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Reportable tax position schedule and instructions 2024

Instructions for completing the Reportable tax position (RTP) schedule 2024 (NAT 74066).

Published 4 April 2024

How to get the Reportable tax position schedule 2024



How to get a copy of the RTP schedule, instructions and other lodgment options.

What's new for the RTP schedule 2024?



Find out what's new in the RTP schedule for 2024.

Instructions to complete the RTP schedule 2024



Find out how to complete each section in the RTP schedule and how to lodge.

General administration for the RTP schedule



How to lodge, attach additional information and make changes to

Guide to understanding reportable tax positions



Read our guides on RTP-related issues.

Definitions in the RTP schedule



A list of legislative references and their definitions.

Examples: RTP group income, economic group and disclosures



Use our examples to self-assess, determine economic group and group income and work out what RTPs to disclose.

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How to get the Reportable tax position schedule 2024

How to get a copy of the RTP schedule, instructions and other lodgment options.

Last updated 12 September 2024

On this page

Get the RTP schedule

Get the RTP schedule instructions

Who needs to complete the schedule?

Get the RTP schedule

You may be able to access and lodge the RTP schedule using the same SBR-enabled software you use to complete and lodge your entity's tax return. You can use your software for both transactions to and from us.

If your software doesn't provide the RTP schedule for electronic lodgment you can lodge:

- through **Online services for business**
- through **Online services for agents**
- by paper download: **Reportable tax position schedule 2024 (NAT 74066, PDF 1.7 MB)**.

The paper form will not load on a mobile device, tablet or within a browser. To complete the form, you must save it to your desktop computer or laptop (with the latest version of Adobe Acrobat installed).

To download, right click on the link and select **Save target as** (or a similar option depending on your internet browser) to save it to your computer.

Open the form with Adobe Acrobat Reader DC and enable JavaScript, if prompted before filling in the form.

Once you've completed your form, save it using the **Save form button** at the end of the form.

Tip: Update your default app for PDF file types to Adobe Acrobat Reader DC to open all pdf files with Adobe Acrobat.

Using the PDF schedule

The PDF downloaded version of this form is interactive, and will:

- automatically update to display additional fields when you enter RTP numbers enabling you to provide disclosures
- provide field options for you to select from a drop-down menu
- expand certain fields allowing you to complete descriptions or additional text.

Get the RTP schedule instructions

For help preparing the schedule see, [Instructions to complete the RTP schedule 2024](#) or you can email ReportableTaxPosition@ato.gov.au.

The RTP schedule instructions 2024 are not available in print.

You can create and save a PDF copy (1,093 KB) from this webpage – select the **Print or Download icon** under the page heading then select **PDF whole topic**.

Using the RTP instructions

Follow the instructions to complete the RTP schedule 2024. The RTP schedule forms part of your entity's tax return.

When we say 'you', we mean you as the person responsible for completing the *RTP schedule 2024*.

These instructions aren't a guide to income tax law. If you feel these instructions don't fully cover your circumstances, **contact us** or a recognised tax adviser.

Who needs to complete the schedule?

You need to complete the schedule if your entity:

- is lodging a company tax return for the entire year (12 months or more)
- has total business income of either
 - \$250 million or more in the current year
 - \$25 million or more in the current year and is part of an **economic group** with total business income of \$250 million or more in the current year.

If your entity meets the criteria, you need to lodge the RTP schedule 2024 even if it has no disclosures. You may still need to lodge the RTP schedule even if your entity doesn't meet the criteria. We will notify you directly if this is the case.

We have provided examples to help you:

- calculate your entity's **group income**
- work out who is in your entity's **economic group**

- assess if you need to lodge an RTP schedule if your entity is lodging a stub return.

For large private companies see RTP schedule expansion to large private companies.

Exceptions to lodgment requirement

You are not required to lodge the schedule if your entity:

- is not required to lodge a company tax return for the income year (the RTP schedule is a schedule to the company tax return)
- has an income tax annual compliance arrangement (ACA) with us for the relevant income year and has agreed to provide
 - full and true disclosure
 - ongoing dialogue of all material tax matters, including positions that fall within any RTP category.

If you are uncertain if your entity is required to lodge the RTP schedule you can email ReportableTaxPosition@ato.gov.au.

Positions you need to disclose

You only need to disclose Category **A** positions that exceed your entity's materiality amount.

All Category **C** positions must be disclosed in the RTP schedule.

If your entity is the head of a tax consolidated group, you need to disclose positions that meet the requirements to be an RTP under categories A, B and C for the head entity or any of its subsidiary group members.

Completing the schedule allows you to make informed decisions about positions your entity has taken or is considering taking.

What you must report on your entity's tax return

If you are required to lodge an RTP schedule, you must answer **Yes** to item **25** of the *Company tax return 2024*.

Continue to: [What's new for the RTP schedule 2024?](#)

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What's new for the RTP schedule 2024?

Find out what's new in the RTP schedule for 2024.

Published 15 April 2024

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New questions in the RTP schedule

Changes in the RTP schedule

Questions removed from the RTP schedule

New questions in the RTP schedule

The following Category **C** questions are new:

- Question 43: profits of a private company have been accessed in a tax-free form (that is, without an additional tax liability) by arranging for the profits to be passed to your entity or another participant through an interposed holding company as outlined in TA 2023/1.
- Question 44: international related party Intangibles Migration Arrangements in the current year as outlined in Practical Compliance Guidance PCG 2024/1.
- Question 45: international related party Intangibles Migration Arrangements in scope of Practical Compliance Guidance PCG 2024/1 during this income year that did not involve a Migration of intangible assets in the current income year.

Changes in the RTP schedule

Changes have been made to the following questions and section:

- Question 9: PCG 2017/1 changes made to the comments field.
- Question 14: PCG 2017/4 change to the heading for Schedule 3 category and the information requested in the comments.
- Question 19: subcategory 3 has been added for entities compliant with the terms of settlement deed or future compliance agreement.
- Exemption for foreign banks or other qualifying financial entities has been updated.
- Question 39: PCG 2021/5 minor change.

Questions removed from the RTP schedule

The following Category **C** questions have been removed:

- Question 2: special dividend or a share buy-back through an equity raising event as described in Taxpayer Alert TA 2015/2.
- Question 7: cross-border leasing arrangements involving the use, in Australian waters, of non-resident-owned mobile offshore drilling units (MODUs) as outlined under PCG 2020/1.
- Question 16: Australian income tax consolidated, or multiple entry consolidated (MEC) group churning rules (section 716-440 of the ITAA 1997).
- Question 27: structured arrangements as outlined under LCR 2019/3 and PCG 2019/6.
- Question 30: issued shares owned by a single shareholder TD 2019/14.
- Question 32: arrangements described in Taxpayer Alert TA 2020/1, involving non-recognition or mischaracterisation of Australian activities connected with the development, enhancement, maintenance, protection or exploitation (DEMPE) of intangible assets.
- Question 37: arm's length debt test to determine its maximum allowable debt amount as outlined in PCG 2020/7.

Continue to: [Instructions to complete the RTP schedule 2024](#)

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Instructions to complete the RTP schedule 2024

Find out how to complete each section in the RTP schedule and how to lodge.

Published 4 April 2024

Section A: Taxpayer details



How to complete Section A: Taxpayer details on the RTP schedule.

Section B: Category A and B reportable tax positions



How to complete Section B: Category A and B RTPs.

Section C: Category C reportable tax positions



How to complete Section C: Category C RTPs.

Section D: Declaration and signature



How to complete Section D: Declaration and signature.

Section A: Taxpayer details

How to complete Section A: Taxpayer details on the RTP schedule.

Published 4 April 2024

On this page

Name of entity

Tax file number

Australian business number (ABN)

Period this schedule covers

Name of entity

The name you enter on the schedule must be the same as the name you show on the company's tax return.

Tax file number

The tax file number (TFN) you enter on the schedule must be the same as the TFN you show on the company's tax return.

Australian business number (ABN)

The company ABN you enter on the schedule must be the same as the ABN you show on the company's tax return.

Period this schedule covers

Enter the period this schedule covers using format DD/MM/YYYY. This period is your entity's income year.

Continue to: [Section B: Category A and B reportable tax positions](#)

Return to: [Instructions to complete the RTP schedule 2024](#)

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Section B: Category A and B reportable tax positions

How to complete Section B: Category A and B RTPs.

Published 4 April 2024

On this page

What to disclose in Section B

Category A: Tax uncertainty in your entity's company tax return

Category B: Tax uncertainty in financial statements

How many Category A and B RTPs are you reporting?

RTP number

Have you discussed this position with the ATO?

RTP category

Concise description

Basis for position

What to disclose in Section B

In Section **B**, you need to disclose Category **A** and **B** reportable tax positions.

You only need to disclose Category **A** positions that exceed your entity's materiality amount.

You must confirm if your entity has any Category **A** or Category **B** disclosures.

Tax positions that are both a Category **C** and Category **A** or **B** must be disclosed under Section **C**. You must select **No** if your entity has an RTP that is both a Category **C** and Category **A** or **B**.

If you select **No**, go to **Section C: Category C reportable tax positions**.

If you select **Yes**, the next question will ask how many Category **A** or **B** RTPs you are reporting.

Category A: Tax uncertainty in your entity's company tax return


A Category **A** RTP is one where, given relevant authorities, you consider the position taken is either:

- about as likely to be correct as incorrect
- less likely to be correct than incorrect.

For more information, see **Guide to understanding reportable tax positions**.

Category B: Tax uncertainty in financial statements

You must disclose a position as a Category **B** RTP where your entity:

- prepares **financial statements** in accordance with the relevant accounting standards, including but not limited to applying [AASB Interpretation 23 \(PDF, 325KB\)](#)  (Uncertainty over income tax treatments) in recognising, measuring and disclosing uncertain tax positions
- has recognised an uncertain tax position and/or disclosed a contingent liability for a position (asset) in its financial statements for the corresponding income year.

The concepts of recognition, measurement and disclosure are in accordance with **accounting principles**.

How many Category A and B RTPs are you reporting?

Enter the total number of RTPs you are reporting at the question field – **How many Category A and B reportable tax positions (RTPs) are you reporting?**

RTP number

You must complete the **RTP number** field using the format:

- YYYY for the relevant income year for the RTP – for example, 2024
- follow the relevant income year with a dash (-)
- follow the dash with the number in the box beside the RTP at the top of the section for that disclosure, placing a zero (0) before numbers less than 10.

There should be no spaces in the RTP number. Numbers should be sequential in the order you report the positions.

For example, number the first RTP 2024–01, with each subsequent RTP numbered 2024–02, 2024–03.

Have you discussed this position with the ATO?

For each disclosure, you must confirm if you (or another representative of your entity) have previously discussed the disclosure with us.

Select from the drop-down menu, either **Yes** or **No**.

You must complete all fields for each disclosure, no matter what answer you provide.

RTP category

Select from the drop-down menu the category of RTP you are reporting in the **RTP category**:

- **A** for Category **A**
- **B** for Category **B**
- **A & B** (for both categories).

Concise description

In the **Concise description** field, type a brief description of each Category **A** or **B** RTP. Briefly describe the arrangements or transactions, including the facts and circumstances, relevant to the position you are disclosing.

Positions covered by a private ruling

Where a position is covered by a **private ruling**, you only need to provide us with the reference number for the ruling in the **Concise description** field. This is also referred to as the authorisation number.

You can find the relevant reference number in the top right corner of correspondence from us.

Positions covered by an advance pricing arrangement application

A position subject to an advance pricing arrangement (APA) application must be disclosed if it meets the criteria for a Category **A** or **B** RTP. These positions must be disclosed even if the application has been accepted into our APA program.

For positions covered by an APA application, you only need to provide us with the APA application reference number in the **Concise description** field.

You can find the relevant reference number in the top right corner of APA application correspondence from us.

For examples, see [Disclosing RTPs on the schedule](#).

Basis for position

Outline the position taken in your entity's tax return and the basis for that position, including:

- specific references in any legislation your entity relied on – don't just refer to a division or subdivision
- all relevant authorities you use when concluding the likelihood of the position
- any industry or administrative practices.

If the position is covered by:

- a private ruling, type only **private ruling** in the **Basis for position** field, unless there are material differences in the implemented arrangement or transaction to what was described in the ruling – if material differences exist, you must state them in the **Basis for position** field
- a ruling application, which has been withdrawn, type only **private ruling application – withdrawn** in the **Basis for position** field
- an APA application, type only **APA application** in the **Basis for position** field.

For examples, see [Disclosing RTPs on the schedule](#).

In the PDF schedule, the **Basis for position** field accepts 3,000 characters or approximately 500 words. You can attach additional information if required.

Continue to: [Section C: Category C reportable tax positions](#)

[Return to: Instructions to complete the RTP schedule 2024](#)

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Section C: Category C reportable tax positions

How to complete Section C: Category C RTPs.

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On this page

[What to disclose in Section C](#)

[Did you have any Category C RTPs for the 2023–24 income year?](#)

[How many Category C RTPs are you reporting?](#)

[Have you discussed this position with the ATO?](#)

[RTP Category C question and subcategory](#)

What to disclose in Section C

In Section **C** you need to disclose Category **C** RTPs. You must complete all the mandatory fields for each RTP you are reporting.

The questions will tell you if you need to consider **materiality**. When the question doesn't include any materiality criteria, you must disclose a Category **C** RTP if the arrangement, transaction or circumstances covered is relevant for your entity.

Unless otherwise specified, the questions refer to arrangements or transactions:

- in place at any time in the income year
- covered by the tax return the schedule accompanies.

You don't need to disclose an arrangement for a Category **C** question referencing a taxpayer alert if:

- we have already reviewed the arrangement and advised we won't be taking further action
- there has been no material change to the arrangement since our review.

Did you have any Category C RTPs for the 2023–24 income year?

You must confirm if your entity has any Category **C** disclosures.

Select from the drop-down menu, either **Yes** or **No**.

If you select **No**, go to Section D: Declaration and signature.

If you select **Yes**, the next question **will ask how many Category C RTPs you are reporting?**

How many Category C RTPs are you reporting?

Enter the total number of Category **C** RTPs you are reporting.

You will need to follow the instructions for answering individual Category **C** questions to ensure you make a complete disclosure.

Using the PDF schedule

In the PDF version, once you enter the number of RTPs you are disclosing and move off the field, it will automatically display the required number of fields to make the disclosures.

Have you discussed this position with the ATO?

For each disclosure you make, you must confirm if you (or another representative of your entity) have previously discussed the disclosure with us. All fields must be completed for each disclosure, no matter what answer you provide.

Select from the drop-down menu, either **Yes** or **No**.

RTP Category C question and subcategory

Enter the number of the Category **C** question you are disclosing in the **RTP Category C question** field. If there are subcategories, enter the relevant subcategory in the **RTP Category C subcategory** field.

If your entity has multiple positions covered by a single question, the question will tell you how to disclose this. You may need to select the appropriate subcategory or make a disclosure for each position.

For all Category **C** questions, you must make a disclosure if your entity had an arrangement covered by a question at any time during the year. If the arrangement is no longer in place at the time of preparing your entity's tax return, note this in the **Comments** field.

Comments

Some questions specify the information you must provide in this field.

If a question doesn't require information in the **Comments** field, we encourage you to briefly explain your entity's arrangements. Doing so may mean we:

- don't need to contact you for more information

- can ask more targeted questions, if we do require more information.

Question 1

Question removed as the information is collected through other means.

Question 2

Question removed. Legislation has passed introducing a new integrity measure to address the concerns raised in TA 2015/2.

Question 3

Has your entity entered into arrangements, or variation of arrangements, described in Taxpayer Alert TA 2015/5 involving the use of offshore entities that source goods (procurement hubs)?

Question 4

Question removed due to impacts of legislative changes.

Question 5

Question removed as the information is collected through other means.

Question 6

Question removed as the arrangement falls within Schedule 2 of PCG 2017/4 and the risk rating under that schedule is required to be disclosed at question 23.

Question 7

Question removed as the information is collected through other means.

Question 8

Question removed due to impacts of legislative changes.

Question 9

If your entity has related party dealings involving centralised services hub arrangements, disclose the outcome you have self-assessed using the applicable schedule in Practical Compliance Guideline PCG 2017/1 for **each** hub arrangement your entity is involved in.

For offshore marketing hub arrangements:

- Subcategory 1: white zone
- Subcategory 2: green zone
- Subcategory 3: blue zone
- Subcategory 4: yellow zone
- Subcategory 5: amber zone
- Subcategory 6: red zone
- Subcategory 7: red zone, did not apply ATO risk methodology or calculate tax impact.

For offshore non-core procurement hub arrangements:

- Subcategory 11: white zone
- Subcategory 12: green zone
- Subcategory 13: blue zone
- Subcategory 14: yellow zone
- Subcategory 15: amber zone
- Subcategory 16: red zone
- Subcategory 17: red zone, did not apply ATO risk methodology or calculate tax impact.

Enter the relevant subcategory number in the **RTP Category C subcategory** field.

In the comments section, provide for each disclosed arrangement under:

- Schedule 1, the goods or commodities sourced from Australia and sold through the marketing hub arrangement, or
- Schedule 2, the goods or services acquired through the non-core procurement hub arrangement.

If the arrangement has been subject to a review by us, provide our reference number in the **Comments** field. This can be found in the top right corner of correspondence from us related to the review.

If the arrangement has been discussed with us, outside of a formal review product, provide details of the discussion in the **Comments**

field.

Question 10

Has your entity excluded from its thin capitalisation calculations of debt capital any value of a debt interest that has been treated wholly, or partly, as equity under accounting standards?

See, Taxpayer Alert TA 2016/9 and Taxation Determination TD 2020/2 for more guidance.

Question 11

Is your entity currently involved in cross-border, round robin financing arrangements using an arrangement, or variation of an arrangement, described in Taxpayer Alert TA 2016/10?

Question 12

Was your entity party to an arrangement separating an integrated trading business into parts that results in trading income being re-characterised into more favourably taxed passive income?

See, Taxpayer Alert TA 2017/1 for more guidance.

Question 13

Has your entity claimed the R&D tax incentive using an arrangement, or variation of an arrangement, described in the subcategories below?

- Subcategory 1: Taxpayer Alert TA 2017/2 (construction activities)
- Subcategory 2: Taxpayer Alert TA 2017/3 (any business activities)
- Subcategory 3: Taxpayer Alert TA 2017/4 (agricultural activities)
- Subcategory 4: Taxpayer Alert TA 2017/5 (software development activities)
- Subcategory 5: More than one of the above taxpayer alert subcategories applies.

Enter the relevant subcategory number in the **RTP Category C subcategory** field.

If more than one taxpayer alert subcategory applies, enter the relevant taxpayer alerts in the **Comments** field.

Question 14

If your entity has cross-border related party finance arrangements, disclose the outcome you have self-assessed using PCG 2017/4, Schedule 1 and/or Schedule 3 for the 3 most material arrangements.

If your entity has a cross-border related party finance arrangement with a higher risk rating to the 3 already disclosed, you must also disclose this arrangement.

Each arrangement must be included as a separate disclosure on the RTP schedule.

Materiality is determined by the loan amount in Australian dollar equivalent. It should be determined using the instructions for question 11 of the *International dealings schedule 2024* (IDS).

For related party debt funding arrangements under Schedule 1:

- Subcategory 1: white zone
- Subcategory 2: green zone
- Subcategory 3: blue zone
- Subcategory 4: yellow zone
- Subcategory 5: amber zone
- Subcategory 6: red zone
- Subcategory 7: red zone, if you have not applied Schedule 1.

For related party outbound interest-free loans under Schedule 3:

- Subcategory 11: white zone
- Subcategory 12: green zone
- Subcategory 13: blue zone
- Subcategory 14: yellow zone
- Subcategory 15: amber zone
- Subcategory 16: red zone
- Subcategory 17: red zone, if you have not applied Schedule 3.

Enter the relevant subcategory number in the **RTP Category C subcategory** field.

For each of the arrangements disclosed, provide in the **Comment** field:

- the currency of the loan
- the rate of interest (if variable, the base rate and margin)
- the Australian dollar equivalent loan amount
- if the arrangement is an outbound or inbound loan
- If the arrangement has been subject to any review by us, provide our reference number. This can be found in the top right corner of correspondence from us related to the review. If the arrangement has been discussed with us outside a formal review product, provide details of the discussion.

Question 15

Question removed as the information is collected through other means.

Question 16

Question removed.

Question 17

At any stage during the income year, did your entity have cross-border financing arrangements with an **international related party** (including back-to-back arrangements through third parties) where it claimed a tax deduction for interest, or an amount in the nature of interest, and interest withholding tax wasn't remitted because a withholding tax liability isn't expected to arise within the next 18 months.

See, Taxpayer Alert TA 2018/4 for more guidance.

Question 18

Question removed as the information is collected through other means.

Question 19

If your entity has reached a formal settlement agreement or future compliance arrangement with us that applies to the current income year, disclose the outcome of your entity's terms of agreement using the following subcategories:

- Subcategory 1: your entity breached one or more of the terms of the settlement deed or future compliance arrangement.
- Subcategory 2: changes in the relevant and material facts, as disclosed in the deed or arrangement, have occurred.
- Subcategory 3: your entity is compliant with the terms of settlement deed or future compliance agreement.

Enter the relevant subcategory number in the **RTP Category C subcategory** field. Enter the number **1** if both 1 and 2 subcategories apply.

In the **Comment** field, provide details of the circumstances relevant to the subcategory and provide our reference number for the settlement agreement or forward compliance arrangement. This can be found in the top right corner of correspondence from us related to the settlement or agreement.

Question 20

Question removed as the information is collected through other means.

Question 21

Are you aware of any unamended mistakes or omissions in any single tax return lodged by your entity within 4 years of the lodgment date of this RTP schedule where, if all mistakes or omissions in that return are amended, it would result in either:

- more than \$1.5 million in tax being payable (or would have been payable had it not been offset, for example by losses from prior years)
- more than \$5 million in losses (including capital losses).

For the purposes of this calculation, only count mistakes and omissions your entity hasn't previously notified us of.

In the **Comments** field, provide details of the mistakes or omissions, the:

- tax returns the mistakes or omissions applies to
- nature of the mistakes or omissions

- amount of tax payable or losses the mistakes or omissions would result in.

Question 22

If your entity has restructured out of any arrangements in the current year to which the hybrid mismatch rules applied, or would have applied had the arrangements remained in place, disclose the subcategory that describes your entity's current position:

- Subcategory 1: all restructured arrangements qualify as low risk under Practical Compliance Guideline PCG 2018/7
- Subcategory 2: one or more of the restructured arrangements don't qualify as low risk under Practical Compliance Guideline PCG 2018/7.

In considering whether the hybrid mismatch rules would apply you must disregard dual inclusion income.

Enter the relevant subcategory number in the **RTP Category C subcategory** field.

For arrangements that are not low risk, in the **Comment** field provide:

- details of the restructured arrangement
- basis on which the arrangement didn't qualify as low risk under PCG 2018/7.

Question 23

If your entity has related party derivative arrangements, disclose the outcome you have self-assessed using PCG 2017/4, Schedule 2 for the 3 most material arrangements.

If your entity has a related party derivative arrangement with a higher risk rating than the 3 already disclosed, you must also disclose this arrangement.

Each arrangement must be included as a separate disclosure on the RTP schedule.

Materiality is determined by the hedged item amount in Australian dollar equivalent.

- Subcategory 1: white zone

- Subcategory 2: green zone
- Subcategory 3: blue zone
- Subcategory 4: yellow zone
- Subcategory 5: amber zone
- Subcategory 6: red zone
- Subcategory 7: red zone, if you have not applied Schedule 2.

Enter the relevant subcategory number in the **RTP Category C subcategory** field.

In the **Comment** field for each **red** and **amber** arrangement disclosed, provide the:

- underlying transaction hedged by the derivative, including the loan quantum in Australian dollar equivalent
- commercial and operational reasons for borrowing in a foreign currency
- name and location of the counterparty for the derivative and hedged item.

Question 24

If your entity has related party dealings involving inbound distribution arrangements, in the **RTP Category C subcategory** field enter either:

- **9** – where your entity hasn't self-assessed the risk zone of the arrangements using PCG 2019/1
 - If your entity has adopted the distributor simplified transfer pricing record keeping option in PCG 2017/2, record PCG 2017/2 applied in the **Comments** field.
 - If paragraph 49 of PCG 2019/1 applies to your entity's arrangements, record in the **Comments** field which exclusion categories (from paragraph 49) apply.
- The appropriate number from the table below, where your entity has self-assessed the risk zone of the arrangements using PCG 2019/1.

RTP Category C subcategory field – risk assessment ratings

Category	Low risk	Medium risk	High risk
General distributor – Schedule 1 (not in an industry sector specifically covered by a separate schedule)	11	12	13
Category 1 Life science industry – Schedule 2	21	22	23
Category 2 Life science industry – Schedule 2	31	32	33
Category 3 Life science industry – Schedule 2	41	42	43
Category 1 ICT industry – Schedule 3	51	52	53
Category 2 ICT industry – Schedule 3	61	62	63
Motor vehicles industry – Schedule 4	71	72	73

Select the industry sector you believe best describes your entity. If the schedule for this industry sector has different categories of activities that generate value, select the one you believe best reflects the inbound distribution arrangement.

Calculate your entity's 5-year weighted average **EBIT margin** based on financial information without making adjustments for comparability purposes. This reflects how the profit markers in PCG 2019/1 have been constructed.

If your entity hasn't lodged tax returns for each of the 5 preceding income years, calculate the EBIT margin on a weighted average over the preceding years of consecutive lodgments.

If your entity has an inbound distribution arrangement but you can't determine an EBIT margin for the arrangement, answer with Subcategory 9 indicating you did not apply PCG 2019/1. Provide the reason you couldn't determine the EBIT margin in the **Comments** field.

Question 25

Has your entity claimed deductions for expenses incurred under arrangements with offshore **related or unrelated** parties and used intangible assets held by an offshore party in connection with these arrangements, where the arrangements don't appropriately recognise an amount as consideration for the use of the intangible assets.

Enter the number one (**1**) in the **RTP Category C subcategory** field.

Has your entity claimed deductions for expenses incurred under arrangements with offshore **related** parties and used intangible assets held by an offshore **related** party in connection with these arrangements, where one of the following subcategories applies:

- Subcategory 2: your entity hasn't applied the arm's length principle in determining the appropriate consideration for the use of the intangible assets.
- Subcategory 3: your entity has considered the arm's length principle in determining the appropriate consideration for the use of the intangible assets, but the arrangement is not covered by section 284–255 (*Taxation Administration Act 1953*) compliant transfer pricing documentation.

Enter the relevant subcategory number in the **RTP Category C subcategory** field.

If multiple subcategories apply to a single arrangement, record the lowest subcategory. For example, if both subcategories 1 and 2 apply, record subcategory 1.

If your entity has more than one arrangement you will need to disclose each arrangement separately, unless the criteria for **treating similar arrangements or transactions as a single position** apply. In this case, record the number of arrangements in the **Comments** field.

For more guidance, see Taxpayer Alert TA 2018/2.

Question 26

If your entity is a multiple entry consolidated (MEC) group, has it entered into arrangements, or variation of arrangements, described in Taxpayer Alert TA 2019/1, where a group CGT asset (with a large unrealised capital gain) is sold through an eligible tier 1 company (with

significant intra-group debt), which is subsequently sold to a third party who undertakes to extinguish the intra-group debt?

Question 27

Question removed as information is collected through other means.

Question 28

If your entity is a private company that is the head entity of a consolidated group, did any of the consolidated group members (including the head entity) make a loan to the head entity's shareholders or their associates that are external to the consolidated group where all of the following apply:

- the loan is not compliant with the terms of section 109N
- the loan was not repaid by the lodgment date
- no statement has been provided to the recipient advising of a deemed dividend.

For more guidance, see Taxation Determinations TD 2004/68 and TD 2018/13.

Question 29

Has your entity been part of an arrangement described by either:

- Subcategory 1: Your entity has subscribed for a controlling share of units in a unit trust (where they did not own a controlling share in the prior year), which had a debt to another party that was the trust's associate before the subscription and where the proceeds of the subscription were used to repay the debt?
- Subcategory 2: Your entity has or had an associate unit trust which, in the current or 4 previous income years, transferred assets into a second unit trust relying on CGT rollover relief under Subdivision 126-G of *Income Tax Assessment Act 1997* (ITAA 1997), and where the unitholdings in the second trust have subsequently changed to the extent that it is no longer your associate?

See, Taxpayer Alert TA 2019/2 for more guidance.

Enter the relevant subcategory number in the **RTP Category C subcategory** field.

Enter the number **2** if both subcategories apply.

Question 30

Question removed.

Question 31

In the current, or 4 prior income years, has your entity, or an entity your entity controls, claimed a full credit or offset for foreign income tax paid where less than 100% of the related foreign income (including capital gains) is included in their Australian assessable income?

See, ATO Interpretative Decision **ATO ID 2010/175** for more guidance.

Question 32

Question removed due to new advice and guidance and replaced with questions 44 and 45.

Question 33

Has your entity entered into any arrangements or schemes, or variation of arrangements, described in Taxpayer Alert **TA 2020/2**, where the structure used by foreign investors to invest directly into an Australian business has been mischaracterised?

In the **Comments** field, provide:

- the foreign investor's identity
- a brief description of what features, if any, aren't consistent with vanilla debt or equity investments
- a brief explanation of how the investment provides the foreign investor with any direct exposure to the economic return from a particular business or assets exploited in the business.

Question 34

Has your entity entered into any arrangements, or variation of arrangements with a non-resident related party, described in Taxpayer Alert **TA 2020/3** and claimed a deduction for interest expenses under that arrangement?

Question 35

Has your entity either:

- Subcategory 1: entered into an arrangement, or a variation of an arrangement, described in Taxpayer Alert TA 2020/4 involving the transfer of assets within a MEC group and an ET-1 company leaving the MEC group or an ET-1 company anticipated to leave the MEC group in future?
- Subcategory 2: entered into an arrangement, or a variation of an arrangement, involving the transfer of assets within a MEC group and an ET-1 company leaving the MEC group or an ET-1 company anticipated to leave the MEC group in the future?
- Subcategory 3: entered into an arrangement where 1 or more companies became an ET-1 company and there was a transfer of assets to any of those ET-1 companies?

Question 36

Has your entity entered into any arrangements, or variation of arrangements, described in Taxpayer Alert TA 2020/5 and obtained imputation benefits relating to a parcel of Australian shares it holds (either directly or indirectly) where it has offset its economic exposure to those shares, or an Australian equities index, through the use of derivative instruments?

Question 37

Question removed due to legislative changes.

Question 38

Question has been removed.

Question 39

Has your entity made payments to an entity that is a member of your entity's Division 832 control groups and those payments would, prior to the application of Subdivision 832-H, result in an income tax deduction in the current income year?

Disclose the outcome you have self-assessed using Practical Compliance Guideline PCG 2021/5.

- Subcategory 1: white zone

- Subcategory 2: green zone
- Subcategory 3: blue zone
- Subcategory 4: yellow zone
- Subcategory 5: amber zone
- Subcategory 6: red zone 1
- Subcategory 7: red zone 2
- Subcategory 8: red zone, if you have not applied PCG 2021/5.

Enter the relevant subcategory number in the **RTP Category C subcategory** field.

In the **Comments** field, provide:

- if the arrangement is rated **red** or **amber**, the reason the arrangement falls in that zone
- if subcategory 8 applies, the reason you didn't apply the PCG.

Question 40

Has your entity entered into any arrangement with a related overseas entity as described in Taxpayer Alert TA 2021/2 involving the inflow of funds to Australia as a gift or an advance of funds by way of a loan? If the advance of funds was by way of a loan, disclose the arrangement only where one or more of the following applies:

- there has been no repayment of the loan
- the repayments made were less than the interest incurred
- the loan has been refinanced to the same related overseas entity or an associate.

Question 41

During the year, did your entity:

- enter into an arrangement, or variation of an arrangement, as described in Taxpayer Alert TA 2022/2
- obtain a reduced withholding tax rate under one of Australia's double tax agreements in relation to royalty or unfranked dividend payments arising from an arrangement, or variation of an

arrangement, described in TA 2022/2 entered into on or after 1 July 2021.

Question 42

Has your entity treated global intangible low-taxed income (GILTI) as 'subject to foreign income tax' in the United States under section 832–130 of the *Income Tax Assessment Act 1997*?

See, Taxation Determination TD 2022/9, for more guidance.

In the **Comments** field please provide the:

- amount of GILTI your entity has used to reduce the amount of its deduction/non-inclusion mismatches
- amount of GILTI your entity has treated as dual inclusion income
- subsection of section 832–130 your entity treated GILTI as 'subject to foreign income tax' in the United States, subsection 832–130(5), subsection 832–130(1) or both.

Question 43

Has your entity participated in any arrangements where the profits of a private company have been accessed in a tax-free form (that is, without an additional tax liability) by arranging for the profits to be passed to your entity or another participant through an interposed holding company using an arrangement, or variation of an arrangement, described in Taxpayer Alert TA 2023/1?

Question 44

If your entity has any international related party Intangibles Migration Arrangements that involved a Migration of intangible assets in the current income year (within the meaning set out in paragraph 3 of Practical Compliance Guidance PCG 2024/1), and the Migration arrangement is not an Excluded Intangibles Arrangement (see paragraph 39 of Practical Compliance Guidance PCG 2024/1) disclose the risk rating you have self-assessed under Table 1 of the Risk Assessment Framework in Practical Compliance Guidance PCG 2024/1 for the 3 most material Migration arrangements.

If in the current year, your entity has entered into one or more Migration arrangements with a higher risk rating under Table 1 of the

Risk Assessment Framework than the 3 most material arrangements disclosed, you must also disclose each of those other arrangements.

Each arrangement must be included as a separate disclosure on the RTP schedule.

Materiality is determined using the instructions to question 17 of the International dealings schedule.

If you are making a disclosure in question 17 of the IDS regarding a restructuring event which is also an Intangibles Migration Arrangement (within the meaning of Practical Compliance Guidance **PCG 2024/1**), you can refer to that as one of your disclosures and make the relevant reference in the comments section.

Enter the relevant subcategory number in the **RTP Category C subcategory** field:

- Subcategory 1: Green (lower risk)
- Subcategory 2: Blue (lower to medium risk)
- Subcategory 3: Amber (medium risk)
- Subcategory 4: Red (higher risk)
- Subcategory 5: White Zone
- Subcategory 6: high risk, if you have not applied **PCG 2024/1**
- Subcategory 7: December early balancing taxpayer with insufficient time to complete an assessment of your entity's current Migration arrangements.

Note: if an Intangibles Migration Arrangement has been disclosed in question 17 of the IDS and you refer to that disclosure in your RTP schedule you do not need to provide the below details to the extent you have already disclosed them in the IDS.

In the **Comments** field for each disclosed arrangement:

- provide a summary of each arrangement, including the type of arrangement (for example, a sale or licence) and the entities involved
- provide a summary of the intangible assets involved in each arrangement including a summary of the key connected DEMPE activities

- indicate whether the arrangement has been disclosed in question 17 of the IDS in the current income year.

If Subcategory 7 applies, in addition to the above information, in the Comments field provide further information on the reasons why there is insufficient time to complete the assessment.

Question 45

Other than Excluded Intangibles Arrangements (as defined in paragraph 39 of Practical Compliance Guidance **PCG 2024/1**), if your entity has any international related party Intangibles Migration Arrangements in the current year that did not involve a Migration of intangible assets in the current year (within the meaning set out in paragraph 3 of **PCG 2024/1**), disclose whether any of those arrangements is connected with a prior Migration of intangible assets held by your entity in the last 5 years?

Enter the relevant subcategory number in the **RTP Category C subcategory** field.

- Subcategory 1: Yes – one or more current arrangements are connected with a prior Migration
- Subcategory 2: No – none of the current arrangements are connected with a prior Migration
- Subcategory 3: Don't know whether one or more current arrangements are connected to a prior Migration
- Subcategory 4: high risk, if you have not applied **PCG 2024/1**
- Subcategory 5: December early balancing taxpayer with insufficient time to complete an assessment of the connection between your entity's current arrangements and a prior Migration.

Note: if the prior Migration arrangement has been disclosed in question 17 of the IDS, you do not need to provide the below details to the extent you have already disclosed them in the IDS.

If Subcategory 1 applies, in the **Comments** field provide for both the current arrangement and any connected past Migration of intangible assets:

- provide a summary of each arrangement, including type of arrangement (for example, sale or licence) and the entities involved

- provide a summary of the intangible assets involved in each arrangement including a summary of the key connected DEMPE activities
- whether the arrangement has been disclosed in question 17 of the IDS and the income year the disclosure was made.

If Subcategory 5 applies, in the **comments** field provide further information on the reasons why there is insufficient time to complete the assessment.

The PDF schedule field accepts 3,000 characters or approximately 500 words. You can attach additional information if required.

Continue to: [Section D: Declaration and signature](#)

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Section D: Declaration and signature

How to complete Section D: Declaration and signature.

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[Total number of pages being lodged](#)

[Declaration](#)

Total number of pages being lodged

Type the total number of pages you are lodging including any attachments in **Total number of pages being lodged**.

Declaration

When the schedule is complete, the public officer must make a declaration that the information in the schedule and any attachments is true and correct.

To make the declaration:

- select the check box at **I declare that the information on this schedule is true and correct.**

In the declaration, include the:

- public officer's name and daytime phone number
- public officer's written or digital signature
- declaration date – in the PDF version, write the date in the box next to **Date**.

Signing the declaration

If you are lodging by mail the public officer must sign the printed schedule.

If you are lodging through **Online services for business** or **Online services for agents**, the public officer must check the **I declare that the information on this schedule is true and correct** box. They are not required to sign a printed copy and should lodge the electronic form (rather than a scanned version) via our online services.

Continue to: [General administration for the RTP schedule](#)

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General administration for the RTP schedule

How to lodge, attach additional information and make changes to your RTP schedule.

On this page

How to lodge the schedule

Attach additional information

Changing your entity's RTP schedule

Reasonable care

How to lodge the schedule

You may be able to lodge the schedule as part of the tax return using the same SBR-enabled software you use to complete and lodge your entity's tax return.

If your software doesn't provide the RTP schedule for electronic lodgment you can lodge through:

- Online services for business
- Online services for agents
- [mail](#).

Online services

The best way to lodge is online as a mail message using Online services for business or Online services for agents:

- under **Communication**, select **Secure Mail**, select **New**
- Topic: **Income tax**
- Subject: **RTP schedule lodgment**
- write **20YY-YY** RTP schedule in the message details (with the relevant financial year) to confirm the year the schedule relates to
- attach the schedule (maximum size is 6 MB) and any attachments (maximum 6 files)
- check your message before sending to ensure the schedule and any attachments are attached

- **send** your mail message.

You will receive a confirmation and receipt number from us. Note the receipt number in case there are any issues. The message should remain in your sent items folder.

Mail your documents

Alternatively, you can print and post your completed schedule with any attachments to:

Australian Taxation Office
PO Box 9845
LOCALITY STATE POSTCODE

Don't use correction fluid or tape to make corrections to your completed schedule. If you make a mistake, make corrections electronically and print a new copy.

Attach additional information

You can provide additional information when you lodge the schedule through:

- Online services for business
- Online services for agents
- mail
- SBR-enabled software as part of your tax return.

You must include your entity's ABN on each attached page.

If you use Online services for business or Online services for agents to provide additional information, use the instructions for lodging the schedule online.

Write **20YY–YY RTP schedule attachments** in the message details. Attachments are limited to 6 per message, with a maximum file size of 6 MB.

Acceptable file types are:

- .doc, .docx, .dotx, .rtf
- .pdf

- .xls, .xlsx, .xltx
- .tif, .jpg, .bmp, .png, .gif
- .zip
- .mpp
- .ppt, .pptx, .potx, .ppsx.

Any files that are too large or in unacceptable formats will be rejected.

Changing your entity's RTP schedule

If you want to change any of the information reported on the schedule after you have lodged it, you will need to lodge another *Reportable tax position schedule 2024*.

Changes to a Category **A** or **B** RTP must be provided in Section **C** of the new schedule you lodge. In the **Concise description field**, enter the **RTP number** used on the earlier schedule (for example, 2024-number) and detail the changes.

Reasonable care

You must complete the schedule correctly and with reasonable care. This means taking the same care that could be expected of a reasonable person in your position.

Penalties may apply for false or misleading statements.

For more information, see Miscellaneous Taxation Ruling MT 2008/1 *Penalty relating to statements: meaning of reasonable care, recklessness and intentional disregard*.

Continue to: [Guide to understanding reportable tax positions](#)

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Guide to understanding reportable tax positions

Read our guides on RTP-related issues.

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Compliance – administrative and failure to lodge penalties

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Calculating materiality for transfer pricing positions

About Category A: Tax uncertainty in your tax return

A Category **A** RTP is one where, given [relevant authorities](#), you consider the material position taken is either:

- about as likely to be correct as incorrect, even if it is reasonably arguable
- is less likely to be correct than incorrect.

You must disclose a material position, even if it is based on administrative or industry practice, that:

- doesn't have regard to relevant authorities, or there are none
- is not based on a well-reasoned construction of the applicable statutory provision.

You must have regard to all matters relevant to the position including:

- anti-avoidance rules
- integrity provisions
- transfer pricing
- market valuations.

A position will be material where the potential adjustment, should the position not be sustained, is equal to or exceeds your entity's materiality amount.

For the meaning of 'about as likely to be correct as incorrect', 'more likely to be correct than incorrect', and 'relevant authorities', see Miscellaneous Taxation Ruling MT 2008/2 *Shortfall penalties: administrative penalty for taking a position that is not reasonably arguable* .

For information, see:

- Disclosing RTPs on the schedule – Category **A** RTP examples
- [When a transfer pricing position is an RTP.](#)

Relevant authorities

The relevant authorities include:

- taxation law
- material for the purposes of subsection 15AB(1) of the *Acts Interpretation Act 1901*
- a decision of a court (whether or not an Australian court), the Administrative Appeals Tribunal or a Taxation Board of Review
- a public ruling, as defined in section 358–5 of Schedule 1 to the *Taxation Administration Act 1953*.

Relevant authorities don't include:

- announced but unenacted law changes
- our general administrative practices
- industry practices.

Positions based on anticipated legislation

If you rely on announced but unenacted legislation, you must determine whether the position your entity has taken is a material RTP that must be disclosed.

Positions contrary to a public ruling

You must disclose a material position contrary to a public ruling where it meets the [criteria](#) for a Category **A** RTP.

Positions relating to the exercise of a Commissioner's discretion

To determine if a position that involves an assumption about the way the Commissioner of Taxation will exercise a discretion is a Category **A** RTP, you should consider:

- PS LA 2005/24 *Application of General Anti-Avoidance Rules*
- subsection 284–15(2) of Schedule 1 to the *Taxation Administration Act 1953*
- the Revised Explanatory Memorandum to A New Tax System (Tax Administration) Bill (No.2) 2000 at paragraph 1.29.

Where an assumption about the exercise of the Commissioner's discretion forms part of a material Category **A** RTP, you must disclose the relevant legislative provision that relates to the discretion. Include this in the **Basis for position** field on the schedule.

Positions covered by a general administrative practice

You must include any industry or administrative practices your entity relied on to reach its position in the **Basis for position** field on the schedule.

Positions where the law is clear but the facts are uncertain (relating to valuation issues)

To determine if a material position involving market values is a Category **A** RTP, you should consider the guidance provided in **Market valuation of assets**. This includes guidance to determine the appropriate valuation methodology, documents and allocations among assets.

Treating similar arrangements or transactions as a single position

Similar arrangements or transactions are treated as a single position when both:

- the facts used to determine their treatment for tax purposes are the same or similar, or are related to each other in a way that makes it necessary to take them into account together
- a common conclusion is reached on their tax treatment, that is, there is a common basis for lodgment.

These arrangements or transactions only need to be disclosed on the schedule once under a single RTP number. You must state in the **Concise description** field that the position relates to more than one similar arrangement or transaction.

Research and development tax offset claims

A research and development (R&D) tax offset claim reflected on the tax return may not be a single Category **A** or **B** RTP. Instead, there may be several positions taken within the R&D tax offset claim – for example, whether the:

- entity is an eligible R&D entity
- expenditure included in the claim was incurred
- expenditure was incurred on eligible R&D activities
- expenditure was at risk for R&D purposes
- feedstock provisions are applicable.

Each of these positions must be considered separately to work out whether your entity has any material RTPs you must disclose on the schedule.

If your entity has several projects that make up its R&D tax offset claim, this doesn't mean each project is treated as a separate Category **A** or **B** RTP. If the criteria for treating similar arrangements or transactions as a single position are met, you only need to report the projects under a single disclosure.

Related party international dealings

Where your entity has multiple related party international dealings, if the criteria for treating similar arrangements or transactions as a single position are met, you only need to report the dealings under a single RTP disclosure.

You can also combine all related party revenue dealings, or related party expenditure dealings, as a single Category **A** RTP disclosure.

Category A and B positions relating to losses

Find out about Category **A** and **B** positions relating to losses in prior and current years.

Prior year losses deducted or applied

You may have to disclose a Category **A** RTP if, in its tax return, your entity has either or both:

- deducted prior year tax losses
- applied prior year unapplied net capital losses to reduce the net capital gain included in its assessable income.

Only material positions must be disclosed.

Prior year losses carried forward

In your entity's tax return, you don't need to disclose any prior year:

- tax losses
- net capital losses carried forward to later income years.

Current year loss position

Your entity may still have an RTP that must be disclosed even if it reports a loss and potential adjustment that doesn't change its income tax liability for that income year. You must consider if your entity has any material positions and disclose them, even in a loss year.

Compliance – administrative and failure to lodge penalties

The schedule is part of the company tax return and must be lodged by your entity's tax return due date.

Administrative penalties will apply if you:

- make a false or misleading statement, including omissions
- fail to lodge on time.

For more about compliance and penalties, see:

- PS LA 2011/19 *Administration of the penalty for failure to lodge*
- Significant global entities – penalties
- Items 3A, 3B or 3C of subsection 284–90(1) of the *Taxation Administration Act 1953*
- PS LA 2012/4 *Administration of the false or misleading statements penalty – where there is no shortfall amount*
- PS LA 2012/5 *Administration of the false or misleading statement penalty – where there is a shortfall amount*

Interaction with voluntary disclosure provisions

A statement made in the schedule isn't a voluntary disclosure for the purposes of section 284–225 of Schedule 1 of the *Taxation Administration Act 1953*. Completing and lodging the schedule, as per the schedule instructions, doesn't satisfy the voluntarily disclosure requirements.

If the information provided in the schedule allows the Commissioner to identify and calculate the shortfall amount, this may lead to a remission of the shortfall penalty for:

- not having a reasonably arguable position
- making a false or misleading statement.

For more information, see Miscellaneous Taxation Ruling MT 2012/3 *Administrative penalties: voluntary disclosures*.

When a transfer pricing position is an RTP

You must report a transfer pricing position not covered by section 284–255 (*Taxation Administration Act 1953*) compliant transfer pricing documentation in Category **A** on the schedule. The lack of

compliant documents means there's insufficient information to determine if it's more likely to be correct than incorrect.

If your dealings are covered by compliant documents, your position is a Category **A** or **B** RTP if it falls within the high-risk zone of published ATO guidance and isn't a Category **C** position.

Where a transfer pricing position is a Category **C** RTP you must disclose this position in Section **C** not in Section **B** as a Category **A** or **B** RTP.

You need to separately report revenue and expenditure-based transfer pricing positions. However, you can combine and report all related party revenue, or related party expenditure, as a single Category **A** RTP.

For more on transfer pricing documentation, see Taxation Ruling *TR 2014/8 Income tax: transfer pricing documentation and Subdivision 284–E*.

Exemption for foreign banks or other qualifying financial entities

If your entity is a foreign bank or other qualifying financial entity to which Part IIIB of the ITAA 1936 applies and hasn't elected out of Part IIIB, you don't need to disclose a transfer pricing position for a notional borrowing it holds where the:

- notional borrowing is in a currency quoted in the London Interbank Offered Rate (LIBOR) or an agreed proxy and in a comparable tenor
- deductions associated with the notional borrowing have been capped at the appropriate LIBOR.

A number of LIBORs either ceased to be published or representative as of 31 December 2021.

In line with the administrative solution provided to the Australian Financial Market Association, from 1 January 2022 the exemption for disclosing a transfer pricing position for a notional borrowing will also apply where:

- the deductions associated with the notional borrowing have been capped using a reasonable proxy rate instead of LIBOR, if the notional borrowing is in a currency where LIBOR was never quoted or ceased being quoted, or

- the deductions associated with the notional borrowing have been capped at the appropriate LIBOR, if the notional borrowing is in a currency where LIBOR continues to be quoted, including LIBORs which are published on a synthetic basis.

This exemption applies even if your entity's notional borrowing isn't covered by section 284–255 compliant documentation.

This exemption does not apply if your entity has a notional borrowing that is not:

- been capped at the appropriate LIBOR or a reasonable proxy rate instead of LIBOR, and
- covered by section 284–255 compliant documentation.

In this case, you must disclose the transfer pricing position associated with the notional borrowing as a Category **A** RTP.

For further information, see [Treating similar arrangements or transactions as a single position](#).

Calculating materiality for transfer pricing positions

You only have to disclose Category **A** RTPs where the tax (or notional tax) affected by the position exceeds your entity's materiality amount. You can base the materiality calculation on either:

- applying the relevant accounting standards to quantify the uncertainty
- arm's length calculations.

Applying accounting standards to quantify the uncertainty

AASB 112 *Income Taxes* specifies requirements for current and deferred tax assets and liabilities. An entity applies the requirements in AASB 112 based on applicable tax laws. AASB Interpretation 23 *Uncertainty over Income Tax Treatments* explains how to apply the recognition and measurement requirements in AASB 112 when there is uncertainty over income tax treatments (see, [Guidance on AASB Interpretation 23 \(PDF, 325KB\)](#) [📄](#)).

Where you have used the recognition and measurement methods specified in AASB Interpretation 23 to calculate the value of tax uncertainty for a tax position, your entity's position is material where that value exceeds its materiality threshold.

Arm's length calculations

If your entity has conducted a comparability study that has established an arm's length range, its materiality calculation is based on the difference in the tax it paid, and what it would have paid, if the transfer price was based on the median of that arm's length range.

If your entity hasn't conducted a transfer pricing comparability study, you can base its materiality calculation on either:

- the benchmarks listed in Practical Compliance Guide PCG 2017/2 *Simplified transfer pricing record keeping options* if your entity meets the relevant qualifying requirements in PCG 2017/2 for the benchmark you are applying
- a conservative approach, where a transaction type isn't covered by PCG 2017/2 or your entity doesn't meet the conditions in PCG 2017/2.

If using a benchmark in PCG 2017/2, the materiality calculation is the difference between the tax your entity paid and what it would have paid had its transfer price been based on the benchmark from PCG 2017/2.

The materiality calculation, under the conservative approach, is:

- outbound transactions – the cost of the outbound supplies your entity is making multiplied by the tax rate
- inbound transactions – your entity's total deduction for inbound supplies multiplied by the tax rate.

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Definitions in the RTP schedule

A list of legislative references and their definitions.

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Accounting principles

Accounting principles has the meaning given by subsection 995-1(1).

Economic group

An economic group includes all entities (companies, trusts and partnerships, etc) that lodge an Australian tax return under a direct or indirect Australian or foreign ultimate holding company or other majority controlling interest.

This includes all entities under a single ultimate holding company or under the ownership of a single individual, trust or partnership.

For more information see **examples – economic group**.

Financial statements

Financial statements are the documents that represent the financial position and financial performance of an entity, prepared in accordance with [accounting principles](#). They include:

- financial reports prepared pursuant to **Chapter 2M** of the *Corporations Act 2001*
- statements (however described) that cover the activities of the Australian operations, where the taxpayer is a foreign resident operating through a permanent establishment in Australia
- reports prepared for submission to the Australian Prudential Regulation Authority (APRA) that cover the activities of the Australian operations, where the taxpayer is a foreign bank with an Australian permanent establishment.

If there are one or more sets of financial statements relevant for an entity, the financial statements that apply are those that recognise or disclose the uncertainty about taxes payable or recoverable to which the position relates.

For guidance on what is considered a financial statement see [Guidance on providing general purpose financial statements](#).

Hybrid mismatch rules

Hybrid mismatch rules collectively refer to **Division 832** and amendments to:

- Subdivision 768–A
- Section 23AH of the *Income Tax Assessment Act 1936* (ITAA 1936)
- Part IIIB of the ITAA 1936.

Loan amount

For loans or borrowings, trade financing and other types of debt interests under **Division 974** of the ITAA 1997, the average balance of the loan, borrowing or other debt interest during the income year is calculated the same way as quarterly balances of borrowings and loans shown at Question 11a of the *International dealings schedule 2024*.

Majority controlling interest

An entity holds a majority controlling interest in another entity where it holds more than 50% of the voting power at a general meeting of that entity.

Materiality amount

An entity's materiality amount is 5% of its Australian current tax expense, except where:

- 5% of its Australian current tax expense exceeds A\$30 million – the materiality amount is then A\$30 million
- 5% of its Australian current tax expense is less than A\$3 million – the materiality amount is then A\$3 million
- it has no Australian current tax expense – the materiality amount is then A\$3 million.

You must calculate your entity's Australian current tax expense in accordance with [accounting principles](#). If your entity is the head company of a MEC group, Australian current tax expense is the aggregate of the current tax expense of all members of the MEC group.

Use A\$3 million as the materiality amount if:

- your entity doesn't calculate its Australian current tax expense and doing so requires significant additional effort
- you consider the materiality amount for RTP purposes isn't appropriate to your entity's circumstances.

International related parties

International related parties are persons:

- not dealing wholly independently with one another in their commercial or financial relations and
- whose dealings or relations can be subject to **Subdivision 815-B** of the ITAA 1997 or the associated enterprises article of a relevant double tax agreement (DTA).

The term includes any overseas entity:

- or person who participates directly or indirectly in your entity's management, control or capital
- your entity participates directly or indirectly in the management, control or capital of
- who has the same entity or person participating directly or indirectly in its management, control or capital as your entity.

Position

A position is the effect, for taxation purposes, given to particular arrangements or transactions, as reflected in the statements made in your entity's 2023–24 company tax return.

This includes positions:

- due to interpretative matters – for example, legislative construction
- due to findings of fact – for example, market valuations
- where the effect for tax purposes is an omission from your entity's tax return.

Potential adjustment

Potential adjustment means the **sum of the following amounts** in the 2023–24 income year should the RTP not be sustained:

- your entity's tax rate multiplied by an amount, or part of an amount, that would be included in its assessable income
- your entity's tax rate multiplied by a deduction, or a part of a deduction, that wouldn't be allowable to your entity
- your entity's tax rate multiplied by a capital loss, or a part of that capital loss, that wouldn't be incurred by your entity
- a foreign income tax offset that wouldn't be allowable to your entity
- a tax offset that wouldn't be allowable to your entity.

Your entity's tax rate is the applicable tax rate specified in the Income Tax Rates Act 1986.

Total business income

Total business income is the amount reported in the total income label of the company tax return. For 2024, total income is reported at label **6S**.

Total business income of an economic group is the sum of all income labels in the Australian tax returns of every group member, including trusts and partnerships. There is no total income label on trust and partnership tax returns. This needs to be added up manually for all income labels.

All Australian income of group members is included in the calculation. Foreign income of group members is only included where the entity generating that income is an Australian resident entity.

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Examples: RTP group income, economic group and disclosures

Use our examples to self-assess, determine economic group and group income and work out what RTPs to disclose.

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Self-assess RTP lodgment

The following example will help you self-assess your entity's requirement to lodge a reportable tax position (RTP) schedule.

Example: self-assessment

Economic Group A is a public group with an aggregated total income of \$270 million and comprises companies B, C, D, Trust E and Partnership F. The total income in the tax returns of group members is:

- Company B – \$100 million
- Company C – \$70 million
- Company D – \$20 million
- Trust E – \$60 million
- Partnership F – \$20 million.

Companies B and C are required to lodge an RTP schedule as their total business income exceeds \$25 million and the group's total income exceeds \$250 million.

Company D isn't required to lodge an RTP schedule because its total income is less than \$25 million.

Trust E and Partnership F aren't required to lodge an RTP schedule as they are not companies and do not need to lodge a company tax return.

RTP lodgment and stub periods

The following example will help you self-assess your entity's requirement to lodge an RTP schedule if it is lodging a stub return.

Example: stub period

Company H is the head entity of Consolidated Group A. Company H is required to lodge an RTP schedule for financial year end 2024 on behalf of Consolidated Group A.

Company B was part of Consolidated Group A but left the consolidated group before the 2024 year end. Company B lodged a stub return for the part of the 2024 income year it wasn't part of the group.

Company B is not required to lodge an RTP schedule with its stub return.

In Consolidated Group A's 2024 RTP schedule, company H is required to disclose any of Company B's relevant arrangements for the period it was part of the group.

Group income

The following examples will help you determine your entity's group income.

Example: Australian group income

Economic Group A is a public group and comprises companies B and C:

- Company B is a foreign resident with \$200 million turnover – it doesn't lodge an Australian tax return
- Company C is an Australian subsidiary with \$170 million disclosed in the total business income label of the company tax return.

Only income reported in Australian tax returns is included in the group income calculation. As income in the Australian tax returns of all group members is below \$250 million, none of the group members are required to lodge the RTP schedule.

Example: Australian company tax return lodgment and group income

Economic Group A is a public group with an aggregated turnover of \$600 million and comprises companies B and C:

- Company B is a foreign subsidiary with \$300 million turnover and \$50 million in profit, which it pays to its parent as a dividend – it doesn't lodge an Australian tax return
- Company C is the Australian parent company whose income comprises \$300 million from its Australian operations and \$50 million in NANE dividends from Company B. Company C records \$350 million in its total business income label on its Australian company tax return.

Company B is not required to lodge an RTP schedule as it doesn't lodge an Australian company tax return. Company C is required to lodge an RTP schedule as its total business income exceeds \$250 million.

Economic group

The following example will help you determine your entity's economic group.

Example: economic group

Company A has:

- 60% interest in Company B
- 30% interest in Company C
- 30% interest in Company D.

Company B owns 30% in its sister Company C.

The group is headed by Company A as it is the ultimate holding company.

The Australian resident economic group consists of:

- Company A as the ultimate holding company
- Company B as Company A's controlling interest exceeds 50%

- Company C as both companies A and B are group members and together own a controlling interest in excess of 50% (Company A owns 30% and Company B owns 30%).

Company D is not included in the group as it is only 30% owned by members of this group and, as such, is not controlled by group members.

Disclosing RTPs on the schedule

The following examples will help you understand what positions you need to disclose.

Example 1: Category A RTP

AusCo is an Australian investment company. For many years, it has invested in the share market in Australian companies.

On average, it turns over about 10% of the value of its total share portfolio and maintains a consistent yield on its capital invested. AusCo had no particular exit strategy and treated any sales as the realisation of investments and on capital account.

During the income year, to refinance after having liquidity problems, AusCo sold 30% of its shares. AusCo considered these shares to be growth shares as opposed to value shares. These shares were sold on the market at a loss.

AusCo treats the losses from the sale of the shares as arising from an isolated transaction and on revenue account. It does so for all share sales and, therefore, treats the disposals of the sale shares as a single position.

If the chosen treatment isn't sustained, the potential adjustment would exceed AusCo's materiality amount.

Exercising reasonable care, AusCo concludes this treatment is about as likely to be correct as incorrect so it must disclose the position as a Category **A** RTP.

Information provided on AusCo's RTP schedule:

- RTP number – 2024-01

- Have you discussed this position with the ATO? – No
- RTP category – **A**.

Concise description

AusCo is an Australian investment company that has continuously invested in the Australian share market since early 2000.

From 1 July 2009 to 30 June 2024, AusCo had a 10% average turnover of the value of its total portfolio of Australian shares and maintained a consistent yield on its capital invested.

During the income year, AusCo experienced liquidity problems, as it couldn't refinance a loan facility. As a direct result, AusCo had to urgently sell 30% of its shares. The disposal of the sale shares was effectively a forced sale.

In line with a strategic decision made by AusCo's board, the sale shares were those shares AusCo considered to be growth shares, as opposed to value shares.

The sale shares comprised shares in several different Australian companies whose shares are actively traded on the ASX. Each parcel of shares was sold at a loss, as AusCo sold into a falling market.

The sales of the shares have been treated as a single position.

Basis for position

The position taken by AusCo, in its company tax return is that the loss arising on the disposal of the sale shares is deductible under section 8–1 of the *Income Tax Assessment Act 1997*.

In adopting this treatment, the following relevant authorities were considered:

- section 8–1 *Income Tax Assessment Act 1997*
- *London Australia Investment Co Ltd v FC of T* (1977) 138 CLR 106; *AGC (Investments) Limited v FC of T* 92 ATC 4239; *Trent Investments Pty Ltd v FC of T* 76 ATC 4105
- TR 92/3 *Income tax: whether profits on isolated transactions are income*

- TR 2005/23 *Income tax: listed investment companies*
- TD 2011/21 *Income tax: does it follow merely from the fact that an investment has been made by a trustee that any gain or loss from the investment will be on capital account for tax purposes?*

Example 2: Category A RTP

BCo is an Australian company that isn't a member of a tax consolidated group.

During the income year, all shares in BCo were sold to unrelated parties, resulting in BCo failing the continuity of ownership test. The new shareholders also introduced changes in BCo's operations.

BCo decides to write off a material long-term receivable as unrecoverable and bad.

BCo concludes it satisfies the same business test and is entitled to treat the bad debt write-off as deductible. If this treatment is not sustained, the potential adjustment would exceed BCo's materiality amount.

Exercising reasonable care, BCo concludes this treatment is about as likely to be correct as incorrect, so it must disclose the position as a Category **A** RTP.

Information provided on BCo's RTP schedule:

- RTP number – 2024-10
- Have you discussed this position with the ATO? – No
- RTP category – **A**.

Concise description

Since 2011, BCo Pty Ltd (BCo) has continuously owned and operated the retail business known as B Retail. In July 2022, BCo provided services, for an agreed fee, to XYZ Pty Ltd, an unrelated third party, through its B Retail business. In September 2022,

XYZ started experiencing serious financial difficulties. XYZ didn't pay for the services provided by BCo in line with the agreed terms.

In November 2023, XYZ advised BCo it couldn't pay for the services provided. In December 2023, after undertaking appropriate investigations and enquiries, BCo determined the long-term material receivable from XYZ was unrecoverable and bad.

BCo then took all necessary steps to write off the XYZ receivable as bad, including writing off the receivable from its accounts.

In November 2023, the legal and beneficial interests in all shares in BCo were sold to unrelated parties. The new shareholders of BCo have implemented changes to BCo's operations, focusing on improving the profitability of B Retail.

Basis for position

The position taken by BCo, on its company tax return, is the full amount of the XYZ debt written off as bad in the income year is deductible under sections 25–35 and 165–120 of the *Income Tax Assessment Act 1997*.

In adopting this treatment, the following relevant authorities were considered:

- sections 25–35, 165–120, 165–126, 165–129 and 165–210 of the *Income Tax Assessment Act 1997*
- TR 92/18 *Income tax: bad debts*
- TR 1999/2 *Income tax: deductibility of expenditure incurred on tailings dams or similar mining residue, waste storage or disposal facilities* (the operation of sections 165–13 and 165–210, paragraph 165–35(b), section 165–126 and section 165–132)
- *Dinshaw v Bombay Commissioner of Taxes* (1934) 50 TLR 527
- *Avondale Motors (Parts) Pty. Ltd. v Federal Commissioner of Taxation* (1971) 124 CLR 97.

Example 3: Category C RTP

AusCo enters into an arrangement where capital is raised from shareholders in order to fund the payment of a special dividend to shareholders.

This arrangement is an RTP covered by Question 2 of Category C.

Information provided on AusCo's RTP schedule:

- RTP Category C – question 2
- RTP Category C subcategory – leave field blank as not applicable.

Comments

AusCo has chosen not to provide any optional comments.

Example 4: Category C RTP

An Australian mining company, AusCo, has a related party in Thailand, ForCo.

ForCo sells minerals on behalf of other members in the group (including AusCo) to third parties in Malaysia, for which it is remunerated on a commission basis by the members, including AusCo.

Applying PCG 2017/1, AusCo identifies it is involved in an offshore marketing hub arrangement and the arrangement falls in the blue zone.

Marketing hub arrangements are covered by Question 9 of Category C, with the blue zone covered by subcategory 3.

Information provided on AusCo's RTP schedule:

- RTP Category C – question 9
- RTP Category C – subcategory 3.

Comments

Offshore marketing hub arrangement is in relation to export of zinc from Australia to Malaysia.

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