE group's existing unilateral advance pricing agreements (APAs) and other tax rulings relating to the allocation of income among countries.

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Local file instructions

The following guidance provides advice on some specific issues related to lodgment.

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Detailed instructions outlining the disclosure requirements of the local file for specific years are published annually on the CBC reporting web page.

Entities falling outside of a tax consolidated group or MEC group

If you are a CBC reporting entity, but not a member of an Australian tax consolidated group or MEC group made up of other members of your

CBC reporting group, your obligation to lodge a CBC report or master file may be satisfied by another member of your CBC reporting group.

For example, in these circumstances, the head company of the tax consolidated group or MEC group may notify us that it is lodging its CBC report and master file also on your behalf when it lodges its local file.

However, in these circumstances, you will still have an obligation to lodge a local file. This obligation cannot be met by the head company of the tax consolidated group or MEC group.

Interaction with ACAs and APAs

Irrespective of whether an annual compliance arrangement (ACA) or advance pricing arrangement (APA) is in place, IRPD transactions will need to be disclosed in the local file unless the requirements for providing only the short form local file are met.

Financial accounts

If the highest quality relevant financial accounts for the reporting entity have already been provided under another arrangement (such as an ACA), you don't need to provide them again.

If there is no single set of accounts prepared for a MEC group, it is acceptable to provide more than one set of accounts in Part B of the local file, which are the highest quality relevant accounts.

Offshore branches

An Australian resident entity includes in its local file details about transactions that are:

- 'international related party dealings' (IRPDs) as defined in the IDS instructions
- between an entity's offshore branch and a subsidiary incorporated in that jurisdiction or any other non-Australian jurisdiction.

The term IRPD only covers dealings or relations between different persons or entities and does not include a 'dealing' or commercial or financial relations with your own branch operations. Accordingly, attributing the revenue or expenditure of an Australian resident entity

to its own offshore branch operations is not an IRPD as defined in the IDS as it does not involve commercial or financial dealings with another entity. CBC reporting entities should not include these amounts in their local file.

Business restructures

The 'Reporting entity description' section of the local file needs to include 'a description of any business restructures affecting the reporting entity in the current or previous income year, and an explanation of its significance'.

Accordingly, the reporting entity should describe the restructuring events that would be disclosed in, for example Question 17 of the IDS. The reporting entity should also describe other restructuring events that materially impact on the Australian tax position. For example:

- any cessation of previously material operations or activities, including operations carried on at or through an offshore permanent establishment
- any change in the organisational or ownership structure affecting entities that had or may have material assets or operations
- any intragroup or related party dealings in intangible rights or assets or material assets or operations.

Document formats



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Document formats

Last updated 4 November 2022

If required to upload copies of agreements with the local file, the following document formats are acceptable:

- Microsoft Word Binary File Format (DOC)
- Office Open XML (DOCX)

- Excel Binary File Format (XLS)
- Office Open XML (XLSX)
- Portable Document Format (PDF)
- OpenDocument Text (ODT)
- OpenDocument Spreadsheet (ODS).

QC 54484

Local file changes from 1 January 2025

Country-by-country Local file reporting changes from 1 January 2025.

Last updated 27 February 2025

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About the reporting changes

From 1 January 2025:

- Country by Country Reporting Entities (CbCREs) will use an updated version of the Local File/Master File (LCMSF) service for lodgments for reporting periods starting on or after 1 January 2024

- LCMSF Schema Version 4.0 (V 4.0) will incorporate the **short form (SF) section of the local file** into the Message Structure Table (MST).

The current design of the SF requires CbCREs to disclose information about their Australian entities and operations in an LCMSF attachment.

This approach isn't delivering a sufficient level of information for SF reporting. SF reporting is used to detect higher risk international tax structuring and profit shifting arrangements. The current design of the SF as an LCMSF attachment results in:

- inconsistent reporting content
- inconsistent reporting format or structure
- incomplete information in some reports not satisfying the level of reporting required in the SF instructions.

When reporting changes apply

V 4.0 will apply to statements lodged from 1 January 2025 relating to reporting periods starting on or after 1 January 2024.

Statements relating to reporting periods starting before 1 January 2024 may continue to lodge using LCMSF Schema Version 3.0 (V 3.0), though we will encourage the use of V 4.0 for all reporting periods.

V 3.0 is expected to be deactivated for all reporting periods on 1 January 2026.

Planned delivery timeline

Quarter	Element
May to June 2024	V 4.0 draft specifications to digital service providers (including external vendor testing environment code deployment).
July to September 2024	<ul style="list-style-type: none"> • Industry liaison • Advance instructions provided to stakeholders.
July to	Building and testing by digital service

December 2024	providers.
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LCMSF Schema Version 4.0 summarised

V 4.0 will incorporate the information currently required in the SF as summarised in the tables.

Business and strategy and key competitors

Current short form requirements	V 4.0 LCMSF MST field requirements
<p>Provide a description of your business and strategy.</p> <p>You should:</p> <ul style="list-style-type: none"> • identify all of your main business lines and functions • describe the strategies deployed in each business line or function • describe the extent each business line or function overlaps or complements each other. <p>When describing your business and the strategies deployed for each business line or function, you should consider consistency with the other disclosures such as those made in the director's report section of your annual report (if applicable) or those made in other management or reporting documents.</p> <p>Provide a list of key competitors of the reporting entity.</p> <p>The list of key competitors should be provided for all of your main business lines and functions identified in your</p>	<ul style="list-style-type: none"> • Number of main business lines or functions. • Description of each main business line or function. • For each above business line/function <ul style="list-style-type: none"> – business strategies employed – extent of overlap with other main business lines/functions – key competitors.

disclosures relating to your business and strategy.	
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Organisational structure (including overseas reporting)

Current short form requirements	V 4.0 LCMSF MST field requirements
<p>Provide a description and copy of your organisational structure, including a description of the individuals to whom local management reports and the countries in which such individuals maintain their principal offices.</p> <p>You should include:</p> <ul style="list-style-type: none"> the job title and responsibilities of the most senior Australian based individuals to whom the local staff reported for each separately reporting local business line or function at the end of the income year in the case of foreign owned entities and operations, and any other scenario in which there is formal or effective overseas reporting <ul style="list-style-type: none"> the job title and responsibilities of the overseas based individuals to which the identified most senior Australian based individuals effectively report at the end of the income year the countries in which such overseas individuals maintain their principal offices the name of the entity which employs the identified overseas based individuals information about multiple reporting lines where the identified most senior Australian based individuals formally or effectively report to more than one overseas based individuals. 	

<p>If there was any change during the income year in the most senior Australian based individuals to whom the local staff reported for each separately reporting local business line or function, or in the individuals or countries to which the most senior Australian based individuals reported, provide:</p> <ul style="list-style-type: none"> • the date on which the change occurred • the information requested above for the reporting arrangements just prior to the change. 	
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Restructures (including change in related party financing)

Current short form requirements	V 4.0 LCMSF MST field requirements
<p>Provide a description of any business restructures affecting your business in the current or previous income year and an explanation of its significance.</p> <p>You should describe any significant business restructures that have occurred during the reporting period or previous income year, and an explanation of its significance, including:</p> <ul style="list-style-type: none"> • significant changes in your ownership, equity or related party debt funding • significant disposal or acquisition of your assets, including 	<ul style="list-style-type: none"> • Whether you had any: <ul style="list-style-type: none"> – restructure (including any change in related party financing), or – any new arrangement involving transfer, licence or creation of intangibles (intangibles arrangement) <p>(Yes/No)</p> <ul style="list-style-type: none"> • If No, reporting section completed. • If Yes, provide: <ul style="list-style-type: none"> – code (high level type) and description for restructure/arrangement – if intangibles arrangement, code for types of intangibles involved – anticipated Australian tax impact (including high level code) and global tax impact of restructure/arrangement

interests in foreign entities

- commencement or cessation of significant operations including operations of your controlled foreign companies or entities (CFCs) and operations you carry on at or through an overseas permanent establishment
- any resulting cross border tax hybrid arrangements.

This covers any significant changes of, and disposals or acquisitions by, any member of your Australian consolidated group or MEC group, and any of your CFCs.

In determining whether a change, disposal or acquisition is significant, take into account the anticipated impact on your Australian tax liabilities for the income period and following income years, including any anticipated impact on Australian withholding tax liabilities.

The description should include:

- the commercial context and explanation for the changes, or disposals or acquisitions
- a description of transactions or dealings connected with the changes,

- commercial context and impact of restructure/arrangement
- code (based on IDS Q17 Appendix 11 codes) for total capital value of restructure/arrangement
- number of steps in restructure/arrangement
- for each step:
 - date
 - code (high level type) and description
 - number of parties to the step
 - name of parties
 - if the party is an international related party or Australian constituent entity, residency/branch details if applicable
 - if the party is an Australian constituent entity, TFN or ABN
 - details of any connected change in transfer pricing functional characterisation
- if there was a step plan, attach the step plan.

<p>disposals or acquisitions.</p> <p>(Examples are included which illustrate the required level of reporting for each connected step of the restructure)</p>	
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Intangibles arrangements

Current short form requirements	V 4.0 LCMSF MST field requirements
<p>Provide a description of any transfers of intangibles in the current or previous income year and an explanation of its significance.</p> <p>You should describe any transfer of intangibles including any connected arrangements, such as related party licensing or service agreements, that occurred in the current or previous income year.</p> <p>The term intangible includes property, assets or rights that are not physical or financial assets, which are capable of being owned or controlled for use in commercial activities. Examples of intangibles include intellectual property, goodwill, rights under service or distribution agreements, know-how and the right to access secret information or processes.</p> <p>The description should include:</p> <ul style="list-style-type: none"> the commercial context and explanation for the transfer of intangibles a description of transactions or dealings connected with the transfer of intangibles. 	<p>Covered by MST fields for Restructures (above).</p>

<p>This covers any transfer of intangibles by any member of your Australian consolidated group or MEC group, or by any of your CFCs.</p> <p>(Examples are included which illustrate the required level of reporting for each connected step of the intangibles arrangement)</p>	
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Why reporting is changing

LCMSF Schema Version 4.0 is expected to:

- Simplify reporting requirements for the majority of CbCREs that don't have:
 - personnel reporting overseas
 - restructures (including changes in related party financing)
 - new intangibles arrangements.
- Increase reporting efficiency through combined MST reporting fields covering both:
 - restructures
 - new intangibles arrangements.
- Enable use of structured SF reporting data in ATO analysis and risk detection.
- Reduce the need for the ATO to identify and follow up incomplete information.
- Reduce the ability to avoid the required level of SF reporting.
- Include minor adjustments to existing validation rules for the full local file.
- Move the fields for attaching financial accounts to clarify that financial accounts can separately be lodged with the SF section and do not have to be lodged with Local File - Part B.

More information

If you have any questions or feedback about the reporting changes, email LCMSFversion4@ato.gov.au.

Appendix 1: Summary of ATO Response to V4 Consultation Feedback

Main Business Lines or Functions

No	Feedback	Response
1	Clarify how different business lines or functions are determined, e.g. how to treat back-office functions including HR, IT, finance and legal	<p>Adopted</p> <p>Revised instructions will clarify that:</p> <ul style="list-style-type: none"> • Different business lines or functions are determined taking into account the way in which the reporting entity's business is organised. • Supporting business lines or functions do not need to be reported to the extent they do not: <ul style="list-style-type: none"> – Generate revenue, or – Involve DEMPE functions for intangibles.
2	Remove reference to 'function' because this is a transfer pricing concept	<p>Not adopted</p> <p>'Function' has always been used by the ATO in the short form instructions in its general meaning of a business line or activity. It is not intended to be restricted to the meaning of 'function' for the purposes of the OECD's transfer pricing guidelines.</p>
3	Provide an example of a non-reportable business line or function	<p>Adopted</p> <p>The example in the revised instructions will be extended to illustrate how supporting functions (as above) are not</p>

reportable as a separate business lines or function.

Overseas Reporting

No	Feedback	Response
4	Remove requirement to report names of overseas personnel, e.g., due to privacy obligations	Adopted We have now changed the message structure table (MST) to make the relevant field non-mandatory. We have also made the name field for reporting local individual personnel non-mandatory.
5	Remove requirement to report residency of overseas personnel, e.g., due to difficulty in determining residency	Adopted We have now changed the MST to make the relevant field non-mandatory.
6	Clarify the meaning of 'effective' reporting	Adopted Revised instructions will clarify that effective reporting means accountable reporting. We have removed references to direct and indirect reporting.
7	Narrow the types of reportable changes in reporting arrangements and limit to final year end position only	Partially adopted Revised instructions will clarify that short term and temporary changes to reporting arrangements do not need to be reported. Consistent with current short form instructions as reflected in previously lodged short forms, we continue to require non-temporary changes in reporting during the

		income year to be reported.
8	Limit the number of reporting lines that must be disclosed to reduce compliance burden	<p>Not adopted</p> <p>We do not think it is necessary or appropriate to put a cap on the amount of reporting lines that need to be disclosed. Reporting of overseas reporting is already limited to the most senior personnel for the business line or function, as reflecting how the business is organised.</p>
9	Short form reporting should be confined to general 'management' reporting to overseas personnel and should not include overseas reporting by the 'most senior individual' for a business line or function	<p>Not adopted</p> <p>The current short form instructions require reporting 'for the most senior Australian based individuals ... for each separately reporting local business line or function'.</p> <p>The revised instructions will provide an example where person A reports to 'management – CEO' and also effectively reports (as the most senior Australian based individual for a separately reporting business line) to overseas personnel for that global business line.</p>

Restructures

No	Feedback	Response
10	Clarify meaning of restructure and significant restructure	<p>Adopted</p> <p>Revised instructions will change the meaning of significant restructure. The revised instructions will</p>

		<p>provide that significant restructures include:</p> <ul style="list-style-type: none"> • Deemed significant restructures which cover specific kinds of arrangements that are always reportable. • All other significant restructures where significance is determined having regard to materiality or potential Australian tax risk.
11	Requests to clarify that certain types of restructures are non-reportable restructures	<p>Adopted</p> <p>Revised instructions will expressly treat the following kinds of restructures as not reportable:</p> <ul style="list-style-type: none"> • Expanded examples of organic changes occurring in the ordinary course of commercial business operation, for example: <ul style="list-style-type: none"> – Changes in non-core back-office functions which do not generate revenue or involve DEMPE activities. – Entering into new third-party supply contracts. – Payment of dividends or distributions to your shareholders which are not connected to a reportable restructure. – Changes in the country of residence of the related counterparty from which you purchase tangible goods solely reflecting a change in the country of substantial manufacture or production of the tangible goods by the related counterparty.

		<ul style="list-style-type: none"> – Transfers of assets between members of an Australian tax consolidated group (TCG). – Transfer of assets between members of a Multiple Entry Consolidated (MEC) group which result in the assets being directly or indirectly held by the same eligible tier-1 company(ies). – New, replaced or terminated related party financing arrangements where the arrangements (including connected arrangements) have a capital value of \$10m or less.
12	Introduce materiality thresholds for restructures to reduce reporting	<p>Partially adopted</p> <p>As above, the revised instructions will introduce a materiality threshold of \$10m for new, replaced or terminated related party financing arrangements.</p>
13	Reportable 'creation of intangibles (IP)' should be narrowed so all types of creation of IP are not reportable restructures	<p>Adopted</p> <p>The revised instructions will:</p> <ul style="list-style-type: none"> • Narrow the meaning of creation of IP (confined to IP that is for the benefit of overseas related parties and/or made accessible to overseas related parties). • Include a list of specific kinds of excluded (non-reportable) IP creation arrangements.
14	Clarify the meaning of connected steps	<p>Adopted</p>

		<p>The revised instructions will provide:</p> <ul style="list-style-type: none"> • More clarity about determining connected steps, and • An example to illustrate application of the instructions.
15	Remove reporting requirement for prior year restructures to current year reporting only	<p>Not adopted for 2024</p> <p>Short form reporting has always required reporting of significant restructures implemented in the current or previous year on an ongoing basis, consistent with Annexure II in the OECD Action 13 Report ↗.</p> <p>We will reconsider our current approach having regard to the implementation and ongoing operation of structured short form reporting using V4.</p>
16	There should be special carve outs for banks for reporting significant financing restructures	<p>TBA</p> <p>The ATO has requested the stakeholders which raised this issue for more detail about relevant scenarios and is open to receiving further feedback. We intend to continue engaging with interested stakeholders on this issue.</p>

General Feedback

No	Feedback	Response
17	Short form reporting is 'beyond power' or 'invalid' under Subdivision 815-E of the ITAA 1997 because it has not been limited to reporting of	<p>Not agreed</p> <p>The ATO considers that the current short form reporting requirements and the proposed structured short</p>

transactions or restructuring raising 'transfer pricing risks', e.g., transactions covered by TR 2011/1

form reporting requirements using V4 are an appropriate 'approved form' under subsection [815-355](#) [↗](#)(1) of the ITAA. Such approved form relevantly relates to 'operations, activities, dealings and transactions' of the reporting entity within the meaning of paragraph [815-355](#) [↗](#)(3)(b) of the ITAA 1997, and relevantly corresponds or relates to Annexure II of the [OECD Action 13 Report](#) [↗](#).

Australia's approach to transfer pricing rules reflect the specific provisions in Division 815 of the ITAA having regard to relevant Australian court decisions, for example, the decision of the Full Federal court in [Chevron Australia Holdings Pty Ltd v Commissioner of Taxation \[2017\] FCAFC 62](#) [↗](#).

The [OECD Action 13 Report](#) [↗](#) expressly refers to use of CbC reporting information in risk assessment or evaluation of transfer pricing risks and other Base Erosion and Profit Shifting (BEPS) risks.

Assessment of transfer pricing risks (and of other BEPS risks) includes considering:

- The nature and scale of an Australian entity's business operations
- Extent of integration or connection of the Australian entity's management or

		<p>operations with that of offshore related parties</p> <ul style="list-style-type: none"> • The nature of benefits actually obtained from or provided by offshore related parties • Underlying risk or incentives for profit shifting from non-arm's length relationships or dealings, for example: <ul style="list-style-type: none"> – Changes in related counterparties' operations, ownership structure or overseas tax treatment – Connected dealings or relations within the reporting entity's global group.
18	Reduce duplication of reporting with RTP Schedule, International Dealings Schedule (IDS) and processes for Top 100 taxpayers	<p>Partially adopted with further changes TBA</p> <p>Changes are being proposed to the RTP Schedule instructions to reduce provision of duplicated information in the RTP Schedule comments for relevant arrangements (where information about relevant restructures is provided in the short form).</p> <p>Further consideration is being given to changes to the IDS instructions to address duplication.</p> <p>Structured V4 short form reporting on significant restructures by CbC reporting entities will be an important set of data used by the ATO for population analysis and reporting.</p> <p>In relation to Top 100 program processes:</p>

		<ul style="list-style-type: none"> • Short form reporting by Top 100 taxpayers making proactive disclosures of new transactions and changes under the pre-lodgment disclosure framework will continue to be relevant in supporting ATO's verification processes in a Top 100 refresh review of implemented restructures. • Top 100 taxpayers choosing to continue to voluntarily lodge their short form reporting with their ITR may improve timeliness of the ATO verification processes.
19	<p>Australian reporting entities not currently in possession of relevant offshore information in their global group should not have any obligation to obtain or provide this information in short form reporting, e.g., information about tax status of offshore related counterparties or connected transactions between offshore members of global group</p>	<p>Not agreed</p> <p>An Australian reporting entity should request their global group's personnel for information relevant to meeting its short form reporting about overseas reporting arrangements, significant restructures or new intangibles arrangements, for example, information held offshore by the group on:</p> <ul style="list-style-type: none"> • Connected steps and offshore tax treatment for significant related party restructures • Overseas employing entity of overseas personnel to which relevant personnel report. <p>Reporting entities are expected to have made reasonable documented inquiries of offshore group personnel who may be expected to hold relevant</p>

		information, including personnel of the: <ul style="list-style-type: none"> • Overseas parent • Group tax area.
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