

# EXPOSURE DRAFT

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Inserts for  
**Treasury Laws Amendment (Measures  
for Consultation) Bill 2019: significant  
global entities**

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Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. Schedule 4	The first 1 January, 1 April, 1 July or 1 October to occur after the day this Act receives the Royal Assent.	
2.		

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## Schedule 4—Significant global entities

### *Income Tax Assessment Act 1997*

#### **1 Subdivision 815-E (heading)**

Repeal the heading, substitute:

#### **Subdivision 815-E—Reporting obligations for country by country reporting entities**

#### **2 Section 815-350**

Omit “Significant global entities”, substitute “CBC reporting entities”.

#### **3 Paragraph 815-355(1)(a)**

Omit “\*significant global entity during a period”, substitute “\*CBC reporting entity for a period”.

#### **4 Subparagraph 815-355(3)(a)(ii)**

Repeal the subparagraph, substitute:

- (ii) if you were, or any other entity was, a \*country by country reporting entity for a period that includes the whole or a part of the preceding year because of your membership of a \*country by country reporting group—the other \*members of that group;

#### **5 At the end of Subdivision 815-E**

Add:

#### **815-370 Meaning of *country by country reporting entity* (or *CBC reporting entity*)**

An entity is a *country by country reporting entity* (or *CBC reporting entity*) for a period if:

- (a) the entity is a \*CBC reporting parent for the period; or
- (b) the entity is a \*member of a \*CBC reporting group and another member of that group is a CBC reporting parent for the period.

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## 815-375 Meaning of *country by country reporting parent* (or *CBC reporting parent*)

- (1) An entity is a *country by country reporting parent* (or *CBC reporting parent*) for a period if:
- (a) the entity is *not* an individual; and
  - (b) if the entity is a \*member of a \*CBC reporting group at the end of the period—it is an entity that, according to:
    - (i) \*accounting principles; or
    - (ii) if accounting principles do not apply in relation to the entity—commercially accepted principles related to accounting;is not controlled by any other member in the CBC reporting group at the end of the period; and
  - (c) the entity’s \*annual global income for the period is \$1 billion or more.
- (2) For the purposes of paragraph (1)(c), in working out the entity’s \*annual global income for the period treat the reference in paragraph 960-565(1)(aa) to \*notional listed company group as instead being a reference to \*CBC reporting group.

## 815-380 Meaning of *country by country reporting group* (or *CBC reporting group*)

- (1) A group of entities is a *country by country reporting group* (or *CBC reporting group*) if:
- (a) none of the entities is an individual; and
  - (b) any of the following requirements are satisfied:
    - (i) the group is consolidated for accounting purposes as a single group;
    - (ii) on the assumption that paragraph 960-575(4)(a) were disregarded, the group would be a \*notional listed company group.

Note: The effect of that assumption is that exceptions in accounting or other principles to requirements to consolidate for accounting purposes are taken into account in working out the membership of the country by country reporting group. Where such exceptions apply, a country by country reporting group may have fewer members than the equivalent notional listed company group.

- (2) Each entity in the group is a *member* of the \*CBC reporting group.

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## 6 Subsection 960-50(7A)

Omit “a \*global parent entity”, substitute “an entity”.

## 7 After subsection 960-555(2)

Insert:

(2A) An entity is also a *significant global entity* for a period if:

(a) the entity is a member of a \*notional listed company group;  
and

(b) one of the other members of the group is a \*global parent  
entity:

(i) whose \*annual global income for the period is \$1 billion  
or more; or

(ii) in relation to whom the Commissioner makes a  
determination under subsection (3) for the period.

## 8 Section 960-565

Before “The”, insert “(1)”.

## 9 Section 960-565

Omit “of a \*global parent entity”, substitute “of an entity”.

## 10 Before paragraph 960-565(a)

Insert:

(aa) if the entity is a member of a \*notional listed company  
group—the total annual income of all the members of the  
group (worked out on the assumption that all members of the  
group were consolidated for accounting purposes as a single  
group); or

## 11 Paragraph 960-565(a)

Omit “if the entity”, substitute “if paragraph (aa) does not apply and the  
entity”.

## 12 At the end of section 960-565

Add:

(2) Subsection (3) applies if:

(a) there are no \*global financial statements for the entity for the  
period; or

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1 (b) there are no global financial statements for the entity for the  
2 period that show the total annual income mentioned in  
3 subsection (1).

4 (3) Despite subsection (1), the *annual global income* of the \*entity for  
5 the period is the amount that would be, on the assumption that such  
6 statements had been prepared, the total annual income mentioned  
7 in subsection (1) shown in those statements.

## 8 **13 At the end of Subdivision 960-U**

9 Add:

### 10 **960-575 Meaning of *notional listed company group***

11 (1) A *notional listed company group* is a group of entities that would  
12 be required to be consolidated for accounting purposes as a single  
13 group, on the assumption that an entity (the *test entity*) were a  
14 listed company (within the meaning of section 26BC of the *Income*  
15 *Tax Assessment Act 1936*).

16 (2) Each entity in that group is a *member* of the \*notional listed  
17 company group.

18 (3) For the purposes of subsection (1), determine whether a group of  
19 entities would be required to be consolidated for accounting  
20 purposes as a single group according to:

21 (a) \*accounting principles; or

22 (b) if accounting principles do not apply in relation to the test  
23 entity—commercially accepted principles related to  
24 accounting.

25 (4) In applying the \*accounting principles or commercially accepted  
26 principles referred to in subsection (3):

27 (a) disregard any exceptions in those principles to requirements  
28 in those principles for entities to be consolidated as a single  
29 group; and

30 (b) without limiting paragraph (a), disregard any rule in those  
31 principles providing that one or more entities (the *excepted*  
32 *entities*) are not required to be consolidated as a single group  
33 with one or more other entities because the effect of such  
34 consolidation would be immaterial as a result of:

35 (i) the size of the excepted entities; or

36 (ii) any other matter.

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## 14 Subsection 995-1(1)

Insert:

*CBC reporting entity* has the meaning given by section 815-370.

*CBC reporting parent* has the meaning given by section 815-375.

*CBC reporting group* has the meaning given by section 815-380.

*country by country reporting entity*: see *CBC reporting entity*.

*country by country reporting parent*: see *CBC reporting parent*.

*country by country reporting group*: see *CBC reporting group*.

## 15 Subsection 995-1(1) (after paragraph (bb) of the definition of member)

Insert:

(bc) in relation to a \*notional listed company group—has the meaning given by section 960-575; and

(bd) in relation to a \*country by country reporting group—has the meaning given by section 815-375; and

## 16 Subsection 995-1(1)

Insert:

*notional listed company group* has the meaning given by section 960-575.

## *Taxation Administration Act 1953*

### 17 Section 3CA (heading)

Repeal the heading, substitute:

### **3CA Reporting of information by corporate country by country reporting entities**

#### 18 Paragraph 3CA(1)(a)

Omit “significant global entity”, substitute “country by country reporting entity”.

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## 1 19 Application

- 2 (1) The amendments made by this Schedule apply in relation to income  
3 years or other periods starting on or after 1 July 2018.
- 4 (2) To avoid doubt, the amendments made by this Schedule apply for the  
5 purposes of working out whether an entity was a CBC reporting entity  
6 for a period as mentioned in paragraph 815-355(1)(a) of the *Income Tax*  
7 *Assessment Act 1997* (as amended by this Schedule), even if that period  
8 started before 1 July 2018.
- 9 (3) Subitem (4) applies if:
- 10 (a) an entity is a significant global entity for an income year or  
11 other period that starts:
- 12 (i) on or after 1 July 2018; and  
13 (ii) before 1 July 2020; and
- 14 (b) disregarding the amendments made by this Schedule, the  
15 entity would not be a significant global entity for that income  
16 year or other period.
- 17 (4) For the purposes of Divisions 284 and 286 in Schedule 1 to the  
18 *Taxation Administration Act 1953*, treat the entity as not being a  
19 significant global entity for that income year or other period.

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