



 [Print whole section](#)

Permanent establishments

Detailed information about international tax agreements and permanent establishments.

Permanent establishments



Provides a brief overview of how tax applies to permanent establishments in Australia and overseas.

Record keeping requirements for Australian permanent establishments



What record keeping requirements are needed for Australian permanent establishments.

QC 28914

Permanent establishments

Provides a brief overview of how tax applies to permanent establishments in Australia and overseas.

Last updated 26 October 2016

Your enterprise can be taxed in Australia even if it does not reside here. Reciprocally, an Australian enterprise can be taxed overseas even though it is not resident there. Under our double tax agreements (DTAs), if your enterprise carries on business through a permanent establishment under either scenario above, taxation may apply. Such

tax will apply only to the extent that the profits are attributable to the permanent establishment.

A permanent establishment is generally defined in Australia's DTAs as being a fixed place of business through which the business of the enterprise is carried on in whole or part. The term is defined broadly in Australia's DTAs. It usually includes a branch, office, workshop- even the furnishing of services for certain periods of time.

Each place of business which falls within the appropriate DTA's definition of a permanent establishment will constitute a separate permanent establishment.

Where a permanent establishment exists, the profits attributable to that permanent establishment will be calculated using certain arm's length principles.

For more information about how Australia's attribution rules operate, please refer to Taxation Ruling TR 2001/11 - *Income tax: international transfer pricing*.

See also:

- Doing business overseas - what you need to know
- Doing business in Australia - what you need to know
- Selling goods into Australia

QC 18051

Record keeping requirements for Australian permanent establishments

What record keeping requirements are needed for Australian permanent establishments.

Last updated 25 November 2005

You can choose to comply with either Australian accounting standards, international accounting standards, or certain overseas standards.

Complying with Australian accounting standards for Australian permanent establishments

Under the *Income Tax Assessment Act 1997* (subsection 820-960(1A)) Australian permanent establishments (PEs) who choose this subsection to prepare their statements of financial performance and financial position must fully comply with Australian accounting standards. The Commissioner may decide (under subsection 820-960(4)) that an entity, or entities within a class of entities, do not need to comply with all or any part of the standards.

Following is the list of standards that PEs who choose to use Australian accounting standards:

- must fully comply with
- must comply with, except for the disclosure and comparative information requirements, or
- do not need to comply with

when preparing statements of financial performance and financial position.

Accounting standards that PEs must fully comply with

The Commissioner considers these accounting standards are the foundations for the preparation of statements of financial performance and statements of financial position as they prescribe the basic reporting requirements.

AASB 1001 Accounting Policies
AASB 1004 Revenue
AASB 1018 Statement of Financial Performance
AASB 1020 and AASB 1020B Tax Effect Accounting
AASB 1031 Materiality
AASB 1040 Statement of Financial Position

AASB 1042 Discontinuing Operations

Accounting standards that PEs must comply with, except for the requirements concerning disclosures and comparative information

PEs must comply with the following accounting standards, except for the disclosures and comparative information requirements, because the Commissioner considers such disclosures and comparative information are not necessary as they do not prescribe any measurement or recognition.

AASB 1002 Events Occurring After Reporting Date
AASB 1006 Interests in Joint Ventures
AASB 1008 Leases
AASB 1009 Construction Contracts
AASB 1010 Recoverable Amount of Non-Current Assets
AASB 1011 Research and Development Costs
AASB 1012 Foreign Currency Translation
AASB 1013 Goodwill
AASB 1014 Set-Off and Extinguishment of Debt
AASB 1015 Acquisition of Assets
AASB 1016 Accounting for Investments in Associates
AASB 1019 Inventories
AASB 1021 Depreciation
AASB 1022 Accounting for Extractive Industries
AASB 1023 Financial Reporting of General Insurance

Activities
AASB 1028 Employee Benefits
AASB 1033 Presentation and Disclosure of Financial Instruments
AASB 1034 Information to be Disclosed in Financial Reports
AASB 1036 Borrowing Costs
AASB 1037 Self Generating and Regenerating Assets
AASB 1038 Life Insurance Business
AASB 1041 Revaluation of Non-current Assets
AASB 1044 Provisions, Contingent Liabilities and Contingent Assets

Accounting standards that PEs do not need to comply with

PEs are not required to comply with the following standards because the Commissioner considers these standards deal mainly with disclosure, and in general do not prescribe any recognition or measurement.

AASB 1005 Segment Reporting
AASB 1017 Related Party Disclosure
AASB 1024 Consolidated Accounts
AASB 1025 Application of the Reporting Entity Concept and Other Amendments
AASB 1026 Statement of Cash Flows
AASB 1027 Earnings Per Share
AASB 1029 Interim Financial Reporting

AASB 1030 Application of Accounting Standards to Financial Accounts
AASB 1032 Specific Disclosure by Financial Institutions
AASB 1035 Amendments to AASB 1034
AASB 1039 Concise Financial Reports
AASB 1043 Changes to application of AASB 1042
AASB 1045 Land Under Roads
AASB 1046 Director and Executive Disclosures by Disclosing Entities
AASB 1047 Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards

QC 17653

Our commitment to you

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

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

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

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

Copyright notice

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).