

About this manual

This *Consolidation reference manual* provides business managers and their tax advisers with a users' guide to consolidating corporate groups for income tax.

The manual is published in three parts:

- Part A – Contents and Glossary
- Part B – overview for business managers and tax practitioners with cross-references to detailed information in Part C
- Part C – detailed technical information for tax practitioners.

Steps in the consolidation pathway (Part B) are colour-coded to link with the detailed information (Part C).

Getting started

If you are reading about consolidation for the first time, a good place to start is the 'Key points' at the beginning of Part B: 'Consolidation pathway'.

Referencing

The symbol → is used throughout the manual to indicate a reference to more information in another section of the manual or to the consolidation legislation – for example:

→ 'Paying PAYG instalments', B3-2

The references to consolidation legislation refer to elements of the *Income Tax Assessment Act 1997*, *Income Tax Assessment Act 1936*, *Income Tax (Transitional Provisions) Act 1997* and other Acts affected by the consolidation legislation – for example:

→ section 707-310, *Income Tax Assessment Act 1997*

→ section 170-45, *Income Tax (Transitional Provisions) Act 1997*

To make it easier to find the relevant legislative source, the lists of references at the end of each section in Part C cite both the relevant element of the amended Acts and the corresponding piece of consolidation legislation – for example:

- *Income Tax Assessment Act 1997*, section 707-310; as amended by *New Business Tax System (Consolidation) Act (No. 1) 2002* (No. 68 of 2002), Schedule 1
- *Income Tax (Transitional Provisions) Act 1997*, section 170-45; as amended by *New Business Tax System (Consolidation and Other Measures) Act (No. 1) 2002* (No. 117 of 2002), Schedule 12

Revision history

Every page of the *Consolidation reference manual* has a currency date in the bottom right corner. The detailed table of contents (→ A1) lists the currency date of each section.

At the end of each section there is a revision history explaining when that section was first published and what updates (if any) have been published.

The manual itself was originally published (excluding drafts) in December 2002. Subsequent updates have been published on the internet (see 'Updates') and were most recently consolidated into a single electronic version of the manual on 15 July 2011.

Updates

The manual is updated as more consolidation information becomes available, and you should make sure you have the latest information.

Updates of individual sections are published on the ATO website at:

www.ato.gov.au (search for 'consolidation updates')

Updates are periodically consolidated into a single electronic document, which is also published on the ATO website.

How do I keep my print version up to date?

If you have a printed copy of the manual, you can keep it current by downloading, printing and inserting updated sections.

The main table of contents (section A1) is the key. It lists the currency date of every section of the manual, so any time a section is updated, the contents is also updated.

Go to the ATO website (www.ato.gov.au – search for 'consolidation updates') and check the currency date of the contents (section A1). Compare it to the currency date of the contents in your print version (the currency date is in the bottom right corner of the page).

- If the website has a later version of the contents than the copy in your manual there are updated sections you don't have. Download, print and insert the sections (including the contents itself) that are dated later than your copy of the contents.
- If the website version of the contents has the same date as your version, you should be up to date.

Email updates and RSS news feeds

Once your print version is up to date, you can arrange to be notified of updates by subscribing to the ATO's email updates or RSS news feed services. On the ATO website home page, click on 'Subscribe', then follow the instructions. For RSS news feeds, select the category 'ATO – corporate'. For email updates, select the category 'Large corporates and multinationals'. When anything in the relevant parts of the website changes – including consolidation – you'll receive a news feed or email alert with a link to the new information.

Status This edition of the *Consolidation reference manual* supersedes all previous editions and the *Consolidation guidelines for corporate groups* (the latter was published in February 2002 to accompany an exposure draft of consolidation legislation).

The information in the manual is based on enacted law. Where appropriate, notes are inserted in the relevant sections of the manual alerting users to the potential impact of proposed legislation and government policy. Further information on proposed changes to consolidation legislation can generally be found at:

- <http://assistant.treasurer.gov.au> (Assistant Treasurer's press releases)
- www.treasury.gov.au (Treasury papers on refinements to the consolidation regime).

Consolidation and integrated tax design

Process The Review of Business Taxation (1999) strongly recommended a more integrated design process for developing tax measures.

Accordingly, the consolidation project sought to design systems and rules that respond to both the measure's policy intent and user needs. This process included:

- interdisciplinary teams to undertake the various tasks associated with designing and delivering changes to the tax system
- user-centred design, which requires an early focus on users and the formal testing of product prototypes
- co-designing change with the community, and
- adopting a disciplined but flexible approach to design.

Steps were taken to ensure that all project team members had a shared understanding of Government policy intent. The Government's intent was clearly documented and subject to formal change control procedures.

Blueprint An interdisciplinary team was formed to create a blueprint of the overall design for the consolidation measure, including its integration with the broader suite of products and services for this group of users. This blueprint was used to facilitate formal decision-making processes within the Treasury and ATO and to talk with members of the community about the practical implications of the proposed design. The blueprint included the 'consolidation pathway' (→ 'Consolidation – key points and pathway', B0-1), on which the structure of this manual is based.

Co-design Joint design teams and focus groups were established to work with the ATO to co-design the processes and products required to give effect to the Government's policy intent. These teams/groups comprised representatives from the business community, professional bodies representing accounting and legal advisers to business, the Treasury and the ATO.

Testing products

Iterative testing and refinement of prototype products is a key feature of the product development process that is being used for consolidation products, including this manual.

Revision history

This section first published (excluding drafts) 2 December 2002 and updated 28 May 2003.

Further revisions are described below.

Date	Amendment	Reason
23.12.03	Amendments to clarify status of manual and publishing/updating process.	Proposed changes to consolidation not included in manual until such time as they become law. Updates to manual published electronically, not in print.
14.7.04	Amendments to clarify status of manual.	Alert notes included in sections affected by recently enacted legislation or proposed changes to consolidation rules.
26.10.05	Changes to table of legislation and publishing details.	To reflect legislative program and current publishing practice.
30.6.09	Delete tables of amending legislation.	Tables designed to show legislative program during introduction of consolidation.
15.7.11	Cyclical update of the publication date of a new single electronic version of the CRM. Update the procedures associated with clients receiving e-mail updates and RSS feeds. Remove the reference to the CRM Index.	Amendment to reflect the publication of a new single electronic version of the CRM and the removal of the Index.

Proposed changes to consolidation

Proposed changes to consolidation announced by the Government are not incorporated into the *Consolidation reference manual* until they become law. In the interim, information about such changes can be viewed at:

- <http://assistant.treasurer.gov.au> (Assistant Treasurer's press releases)
- www.treasury.gov.au (Treasury papers on refinements to the consolidation regime).