THIN CAPITALISATION SCHEDULE 2003

Schedule and explanatory notes

Australian Taxation Office

Visit the ATO website at www.ato.gov.au

Thin capitalisation schedule notes

If you are subject to the thin capitalisation provisions it will be necessary for you to complete this form when preparing your tax return. The **completed** form **only** should be posted to:

Australian Taxation Office
PO Box 1365
Albury NSW 2640

Some entities are excluded from the requirement to apply the thin capitalisation provisions and do not need to complete this schedule. Entities subject to more than one application of the provisions during the income year should complete the schedule showing details of the last application. To find out whether you are so excluded or, if not, how to calculate the amounts requested on the schedule, refer to the publication *Guide to thin capitalisation* which is available on the ATO website at **www.ato.gov.au**

Items 1 and 2

There may be advantages in grouping for thin capitalisation purposes. If you are part of a consolidated group you cannot form a thin capitalisation group. If you form a thin capitalisation group, a member of your group needs to be chosen to be the **reporting entity**. This **reporting entity** provides the thin capitalisation details of the group on this schedule. **Every other member of the group is only required to complete items 1 and 2 of the schedule.**

Item 3

Show at label **C** the code which represents the type of thin capitalisation entity you or your group (if you are the reporting entity) is at the end of the income year or relevant period. If you do not know what type of entity you are, you will need to refer to the publication *Guide to thin capitalisation* and the *Income Tax Assessment Act 1997* (ITAA 1997).

NON-ADI*	
Code	Type
1	Outward investor (general)
2	Outward investor (financial)
3	Inward investment vehicle (general)
4	Inward investment vehicle (financial)
5	Inward investor (general)
6	Inward investor (financial)

ADI*	
Code	Type
7	Outward
8	Inward

* An 'ADI' is an authorised deposit-taking institution.

Item 5

Show at label **E** the code which represents the type of averaging method that you or your group (if you are the reporting entity) has used for calculating 'average values'. For more information refer to the publication *Guide to thin capitalisation* and ITAA 1997.

CODE	METHOD OF AVERAGE CALCULATION USED
1	Opening/closing balances
2	Three measurement days
3	Frequent measurement—quarterly
4	Frequent measurement—regular intervals
5	Transitional year method (This is generally only relevant for the entity's first income commencing after 30 June 2001. There may be an exception if you are an early balancer. Refer to the publication *Guide to thin capitalisation* and ITAA 1997.)

Item 6

All entities, or the reporting entities in the case of groups, that are subject to thin capitalisation are required to complete item 6. However, banks (ADIs) are not required to insert an amount at label **K**. Refer to the publication *Guide to thin capitalisation* to find out how to calculate the amounts to be inserted.

Item 7

If you are a bank (ADI) you are required to complete all relevant labels at item 7. Refer to the publication *Guide to thin capitalisation* to find out how to calculate the amounts to be inserted.

Item 8

If you are **not** a bank (non-ADI) complete all relevant labels at item 8. Refer to the publication *Guide to thin capitalisation* to find out how to calculate the amounts to be inserted.

Items 9 and 10

All entities that rely on the arm's length test (item 9) or the worldwide gearing debt/capital test (item 10) are required to complete items 9 and 10 as appropriate. Refer to the publication *Guide to thin capitalisation* to find out how to calculate the amounts to be inserted.
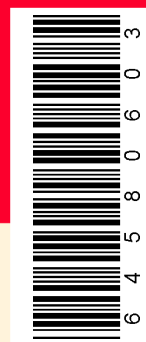
Thin capitalisation schedule 2003

Print neatly in BLOCK LETTERS with a black or blue ballpoint pen only.
Print one letter or number in each box.
Do not use correction fluid or tape.

www.ato.gov.au

Australian Taxation Office

Tax file number (TFN)

Australian business number (ABN)

This schedule forms part of the tax return of (name of entity):

For detailed notes on the completion of this schedule refer to the
Guide to thin capitalisation available on the Australian Taxation Office
website **www.ato.gov.au**

Show whole dollars only.

Signature as prescribed in tax return

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1   Are you part of a resident Thin Capitalisation (TC) group for thin
    capitalisation purposes?

A Y ☐ N ☐   Print **Y** for yes, or **N** for no
in the appropriate box.

If you printed **N** at label **A**, proceed to item **3**.

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2   Show the ABN of the entity reporting your resident TC group's detail.

B ☐☐☐☐☐☐☐☐☐☐☐

Only complete items **3** to **10** if you are the entity reporting your resident TC group details.

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3   Show your resident TC group or entity type at the end of the income year.

CODE
C ☐

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4   Have you, or any entity within your resident TC group, where you are the entity
    reporting for your resident TC group, changed status from 'general' to
    'financial' during the income year?

D Y ☐ N ☐   Print **Y** for yes, or **N** for no
in the appropriate box.

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5   Show the method used for calculating 'average values'.

CODE
E ☐

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6   General information—All entities, including TC groups, to complete.

Debt deduction	**F**	.00
Amount of debt deduction disallowed	**G**	.00
Adjusted average debt	**H**	.00
Average of the asset revaluation reserve	**I**	.00
Excess debt (non-ADI)/capital shortfall (ADI)	**J**	.00
Average value of assets (non-ADIs only)	**K**	.00

IN-CONFIDENCE—when completed

7 ADI—Complete as applicable.

7a

(Adjusted) average equity capital **L** [ ].00

Average value of risk weighted assets **M** [ ].00

7b Outward investing entity

Equity capital attributable to overseas permanent establishment(s) **N** [ ].00

Average value of controlled foreign entity equity **O** [ ].00

Tier 1 prudential capital deductions **P** [ ].00

7c Inward investing entity

Average of risk weighted assets attributable to Australian permanent establishment(s) **Q** [ ].00

Average value of dotation capital **R** [ ].00 **F**

8 Non-ADI—Complete as applicable.

8a

Average value of non-debt liabilities **A** [ ].00

Average value of associate entity debt **B** [ ].00

Average value of associate entity equity **C** [ ].00

Average value of associate entity excess amount **D** [ ].00

8b Financial entity

Average zero capital amount **E** [ ].00

Average on-lent amount **F** [ ].00

8c Outward investing entity

Average value of controlled foreign entity equity **G** [ ].00

Average value of controlled foreign entity debt **H** [ ].00

9 Arm's length tests

If relying on this test show:

Arm's length debt (non ADI) or capital (ADI) amount **I** [ ].00

10 Worldwide gearing debt/capital test

If relying on this test show:

ADI

Worldwide group capital ratio **J** [.]

Worldwide capital amount **L** [ ].00

Non-ADI

Worldwide debt **K** [ ].00

Worldwide equity **M** [ ].00

Worldwide gearing debt amount **N** [ ].00 **F**