

EXPOSURE DRAFT

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Inserts for
**Treasury Laws Amendment (Measures
for a later sitting) Bill 2018: significant
global entities**

Commencement information

Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1.	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 SGE—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 “Country by country reporting entities”.

3 Paragraph 815-355(1)(a)

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

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 during the preceding year because of your membership of a group of entities (including a *notional listed company group)—the other members of that group;

6 At the end of Subdivision 815-E

Add:

815-370 Meaning of country by country reporting entity

- (1) An entity is a *country by country reporting entity* if the entity would be a *significant global entity, assuming that:
 - (a) the entity were a *global parent entity; and
 - (b) paragraph 960-575(4)(a) were disregarded.
- (2) To avoid doubt, the assumption in paragraph (1)(a) does not include an assumption that the entity is not controlled by another entity (according to the principles mentioned in section 960-560).

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7 Paragraph 960-555(2)(a)

Repeal the paragraph, substitute:

- (a) any of the following requirements are satisfied:
 - (i) the entity is a member of a group of entities that are consolidated for accounting purposes as a single group;
 - (ii) the entity is a *member of a *notional listed company group in relation to the entity or any other entity; and

8 Section 960-565

Before “The”, insert “(1)”.

9 At the end of section 960-565

Add:

- (2) Subsection (3) applies if the *global parent entity is a *member of a *notional listed company group in relation to the global parent entity, or in relation to any other entity, for the period.
- (3) Despite subsection (1), the *annual global income* of the *global parent entity for the period is the total annual income of all members of the group (worked out on the assumption that all members of the group were consolidated for accounting purposes as a single group), as shown in the latest *global financial statements for the global parent entity for the period.
- (4) Subsection (5) applies if:
 - (a) if subsection (3) does not apply—there are no *global financial statements for the *global parent entity for the period; or
 - (b) if subsection (3) applies—there are no global financial statements for the *global parent entity for the period that are prepared on the assumption mentioned in that subsection.
- (5) Despite subsections (1) and (3), the *annual global income* of the global parent entity for the period is the amount that a reasonable person in the position of the entity would believe that that annual global income would be if such statements had been prepared.

10 At the end of Subdivision 960-U

Add:

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1 960-575 Meaning of notional listed company group

- 2 (1) A *notional listed company group*, in relation to an entity (the *test*
3 *entity*), is a group of entities that would be required to be
4 consolidated for accounting purposes as a single group, on the
5 assumption that the test entity were a listed company (within the
6 meaning of section 26BC of the *Income Tax Assessment Act 1936*).
- 7 (2) Each entity in that group is a *member* of the *notional listed
8 company group.
- 9 (3) For the purposes of subsection (1), determine whether a group of
10 entities would be required to be consolidated for accounting
11 purposes as a single group according to:
12 (a) *accounting principles; or
13 (b) if accounting principles do not apply in relation to the test
14 entity—commercially accepted principles related to
15 accounting.
- 16 (4) In applying the *accounting principles or commercially accepted
17 principles referred to in subsection (3):
18 (a) disregard any exceptions in those principles to requirements
19 in those principles for entities to be consolidated as a single
20 group; and
21 (b) without limiting paragraph (a), disregard any rule in those
22 principles providing that one or more entities (the *excepted*
23 *entities*) are not required to be consolidated as a single group
24 with one or more other entities because the effect of such
25 consolidation would be immaterial as a result of:
26 (i) the size of the excepted entities; or
27 (ii) any other matter.
- 28 (5) To avoid doubt, the fact that an entity is a member of a group that
29 is consolidated for accounting purposes (or is required to be so
30 consolidated) does not prevent the entity from being a member of a
31 *notional listed company group.

32 11 Subsection 995-1(1)

33 Insert:

34 *country by country reporting entity* has the meaning given by
35 section 815-370.

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1 **12 Subsection 995-1(1) (after paragraph (bb) of the definition**
2 **of member)**

3 Insert:

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

6 **13 Subsection 995-1(1)**

7 Insert:

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

10 **14 Application**

11 The amendments made by this Schedule apply in relation to income
12 years starting on or after 1 July 2018.