

## Attachment A: What you may need to give to us for our Streamlined Assurance Review

**NOTE: Items in black are questions that are normally included in a Request for Information (RFI). Items in blue indicate specific questions that we may include if we consider them relevant to the facts and circumstances of the client. This list of questions is not exhaustive and we may modified questions. The RFI specifies which entities these questions apply to. The questions will normally consider a two year period.**

Question	
<b>Group Structure</b>	
<b>1.</b>	<p><b>Group structure</b></p> <p>Provide a chart (or similar documents) showing the structure of the group (including companies, partnerships, trusts and superannuation funds) as at 30 June 20XX. Advise of any changes to the structure during the review period. Include all entities within Australia and foreign entities.</p> <p>(a) for all companies within the group include:</p> <ul style="list-style-type: none"> <li>(i) the company name</li> <li>(ii) company ABN/ACN</li> <li>(iii) names of the beneficial and non-beneficial owners</li> <li>(iv) classes of shares and rights attached, and</li> <li>(v) the percentage ownership for each of class of share</li> <li>(vi) the role and business activities of each entity within the group.</li> </ul> <p>(b) For each offshore entity or asset your group directly or indirectly have owned, controlled or had an interest in at any time during the review period, provide the following information:</p> <ul style="list-style-type: none"> <li>(i) type of each asset (e.g. bank account, share, investment portfolio or real property)</li> <li>(ii) if shares, the name and activities of the entity and percentage of the interest held by the Australian entity</li> <li>(iii) when the asset was acquired</li> <li>(iv) the value in Australian dollars and rationale for valuation</li> <li>(v) the name of the entity that owns the asset</li> <li>(vi) the jurisdiction in which it is located</li> <li>(vii) the jurisdiction of the entity's source of income</li> <li>(viii) the annual amount of revenue that has been earned from each asset</li> <li>(ix) an explanation of any amount of income that has not been included in Australian assessable income.</li> </ul>
<b>Alignment between accounting and tax results</b>	
<b>2.</b>	<p><b>Financial information, Tax reconciliation and working papers</b></p> <p>For all entities being reviewed, provide the following documents relating to the review period:</p> <ul style="list-style-type: none"> <li>(a) a statement of comprehensive income with notes (also known as a statement of financial performance or profit and loss statement);</li> <li>(b) a statement of financial position with notes (also known as a balance sheet)</li> <li>(c) detailed calculations reconciling accounting profit to taxable income (e.g. Statement of Taxable Income).</li> <li>(d) the working papers which support the calculation of any CGT gain / loss (including the applicable CGT event, whether a roll-over has been chosen and details of any CGT discount / concessions that have been claimed).</li> </ul>

## Tax governance and risk management

### 3. Tax governance framework

The ATO published a [tax governance guide for privately owned groups](#).

We measure the effectiveness of your tax governance against the '[Seven principles of effective tax governance for privately owned groups](#)'.<sup>1</sup> These principles cover the basic expectations we have for tax governance. To gain an understanding of the controls and processes of entities subject to this review (see above), provide:

- (a) an explanation with supporting evidence of processes and controls in place that provide the owner or management with oversight of tax compliance
- (b) an overview of the systems, procedures and controls in place to ensure that the financial and tax records of the group accurately reflect a true and fair view of the business and investment activities
- (c) the organisation personnel structure, outlining key tax administration roles and responsibilities
- (d) details of a succession plan for both key tax administration roles
- (e) an explanation with supporting evidence of controls and processes in place to identify and mitigate new commercial and tax risks relevant to your group
- (f) the name of any entities (other than your tax agent) that provided you with tax advice and what that advice was in relation to?
- (g) your approach to ensuring tax lodgement and payment obligations are met in full and on time
- (h) the report and findings of any recent internal or independent audit and an explanation of how its recommendations have been implemented.

Supporting evidence could include manuals, Information System Risk Assessment (ISRA) report, exception reports, internal governance reviews, written procedures and other written guidance made available to key decision makers and employees. Where no written document exists, state this.

- (i) Advise us of any errors or omissions in the tax returns (within the amendment period) that have not yet been amended or otherwise disclosed and provide the details of each error or omission.

### 4. Tax returns preparation process

Provide:

- (a) an overview of the income tax returns preparation process
- (b) any tools such as flowcharts or checklists that you use
- (c) all the tax working papers relevant to the review period
- (d) the name(s) of the accounting and tax system(s) (for example, software including version) used for record keeping and for preparing tax returns and schedules.

## Significant transactions, acquisitions and disposals

### 5. Significant new businesses and transactions

- (a) During the review period, did you commence any significant new business or investment activities?
- (b) Did you undertake any significant new transactions that does not form part of your normal business activities?
- (c) If yes to either question above, provide:
  - (i) an explanation of the significant activities and transactions
  - (ii) a brief description of how these were financed
  - (iii) how tax risks were identified and mitigated.

### 6. Restructure - Acquisition

- (a) Did you or any entity in your group acquire an interest in an entity (including a foreign entity) during the review period?

<sup>1</sup> For more information, go to: <https://www.ato.gov.au/Business/Privately-owned-and-wealthy-groups/Tax-governance/Tax-governance-guide-for-privately-owned-groups/Corporate-governance-and-tax-governance/Seven-principles-of-effective-tax-governance/>

	<p>If so, provide the following for each acquisition:</p> <ul style="list-style-type: none"> <li>(i) details of any restructure that occurred within your group leading up to or at the time of the acquisition (including relevant ABN/TFN)</li> <li>(ii) name and ABN of the vendor</li> <li>(iii) name of the entity acquired (legal owner and beneficial owner) and details of the rights attached to the classes of shares and ownership percentages acquired</li> <li>(iv) acquisition price and the form of consideration provided</li> <li>(v) name of the purchaser within your group</li> <li>(vi) date of acquisition</li> <li>(vii) an explanation of how the acquisition was financed (including the provider of the finance and whether it is a related party).</li> </ul>
<p><b>7.</b></p>	<p><b>Restructure - Disposal</b></p> <p>(a) Did you or any entity in your group dispose of an interest in an entity or business (including foreign) during the review period?</p> <p>If so, provide the following for each disposal:</p> <ul style="list-style-type: none"> <li>(i) details of any restructure that occurred within your group leading up to or at the time of the disposal (including relevant ABN/TFN)</li> <li>(ii) name of the entity disposed of (legal and beneficial owner) and details of the rights attached to the classes of shares and ownership percentages disposed of</li> <li>(iii) name and ABN of the purchaser</li> <li>(iv) amount of consideration and the date that it was received</li> <li>(v) relevant share sale agreement (or other transaction document, however described)</li> <li>(vi) an explanation of how any deferred consideration (e.g. earn-out arrangement, if any) has been treated for income tax purposes</li> </ul>
<p><b>8.</b></p>	<p><b>Funding</b></p> <p>Provide an overview of the funding structure of your group during the review period, including:</p> <ul style="list-style-type: none"> <li>(a) composition of funding (debt / equity) including the entities involved and whether it is a related party or third party</li> <li>(b) purpose of funding (if it relates to a debt)</li> <li>(c) cost of funding (if it relates to a debt)</li> <li>(d) changes to the funding arrangements during the review period</li> <li>(e) All related party financing risk assessments you have performed as outlined in PCG 2017/4.</li> <li>(a) has any entity used cryptocurrency? If so, outline how much, to which entity and when?</li> </ul>
<p><b>Tax risks flagged to market</b></p>	
<p><b>9.</b></p>	<p><b>International related party dealings</b></p> <p>(a) During the review period, do you or any entity in your group have any arrangements with international related parties, including, for example, loan arrangements, royalty arrangements, distribution arrangements, management or other service arrangements, and derivative transactions?</p> <p>If so, provide:</p> <ul style="list-style-type: none"> <li>(i) a copy of the agreements covering the international related party arrangements outlined above. If a written agreement is not available, provide details of the terms and conditions in relation to these arrangements.</li> <li>(ii) documentation to substantiate that the transactions were at arm's length. This should include, but is not limited to any relevant appendices, annexures, benchmarking analysis and valuation exercises which form part of the transfer pricing documentation.</li> </ul>

	<p>(iii) a diagram of the global supply / value chain.</p> <p>(b) Did you elect to apply an option from Practical Compliance Guideline PCG 2017/2 Simplified Transfer Pricing Record Keeping Options?</p> <p>If so, provide:</p> <p>(i) documentation substantiating your eligibility for that option.</p> <p>(c) Did you have cross-border arrangements which may be subject to the transfer pricing provisions?</p> <p>If so, provide:</p> <p>(i) an employee organisational structure for the relevant counterparties.</p>
<b>10.</b>	<p><b>Interest / Royalty withholding tax (WHT)</b></p> <p>(a) In respect of any interest or royalty deducted in respect of an arrangement with a non-resident, advise if WHT has been remitted and paid to the ATO.</p> <p>If so, provide:</p> <p>(i) a brief description of what the amount relates to</p> <p>(ii) name of the entity the amount was paid to and its country of residence</p> <p>(iii) the date of payment and the amount paid</p> <p>(iv) the amount of the WHT remitted and paid to the ATO</p> <p>(v) a reconciliation of the amount paid during the review period with amounts expensed for accounting purposes (if there is a difference in any income year).</p> <p>(b) If no WHT was remitted and paid to the ATO in respect of interest or royalty during the review period, explain the basis as to why WHT was not applicable.</p>
<b>11.</b>	<p><b>Dividend withholding tax (WHT)</b></p> <p>(a) In respect of any dividends paid to a non-resident, advise if WHT has been remitted and paid to the ATO.</p> <p>If so, provide:</p> <p>(i) name of the entity the amount was paid to and its country of residence</p> <p>(ii) the date of payment and the amount paid</p> <p>(iii) the amount of the WHT remitted and paid to the ATO.</p> <p>(b) If no WHT was remitted and paid to the ATO, explain the basis as to why WHT was not applicable.</p>
<b>12.</b>	<p><b>Thin capitalisation</b></p> <p>Provide the thin capitalisation calculations and working papers, including:</p> <p>(a) the calculation of the adjusted average debt and the safe harbour debt amount / arm's length debt amount / worldwide gearing amount (whichever is applicable)</p> <p>(b) supporting balance sheet</p> <p>(c) revaluation report for any asset revaluations undertaken for thin capitalisation purposes</p> <p>(d) signed election if there has been a recognition and / or revaluation of intangible assets undertaken for thin capitalisation purposes</p> <p>(e) arm's length debt test analysis if the arm's length debt test has been applied</p> <p>(f) support for the application of any exemption from the thin capitalisation regime.</p>
<b>13.</b>	<p><b>Loan and/or payment to shareholders and/or associates</b></p> <p>(a) During the review period, have any entities advanced a loan and/or made a payment to the shareholder(s) (or their associates) of any private company within your group?</p> <p>If so:</p> <p>(i) was the loan and/or payment not fully repaid before lodging the most recent tax return?</p>

	<p>(b) Are there existing shareholder loan accounts (including any loan accounts arising from an unpaid present entitlement)?</p> <p>If yes, to either question above, for each loan and payment, provide:</p> <ul style="list-style-type: none"> <li>(i) a copy of the loan agreement (if available) in relation to the loan to the shareholders and/or associates</li> <li>(ii) amount of minimum yearly repayments made</li> <li>(iii) rate of interest charged on the loans</li> <li>(iv) the general ledger detailing the movements in account balances of each loan</li> <li>(v) description of how payments were made</li> <li>(vi) an explanation detailing any transactions and the tax consequences where debt's owed by shareholders or associates have been forgiven during the review period (for example, how much was involved, to whom, when did this occur)</li> <li>(vii) an explanation detailing any transactions and the tax consequences where shareholders or associates have used assets owned by the business</li> </ul> <p>(c) Did the group extinguish any unpaid present entitlement by implementing an arrangement where a private company has subscribed for, or was issued, units in a unit trust within the group?</p> <p>If so, provide:</p> <ul style="list-style-type: none"> <li>(i) the units subscription deed;</li> <li>(ii) the unitholder agreement in relation to the issue of new units;</li> <li>(iii) the amounts paid for issued units</li> <li>(iv) what rights are attached to the units</li> <li>(v) what amounts were paid or loaned by the unit trust to other entities within the group, including: <ul style="list-style-type: none"> <li>• the name of each recipient</li> <li>• the dates that the loans were advanced or the payments were made.</li> </ul> </li> </ul>
<p><b>14.</b></p>	<p><b>Trust distributions</b></p> <ul style="list-style-type: none"> <li>(a) For largest 5 unpaid present entitlements (UPE) of any private company as at 30 June 20XX, provide an explanation as to how the UPE was treated for tax purposes. If the UPE has been placed in a sub-trust, provide a copy of the investment agreement entered into by the trust and the corporate beneficiary.</li> <li>(b) Where there has been significant deductions claimed against discretionary trust income during the review period, provide a breakdown of the deductions and for each deduction item, a brief description of the nexus between the discretionary trust income and the beneficiaries' expense.</li> <li>(c) If any entitlement to trust income was conferred to a non-resident beneficiary during the review period, provide an explanation as to how the trustee has satisfied, or proposes to satisfy, the entitlement. If the trustee stated that it had a nil liability under subsection 98(3) of the <i>Income Tax Assessment Act 1936</i> in respect of the net income referable to the non-resident beneficiary's entitlement, explain why this liability is nil.</li> <li>(d) If any entitlement to trust income was conferred to a tax-exempt entity during the review period, provide documents relating to the satisfaction of any of the entitlement or explain why the entitlement has not been satisfied. Provide evidence that that the beneficiary has been notified of the entitlement if full payment has not been made.</li> </ul>
<p><b>15.</b></p>	<p><b>Tax deductions and tax losses</b></p> <ul style="list-style-type: none"> <li>(a) Where an entity has been in a net loss position for several years, explain how you have funded the business and investment activities given its net loss position and when you expect these activities to become profitable.</li> <li>(b) Where an entity has claimed significant all other expenses in the income tax return for the income year ending 30 June 20XX, indicate on the trial balance which expenses have been included in the all other expenses label. If an itemised description is included in the statement of comprehensive income with notes for the entity requested earlier, disregard.</li> <li>(c) In respect of losses (capital or revenue) utilised by an entity during the review period, explain what caused these losses. Provide the working papers and analysis performed which demonstrates that the continuity of ownership test or the same business test was satisfied.</li> </ul>

	<p>(d) In respect of losses (capital or revenue) utilised by an entity during the review period, explain what caused these losses. Provide the working papers and analysis performed which demonstrates that the relevant trust loss tests were satisfied.</p> <p>(e) How have excess FTC impacted losses?</p>
<b>16.</b>	<p><b>Research &amp; Development (R&amp;D) tax incentive</b></p> <p>Provide the following for the R&amp;D tax incentive claimed for the review period:</p> <p>(a) the R&amp;D tax incentive schedule working papers including:</p> <ul style="list-style-type: none"> <li>(i) a breakdown of the expenditure for each of the registered R&amp;D activities</li> <li>(ii) the calculation of notional R&amp;D deductions</li> </ul> <p>(b) a description of how expenditure is distinguished and apportioned between eligible and non-eligible R&amp;D activities</p> <p>(c) if any expenditure incurred to an associate, affiliate or connected entity, explain:</p> <ul style="list-style-type: none"> <li>(i) what amount was paid to the associate and when?</li> <li>(ii) how was the work conducted by the associate?</li> <li>(iii) what was the source of funds for payment to the associate?</li> </ul> <p>(d) if any R&amp;D results (for example, intellectual property, feedstock outputs) were disposed of, or payment received for the results of the R&amp;D, provide an explanation of the transactions</p> <p>(e) working papers supporting the calculation of any feedstock adjustments made to assessable income.</p>
<b>17.</b>	<p><b>Small business CGT concessions</b></p> <p>Where an entity claimed a small business CGT concessions in respect of the disposal of a CGT asset, provide:</p> <p>(a) working papers and analysis performed confirming that the entity has met one of the following four basic conditions for small business CGT concessions outlined below:</p> <ul style="list-style-type: none"> <li>• the maximum net asset value test</li> <li>• the CGT small business entity aggregated turnover test</li> <li>• the entity is a partner in a partnership that satisfies the CGT small business entity turnover test for the income year and the relevant CGT asset is an interest in a partnership asset or an asset used in the partnership business</li> <li>• the relevant CGT asset is a passively held asset used or held ready for use in, or inherently connected with, a business carried on by an affiliate or connected entity.</li> </ul> <p>(b) analysis performed confirming the CGT asset satisfies the active asset test</p> <p>(c) if the CGT asset is a share in a company or an interest in a trust, working papers and analysis performed confirming that the following additional conditions were satisfied:</p> <ul style="list-style-type: none"> <li>• either the CGT concession stakeholder test or the small business participation percentage test (also known as the 90% test)</li> <li>• from 8 February 2018 onwards, the following tests: <ul style="list-style-type: none"> <li>○ the disposing entity either carried on a business just prior to the CGT event or meet the maximum net asset value test</li> <li>○ the company or trust must either be a CGT small business entity for the income year or meet the maximum net asset value test, and</li> <li>○ the share in company or interest in trust has met a modified active asset test.</li> </ul> </li> </ul> <p>(d) working papers, analysis and supporting documents confirming that the specific conditions required by each of the 15-year exemption concession, the retirement concession and the rollover concession were met.</p>
<b>18.</b>	<p><b>Self-managed superannuation fund (SMSF)</b></p> <p>In respect of a SMSF, during the review period:</p> <p>(a) did the SMSF receive any non-cash contributions from the members or their associates? If yes, provide an explanation of:</p> <ul style="list-style-type: none"> <li>(i) the nature and market value of the non-cash contributions</li> </ul>

	<p>(ii) how the contributions were treated for tax purposes by both the transferor and the SMSF.</p> <p>(b) did the SMSF lend money or provide any financial assistance to a member of the fund or an associate of a member of the fund? If yes, provide a copy of the agreement governing the money lent or the financial assistance provided.</p> <p>(c) did the SMSF derive any income or receive any distributions from a company and/or a trust within your group? If yes, provide:</p> <p>(i) an explanation as to whether any of the income or distribution is non-arm's length income and thus subject to higher tax</p> <p>(ii) documents confirming whether the SMSF has a fixed entitlement to the income including when and how the fixed entitlement was acquired.</p> <p>(d) did the SMSF enter into any transactions such as investments, asset acquisitions or leasing arrangements with a related trust? If yes, provide an explanation of the nature of the transactions and any written agreements in relation to these transactions.</p>
<p><b>19.</b></p>	<p><b>Private Ancillary Fund (PAF)</b></p> <p>In respect of a PAF, provide the following:</p> <p>(a) A copy of the current Deed of Trust of the Fund including any variations</p> <p>(b) A document outlining the Fund's investment strategy</p> <p>(c) Documents supporting any asset revaluations</p> <p>(d) Has the Fund entered into any agreements or transactions with associates and/or with any of the parties referred to in guideline 42 of the PAF Guidelines or with any entities in which it has an ownership interest?</p> <p>If yes:</p> <p>(i) were the agreements or transactions entered into on arm's length commercial terms?</p> <p>(ii) provide the associates' names</p> <p>(iii) provide a copy of the agreements or documents related to the transaction.</p> <p>(e) Has the Fund received any donations in cash, unlisted shares or property from related parties, associates or employees (for example via a workplace giving program)?</p> <p>If yes, provide:</p> <p>(i) names and identifications of the donors</p> <p>(ii) the value of each donation</p> <p>(iii) the valuation methodology used if the donation is not in cash.</p>
<p><b>20.</b></p>	<p><b>Tax consolidation</b></p> <p>(a) Have entities in your group formed a tax consolidated group within the review period?</p> <p>(b) Have any entities joined the consolidated group during the review period?</p> <p>(c) If yes to either question above, provide:</p> <p>(i) working papers for the consolidation entry calculations (both the 'allocable cost amount' calculation and the 'tax cost setting amounts')</p> <p>(ii) for any transferred losses (capital or revenue) utilised during the review period, or carried forward to later income years, explain how the losses were eligible to be transferred into the tax consolidated group</p> <p>(iii) working papers for the calculation of the available fraction for each bundle of loss transferred to the head company.</p> <p>(d) Have any entities left the consolidated group during the review period?</p> <p>If yes, provide:</p> <p>(i) working papers for the exit allocable cost amount calculations.</p>

21.	<p><b>Taxation of Financial Arrangements (TOFA)</b></p> <p>Provide a brief summary of any financial arrangements that existed during the review period which are subject to the TOFA rules. For each financial arrangement, explain the:</p> <ul style="list-style-type: none"> <li>(a) what each financial arrangement involves</li> <li>(b) treatment adopted under the TOFA rules</li> <li>(c) accounting treatment (initial recognition and over the life of the arrangement).</li> </ul>
22.	<p><b>Fringe Benefit Tax (FBT)</b></p> <p>Our records indicate that an entity has motor vehicles registered in its name however, has not lodged a FBT return nor declared employee contributions in the tax returns for the FBT review period.</p> <p>For all cars, provide:</p> <ul style="list-style-type: none"> <li>(a) records of the business versus private usage of the car (for example, a logbook)</li> <li>(b) the calculations of the car fringe benefit</li> <li>(c) amounts of any employee contributions paid</li> <li>(d) details of where any employee contributions received were reported in the income tax returns.</li> </ul>
23.	<p><b>Tax treatment of property disposals</b></p> <p>Our records indicate that an entity reported disposals of properties on capital account during the review period, including:</p> <p><i>&lt;A list of relevant disposals of properties will be provided&gt;</i></p> <p>For each disposal, explain:</p> <ul style="list-style-type: none"> <li>(a) why the underlying property was not sold as part of a property development business</li> <li>(b) how the underlying property was treated for accounting purpose (e.g. non-current asset or trading stock)</li> <li>(c) the purpose of acquiring the underlying property</li> <li>(d) the details of any development activities that were undertaken in respect of the land (e.g. applying for planning permits, subdivision, construction, etc.) prior to sale</li> <li>(e) how the acquisition and/or construction of the property were funded.</li> </ul>
24.	<p><b>Construction contracts</b></p> <ul style="list-style-type: none"> <li>(a) Provide a brief description of your tax policy in respect of recognising long term contracts and in what situations is the relevant entity able to deviate from that policy.</li> <li>(b) For the largest current contract (in terms of revenue) that have been in operation over the review period, provide: <ul style="list-style-type: none"> <li>(i) a brief description of the contract and what it relates to</li> <li>(ii) parties to the contract (specify if the contract is with a related or third party)</li> <li>(iii) a copy of the contract</li> <li>(iv) an explanation of when revenue is recognised for both tax and accounting purposes</li> <li>(v) a brief description of the book-to-tax adjustments to reflect the tax treatment.</li> </ul> </li> </ul>
25.	<p><b>Taxpayer alerts</b></p> <p>For the review period, explain whether you had an arrangement or a variation of an arrangement described by the following Taxpayer Alert(s):</p> <p><i>&lt;A list of relevant Taxpayer Alerts will be provided&gt;</i></p> <p>If not, explain why you consider that the Taxpayer Alert does not apply.</p>

<b>26.</b>	<b>Uncertain tax positions</b> Describe any arrangements that you have entered into where you have taken a position that is about as likely to be correct as incorrect, or is less likely to be correct than incorrect in your income tax return in respect of which uncertainty about income taxes payable or recoverable is recognised and / or disclosed in your or a related party's financial statements.
<b>27.</b>	<b>Rulings or advice</b> In relation to any private binding ruling (or any other form of advice received from us such as general or preliminary advice) which may have applied during the review period, confirm: <ul style="list-style-type: none"><li>(a) that you entered into the arrangement you described to us</li><li>(b) the facts and circumstances you described has not changed</li><li>(c) whether or not additional facts and circumstances have occurred which are relevant to the technical position we provided to you</li><li>(d) that the assumptions, if any, have occurred</li><li>(e) that the technical position we provided to you has been adopted.</li></ul>