



Guidance on providing general purpose financial statements

Country-by-country reporting entities with an Australian presence must give us a general purpose financial statement.

Last updated 18 November 2024

A corporate tax entity that is a country-by-country reporting entity (CBC reporting entity) with an Australian presence must give us a general purpose financial statement (GPFS). They don't have to provide a GPFS if one has already been lodged with the Australian Securities and Investments Commission (ASIC).

For income years starting on or after 1 July 2016 but before 1 July 2019, this lodgment obligation applies to corporate tax entities that are also significant global entities (SGEs).

Note: All legislative references in this document are to the *Taxation Administration Act 1953* unless otherwise stated.

For more information see:

- [Country-by-country reporting entities](#)

Who must give us a GPFS



Check if you need to give us a GPFS.

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Who must give us a GPFS

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You must give us a GPFS if you:

- are a corporate tax entity (that is, a company, corporate limited partnership or public trading trust) for the income year
- are a CBC reporting entity for the income year
- are an Australian resident or a foreign resident operating an Australian permanent establishment (PE), at the end of the income year
- don't lodge a GPFS with ASIC for the financial year most closely corresponding to the income year within the time provided under subsection 319(3) of the *Corporations Act 2001* (Corporations Act).

You must give us a GPFS regardless of whether you are a reporting entity under Australian Accounting Standards.

You are considered to have lodged a GPFS with ASIC if you lodge it with an operator of an eligible financial market, as in the *ASIC Corporations (Electronic Lodgment of Financial Reports) Instrument 2016/181*.

Any relief or exclusion provided under the Corporations Act or by ASIC in relation to your obligation to prepare or lodge financial reports doesn't affect your obligation to give us a GPFS (GPFS obligation). For example, you must give us a GPFS if you are either a:

- grandfathered large proprietary company relieved from lodging financial reports under the Corporations Act
- head company of a multiple entry consolidated (MEC) group that is otherwise relieved by ASIC from preparing financial reports under Part 2M.3 of the Corporations Act.

Summary of your obligation to give us a GPFS

To assist your understanding of your GPFS obligation, the most common scenarios are set out in Table 1.

Table 1: Common scenarios

Type of scenario	GPFS obligation
1. You:	None.

<ul style="list-style-type: none"> • lodge a GPFS with ASIC within the stipulated time, or • are a subsidiary member of an Australian tax consolidated group or a MEC group, except where you enter or leave that group part-way through the income year. 	<p>For more information see:</p> <ul style="list-style-type: none"> • Administrative relief for late lodgment with ASIC • Members of tax consolidated groups or MEC groups
<p>2. You:</p> <ul style="list-style-type: none"> • are required to lodge a GPFS with ASIC, but you don't do so • lodge special purpose financial statements (SPFS) with ASIC • are required to prepare, but not lodge financial reports with ASIC (for example, grandfathered large proprietary companies), or • are otherwise relieved from preparing financial reports by ASIC because your parent lodges consolidated financial statements prepared in accordance with Australian Accounting Standards (incorporating your financial position and performance) with ASIC. 	<p>You must give us a GPFS prepared in accordance with Australian Accounting Standards.</p> <p>For more information see:</p> <ul style="list-style-type: none"> • How to prepare a GPFS
<p>3. You are an Australian resident for tax purposes, and you are:</p> <ul style="list-style-type: none"> • not subject to the Corporations Act (for example, corporate limited partnerships) 	<p>You must give us a GPFS (stand-alone or consolidated) prepared in accordance with Australian Accounting Standards or other commercially accepted accounting principles (CAAP).</p> <p>For more information see:</p>

<ul style="list-style-type: none"> • not subject to Part 2M.3 of that Act (for example, certain small proprietary companies), or • otherwise relieved from preparing financial reports by ASIC because <ul style="list-style-type: none"> – you are a small proprietary company controlled by a foreign company that's not part of a large group, or – your foreign parent lodges consolidated financial statements with ASIC, which are prepared in accordance with accounting standards applicable in your parent's home country. 	<ul style="list-style-type: none"> • What is CAAP (where Australian Accounting Standards don't apply)
<p>4. You are a foreign resident operating a PE and didn't lodge a GPFS with ASIC (for example, registered foreign companies).</p>	<p>In most circumstances, you are required to give us a GPFS prepared in accordance with CAAP.</p> <p>For more information see:</p> <ul style="list-style-type: none"> • Foreign residents conducting a business through a permanent establishment

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You may have options in how to comply with your GPFS obligation.

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For example, you may comply by providing a GPFS prepared using Tier 2 Reduced disclosure requirements (see AASB 1053 *Application of tiers of Australian Accounting Standards*). Alternatively, you may comply by providing either a GPFS for the Australian sub-group of which you are part, or the GPFS of your offshore parent.

In determining which option to adopt, we suggest you take into account how each option would best achieve the public transparency of your Australian affairs. In some circumstances, a GPFS prepared in accordance with accounting standards may give a very limited perspective of the Australian operations of the whole tax consolidated or MEC group. For example:

- In cases involving tax consolidation – the accounting standards may only allow the head company to prepare a GPFS for itself.
- In cases involving MEC groups – the accounting standards may also only require the head company to consolidate entities that it controls.

If either option applies to you, you may want to consider preparing consolidated GPFS for the tax consolidated group or including an effective consolidation or aggregation of the operations of your entire MEC group. In the latter case, a GPFS with such an inclusion would be prepared using consolidation principles (such as AASB 10 *Consolidated Financial Statements*). This will produce a set of financial statements that include all the members of the MEC group. Such financial statements are referred to as 'combined financial statements' in the IFRS Conceptual Framework for Financial Reporting March 2018.

Even though your GPFS is not required to be audited, we recommend you keep evidence to demonstrate your GPFS has been prepared in accordance with Australian Accounting Standards or CAAP where required. We consider it is best practice to have it audited wherever possible as a way of ensuring that you have reliable evidence about its preparation. You should give us the audited version if you are required to have your GPFS, or GPFS equivalent, audited under another law.

Where a practitioner is engaged to compile financial statements under a compilation engagement, they are to prepare them with professional

competence and due care, and in accordance with the applicable financial reporting framework. A GPFS prepared under a compilation engagement will be at lower risk of non-compliance with the applicable accounting standards. However, as the practitioner is not required to verify the accuracy or completeness of the information provided by the client, it will not benefit from the same level of assurance as an audited GPFS.

For more information see:

- [AASB current standards](#) 

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How to prepare a GPFS

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You have a Part 2M.3 obligation

If you have an obligation to prepare financial reports under Part 2M.3 of the Corporations Act, your GPFS must be prepared in accordance with accounting standards, as defined in the Corporations Act, and the authoritative pronouncements of the Australian Accounting Standards Board (AASB).

You must give us a GPFS prepared using Tier 1 reporting requirements if you have 'public accountability' as defined in AASB 1053. If you are eligible to adopt Tier 2 reporting requirements, you may lodge a GPFS prepared on this basis. Alternatively, you may choose to use Tier 1 reporting requirements.

Example: non-reporting entities

You are a non-reporting entity that prepares and lodges SPFS with ASIC.

AASB 1054 Australian Additional Disclosures defines SPFS as financial statements other than a GPFS. Accordingly, as you haven't lodged a GPFS with ASIC, you must give us a GPFS prepared in accordance with the requirements of all applicable Australian Accounting Standards.

You don't have a Part 2M.3 obligation

If you don't have a Part 2M.3 obligation, your GPFS must be prepared in accordance with CAAP.

You need to prepare your GPFS in accordance with the listed CAAP. To check whether one of the listed CAAP applies in your circumstances, see [What is CAAP \(where Australian Accounting Standards don't apply\)](#).

A listed CAAP will apply in your circumstances. For example, if you use that CAAP to prepare your financial statements for general business purposes or to meet your other regulatory obligations.

If none of the listed CAAP applies in your circumstances, you may determine whether some other set of accounting standards is

acceptable as CAAP. Make sure you follow the further guidance in [What is CAAP \(where Australian Accounting Standards don't apply\)](#).

You are a member of a group of entities

If you are a member of a group of entities consolidated for accounting purposes as a single group, your GPFS must relate either to you (a stand-alone GPFS), or you and some or all of the other members of your accounting consolidated group (a consolidated GPFS).

A 'group of entities consolidated for accounting purposes as a single group' refers to individual entities within a group of entities whose financial accounts are consolidated in accordance with the relevant accounting standards, in such a way that the assets, liabilities, equity, income, expenses and cash flow of the parent entity and the other members of the group are presented as those of a single economic entity.

An entity is a member of such a group if it is the parent entity or one of the entities the parent controls and its accounts are included in the consolidated financial statements of the group consistent with AASB 10 *Consolidated Financial Statements* or equivalent standards.

Paragraph 3CA(5)(b) provides an option for you to give us a stand-alone or consolidated GPFS (including a sub-group consolidated GPFS). Whether the option is available to you depends on:

- where you as an entity, to which section 3CA applies, are situated within your group, and
- the requirements of all of the relevant accounting standards that are applicable to you (bearing in mind the relevant consolidation standard may only permit a 'look down' the control chain approach).

However, if you are subject to Part 2M.3, your GPFS must comply with all of the relevant requirements of the Australian Accounting Standards. For example, if you are a parent entity and you're not exempt under AASB 10, you may choose to give us a consolidated GPFS you have already prepared. In these circumstances it's also open to you to give us a stand-alone GPFS as long as it complies with AASB 127 *Separate Financial Statements*.

If you're not subject to Part 2M.3 and you choose to give us a consolidated GPFS, your GPFS must be prepared in accordance with CAAP. This may include one of the accounting standards specifically

listed in the following guidance that are considered to be acceptable as CAAP. A CAAP you use must be a CAAP that applies in your circumstances, which may include the accounting standard that has been applied by your parent.

If none of the listed CAAP is applicable in your circumstances, then you can determine whether the accounting standards you apply are CAAP (see [What is CAAP \(where Australian Accounting Standards don't apply\)](#)).

If you or your parent (whether immediate, intermediary or ultimate parent) use different accounting standards when preparing financial statements, you may consider that more than one CAAP applies in your circumstances. In such instances, a consistent CAAP must be used in subsequent years for preparing your GPFS except where that CAAP no longer applies.

Example: consolidated GPFS

You are an Australian parent entity within a larger global group and aren't exempt from consolidation under AASB 10.

You can give us a consolidated GPFS prepared in accordance with Australian Accounting Standards consolidating your subsidiaries, including any of your offshore subsidiaries and branches (this being a subset of the group of entities your global parent entity consolidates for accounting purposes).

Alternatively, you can give us a GPFS prepared by your foreign parent that includes your financial position and performance, as long as it is prepared in accordance with Australian Accounting Standards.

If you are a subsidiary of the Australian parent, you can give us either:

- the consolidated GPFS prepared by the Australian parent that includes your financial position and performance, and is prepared in accordance with Australian Accounting Standards
- a GPFS prepared by your foreign global parent that includes your financial position and performance, and is prepared in accordance with Australian Accounting Standards.

Example: stand-alone GPFS

You are an Australian parent entity and you avail yourself of the exemptions provided under AASB 10.

You can prepare a stand-alone GPFS in accordance with AASB 127. If you prepare Tier 1 stand-alone GPFS, your stand-alone GPFS should include the necessary disclosures, such as the address where your ultimate or intermediate parent's consolidated financial statements are obtainable, as required by paragraph 16 of AASB 127.

Effect of relief from preparing financial reports

If you are relieved by ASIC – through an Instrument or Class Order – from preparing financial reports under Part 2M.3 of the Corporations Act, you must prepare your GPFS in accordance with Australian Accounting Standards.

If you are relieved by ASIC from preparing financial reports for other reasons than that has been outlined, you must prepare your GPFS in accordance with CAAP.

Example: ASIC relief

You are an entity to whom the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 applies.

The reason you are relieved from lodging a financial report with ASIC will determine whether you can lodge a GPFS in accordance with Australian Accounting Standards or CAAP.

Where all the conditions in ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 are satisfied, wholly-owned companies are relieved from, among other things, lodging a financial report where the holding entity lodges consolidated financial statements with notes in accordance with either:

- Australian Accounting Standards if the holding entity is an Australian company
- accounting standards enforced in the country of the holding entity if the holding entity is a registered foreign company.

In the first case, Australian Accounting Standards apply and your GPFS must be prepared in accordance with those standards.

In the second case, your GPFS may be prepared in accordance with CAAP.

Information a GPFS must disclose

Australian Accounting Standards stipulate what information a GPFS discloses and how it is presented. A GPFS is defined in AASB 101 *Presentation of Financial Statements* as 'those intended to meet the needs of users who are not in a position to require an entity to prepare reports tailored to their particular information needs', and needs to comply with the requirements of all applicable standards.

A GPFS prepared in accordance with CAAP should provide a structured representation of the financial position, financial performance and cash flows of the entity. It should provide information that is useful to a wide range of users in making economic decisions. It should also show the results of management's stewardship of the resources entrusted to it.

To meet this objective, the financial statements should be based on recognition and measurement criteria that faithfully represent the entity's financial performance and position, and provide information about the entity's:

- assets
- liabilities
- equity
- income and expenses, including gains and losses
- contributions by and distributions to owners in their capacity as owners
- cash flows.

This information, along with other information in the notes to the financial statements, should assist users of those statements. For example, in predicting the entity's future cash flows, including their timing and certainty.

You only need to give us information such as a director's declaration or a director's report where that declaration or report is required under the relevant CAAP.

Financial year most closely corresponding to the income year

If you're subject to Chapter 2M of the Corporations Act, 'financial year' in section 3CA means the financial year as defined in section 323D of that Act. This is usually a period of 12 months, not necessarily starting on 1 July.

For all other corporate tax entities, for the purposes of section 3CA, your financial year will be identical to the annual accounting period you have adopted. Your accounting period and the 'financial year' may not necessarily start on 1 July and your financial year may not necessarily align with your income year.

If you have a section 3CA obligation, you must give the Commissioner a GPFS for the 'financial year most closely corresponding to your income year'. Generally, this will be the financial year most recently concluded on or before the end of the income year.

Example: new companies

You are a new company created on 1 January 2020. You have 4 shareholders. The shareholders are unrelated and each holds 25% of your share capital. Your first income year incorporates the period 1 January 2020 to 30 June 2020. Your second income year is 1 July 2020 to 30 June 2021. Your first financial year is 1 January 2020 to 30 June 2021 under subsection 323D(1) of the Corporations Act.

Since incorporation, you invested in several large projects using the funds provided by the shareholders. Your annual global income for each of the first 2 income years is more than

\$1 billion. So you are a CBC reporting entity for the purposes of section 3CA.

You don't lodge a GPFS with ASIC.

There is no obligation to give us a GPFS for the period 1 January 2020 to 30 June 2020 because in the circumstances there is no 'financial year' that can be said to correspond to the income year ending on 30 June 2020.

However, you will have a GPFS obligation for the income year ending on 30 June 2021. This is because there is a financial year that can be said to correspond to the income year (while the financial year is longer than 12 months, it is nevertheless the period most closely corresponding to the income year ending on 30 June 2021).

A GPFS prepared for the 18-month period ending on 30 June 2021 would satisfy the obligation in relation to this income year. The GPFS that you lodge will be considered to be for the financial year most closely corresponding to the 2021 income year.

Example: changing financial years

ABC Ltd, the head company of a tax consolidated group, has an income year of 1 July to 30 June. The group was acquired and joined the XYZ Ltd tax consolidated group on 25 April 2020. ABC group subsequently notified ASIC that it had extended its financial year to end on 30 November 2020 in order to synchronise its financial year with XYZ group in accordance with subsections 323D(3) and (4) of the Corporations Act. So ABC Ltd.'s financial year for 2020 is now from 1 July 2019 to 30 November 2020 instead of 1 July 2019 to 30 June 2020.

ABC Ltd lodges a consolidated GPFS for the period 1 July 2019 to 30 November 2020 with ASIC. XYZ Ltd lodges a GPFS consolidating the ABC group for the period 1 December 2019 to 30 November 2020 with ASIC.

ABC Ltd is required to lodge an income tax return for the 2020 income year and may have an obligation to provide a GPFS under section 3CA.

While ABC lodges with ASIC a GPFS for a period ending after the end of the income year (that is, after 30 June 2020), the GPFS has been prepared for the financial year most closely corresponding to the 2020 income year. This is because the extended financial year is in lieu of the original financial year which would have ended on 30 June 2020 (that is, 1 July 2019 to 30 June 2020).

As ABC Ltd has lodged a consolidated GPFS that most closely corresponds to its 2020 income year with ASIC, it doesn't have an obligation to give the Commissioner a GPFS under section 3CA for the 2020 income year.

What is CAAP (where Australian Accounting Standards don't apply)

We accept the following accounting standards as being 'commercially accepted principles relating to accounting' for the purposes of subparagraph 3CA(5)(a)(ii):

- International Financial Reporting Standards (IFRS)
- accounting standards that are IFRS-compliant, as published on IFRS.org (such as Australian Accounting Standards or IFRS as adopted by the European Union)
- US generally accepted accounting principles (GAAP)
- accounting standards that are accepted by ASX Limited from time to time for the purposes of its Listing Rules.

Where the accounting standards listed above don't apply in your circumstances, the principles and guidance provided in paragraphs A8, and paragraphs 3 and 4 of Appendix 2 of the Auditing Standard ASA 210 will assist you in determining whether the accounting standard that has been applied to prepare your GPFS is acceptable as CAAP.

Foreign residents conducting a business through a permanent establishment

If you are a foreign resident conducting a business through an Australian PE, your GPFS must be prepared in accordance with CAAP. They must relate to you and incorporate your Australian PE results, unless you are required to prepare financial statements under subsections 601CK (5)–(6) of the Corporations Act. In the latter case, you must prepare your GPFS in accordance with Australian Accounting Standards.

The GPFS you give us can be a stand-alone GPFS for you and your Australian PE or for the group or part of the group of which you, including your Australian PE, are a member. A PE is not a corporate tax entity or an entity. Consequently, your GPFS can't be a stand-alone GPFS for only your Australian PE.

Despite this, we consider it best practice for your GPFS to include separate measurement and disclosure of your Australian PE. Any separate measurement and disclosure of your PE should be prepared in accordance with the accounting standards you have adopted to prepare your GPFS.

A GPFS denominated in a currency other than Australian dollars doesn't need to be re-denominated into Australian dollars.

You don't need to give us a GPFS if you are a registered foreign company and lodge a GPFS with ASIC within the time provided in subsection 319(3) of the Corporations Act.

If the accounting standards applicable to you in your country don't describe a 'GPFS', we will accept that you have lodged a GPFS with ASIC if an appropriately qualified and independent person, such as your auditor, verifies those statements are in substance a GPFS. You don't need to provide us with the verification but you need to be able to produce it on request.

Members of tax consolidated groups or MEC groups

If you are a subsidiary member of a tax consolidated group or MEC group, you aren't required to give us a GPFS. However, if you join or

leave a tax consolidated group or a MEC group part-way through an income year, you must give us a GPFS where you:

- meet the conditions that give rise to a GPFS obligation, and
- have an obligation to lodge an income tax return because you weren't a member of a tax consolidated or MEC group for the entire year and were a taxpayer for part of the income year.

Example: tax consolidated groups

You are a company with an income year 1 January to 31 December. You don't lodge a GPFS with ASIC. On 1 February 2020 you were taken over by a large tax consolidated group whose annual global income is more than \$1 billion. The head company of the tax consolidated group has an income year and accounting (reporting) period of 1 July to 30 June.

As you are required to lodge an income tax return for the 2020–21 income year in relation to the period that you weren't a subsidiary member of the tax consolidated group, you are required to give us a GPFS for the 2020–21 income year.



You can give us the consolidated GPFS prepared by the head company for 1 July 2019 to 30 June 2020. This period is most recently concluded on or before 31 December 2020 and therefore is considered to be the financial year most closely corresponding to your 2020–21 income year.

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How to give us your GPFS

You are required to give us your GPFS in the approved form.

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To be in the approved form, you need to lodge it online by uploading it via [Online services for business](#)  or [Online services for agents](#) . We don't accept paper or email lodgments. For more information on electronic lodgment, visit our [Online services](#) page.

To lodge using:

- Online services for business, select **Lodgments** then **Reports and forms**
 - select **General purpose financial statements** then **Add**
 - complete all mandatory details and select Submit.
- Online services for agents at the Client summary
 - select **Lodgment** then **Client forms**
 - select **General purpose financial statements** then **Add**
 - complete all mandatory details.

Your GPFS must be in English or be an English translation.

Your GPFS should be in PDF format. We will reject any PDF documents containing encrypted data, active content (for example, JavaScript, PostScript), external references, and PDF documents with attached objects or executables. The maximum file size allowable is currently 20MB.

If you are a member of a group consolidated for accounting purposes, you need to give us a GPFS even if another member of your group also gives us the same GPFS.

Alternative arrangement for entities with no ABN

You may have difficulties lodging a GPFS in the approved form via Online services if an entity doesn't have an ABN. To lodge on behalf of an entity with no ABN, you need to lodge using our alternative arrangement. We don't accept paper lodgments.

Lodge using our alternative arrangement:

- Email GPFS@ato.gov.au with the following:
 - entity name

- add a **Message**, 'We cannot lodge the General Purpose Financial Statement (GPFS) in the approved form as the entity does not have an ABN. As part of the alternative lodgment arrangement for impacted entities, we have been instructed to use this service to inform of our intention to meet GPFS reporting obligations.'
- lodgment period end date
- attach the GPFS PDF file

Your GPFS must be in English or be an English translation.

Your GPFS should be in PDF format. We will reject any PDF documents containing encrypted data, active content (for example, JavaScript, PostScript), external references, and PDF documents with attached objects or executables. The maximum file size allowable is currently 20MB.

If you're a member of a group consolidated for accounting purposes, you need to give us a GPFS even if another member of your group also gives us the same GPFS.

You must not lodge using our alternative arrangement for entities with an ABN. Failure to lodge (FTL) on time penalties may apply. These are significantly higher for significant global entities (SGE) than for other entities. These penalties may apply irrespective of any penalty imposed under the Corporations Act.

For more information see [Significant global entities – penalties](#).

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When to give us your GPFS

You need to give us your GPFS on or before the day you are required to lodge your income tax return.

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Meeting GPFS deadline

Your GPFS must be for the financial year most closely corresponding to your income year.

If you're unable to meet your GPFS lodgment deadline due to exceptional and unforeseen circumstances, you can request a GPFS lodgment deferral by sending an email to GPFS@ato.gov.au.

Voluntary disclosure

Voluntary disclosure gives you the opportunity to correct your section 3CA reporting obligations. We recognise that sometimes an entity may not meet their lodgment obligation on time, even with their best intentions. If you failed to lodge your GPFS by the due date, we encourage you to inform us of any unreported or late lodgment of a GPFS for a single or multiple periods.

If you have failed to lodge your GPFS by the due date, you should make a voluntary disclosure by emailing GPFS@ato.gov.au.

Application of failure to lodge penalties

If you fail to give us a GPFS in the approved form on or before the original or deferred due date of the lodgment, you may be liable to failure to lodge (FTL) on time penalties. These are significantly higher for significant global entities (SGE) than for other entities. These penalties may apply irrespective of any penalty imposed under the Corporations Act.

For more information see:

- [Applying for a lodgment deferral](#)
- [Significant global entities – penalties](#)

Administrative arrangements

Check what administrative arrangements you need to have in place.

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Administrative relief for late lodgment with ASIC

Approach to government-related entities

Administrative relief for late lodgment with ASIC

We will accept you have satisfied your GPFS obligation if you have lodged a GPFS with ASIC after the time provided in subsection 319(3) of the Corporations Act, but before the due date for lodgment of your income tax return.

This relief also applies to foreign entities where they are required to prepare and lodge financial statements under subsections 601CK(5), 601CK(5A) or 601CK(6) of the Corporations Act.

Approach to government-related entities

Government-related entities that are tax exempt are not required to lodge a GPFS if they don't lodge an income tax return or are subject to the National Tax Equivalent Regime.

Government-related entities as defined by *A New Tax System (Goods and Services Tax) Act 1999* can be excluded from the requirement to provide a GPFS. This is only if the Commissioner gives them a notice in writing stipulating that section 3CA does not apply to them for one or

more of the applicable income years. The Commissioner, in reaching this decision, will consider if it is appropriate to do so upon receiving a request. Government-related entities can request that the Commissioner consider their circumstances by writing to GPFS@ato.gov.au.


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Worked examples

Examples of entering and exiting an accounting and tax consolidated group.

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Example: entering an accounting and tax consolidated group

 The group structure for Group A as at 30 and 31 October 2020. On the left is the group structure as at 30 October 2020, with D Coy being a stand-alone entity. On the right is the group structure as at 31 October 2020, which shows Overseas Coy at the top as the accounting consolidated group. Underneath Overseas Coy is the tax consolidated group - made up of C Coy (the head company), Sub C Coy, and D Coy.

As at 30 October 2020, C Coy is the head company of a tax consolidated group comprising of C Coy and Sub C Coy. C Coy is also the ultimate Australian parent and is not an investment entity for accounting purposes. On 31 October 2020, Sub C Coy purchases D Coy, which joins the tax consolidated group. In addition, the group comprising C Coy, Sub C Coy and D Coy is a reporting entity for accounting purposes.

All entities in Group A use a financial reporting period and substituted accounting period (SAP) ending on 31 December. All

onshore entities in Group A are grandfathered large proprietary companies.

C Coy, Sub C Coy and D Coy are consolidated into Overseas Coy's financial statements for the financial reporting period ending on 31 December 2020 and the consolidated financial statements show an income of more than A\$1 billion. As such, C Coy, Sub C Coy and D Coy are CBC reporting entities for the 2020–21 income year.

C Coy prepares consolidated financial statements. None of the entities in the tax consolidated group lodge a GPFS with ASIC for the financial reporting period ending on 31 December 2020.

C Coy is required to give us a GPFS for the 2020–21 income year. As C Coy, Sub C Coy and D Coy are required to prepare financial reports under Part 2M.3 of the Corporations Act, Australian Accounting Standards apply in relation to them.

Further, as C Coy is a member of Group A that is consolidated for accounting purposes, C Coy can either lodge a stand-alone GPFS or a consolidated GPFS that consolidates Sub C Coy and D Coy under paragraph 3CA(5)(b).

If it lodges a stand-alone GPFS, C Coy is required to prepare it in accordance with AASB 127 to account for C Coy's investment in its subsidiaries.

For a parent entity, separate financial statements prepared in accordance with AASB 127 are statements in addition to the consolidated financial statements prepared by the entity, unless it is exempt from consolidation under AASB 10. As C Coy is the ultimate Australian parent and the group comprising C Coy, Sub C Coy and D Coy is a reporting entity, the exemption in paragraph 4 of AASB 10 does not apply to C Coy (see, in particular, paragraph Aus4.2 of AASB 10).

C Coy can prepare a stand-alone GPFS, as an addition to the consolidated financial statements that it already prepares under AASB 10. C Coy needs to identify in the stand-alone GPFS the consolidated financial statements it prepared, and comply with the other requirements in AASB 127 when preparing the stand-alone GPFS. Such consolidated financial statements would typically be presented as additional columns alongside the


stand-alone financial statements, with an accounting policy note stating that the entity is the parent entity.

Alternatively, C Coy may give us a consolidated GPFS, which consolidates both Sub C Coy and D Coy in accordance with AASB 10.

Sub C Coy is not required to give us a GPFS because, as a subsidiary member of a tax consolidated group, it is not required to lodge an income tax return.

D Coy is required to give us a GPFS for the 2020–21 income year, because it is a CBC reporting entity and is required to lodge an income tax return as it was not a member of a tax consolidated group for part of the year. As D Coy is a member of Group A, it can give us a stand-alone GPFS or the consolidated GPFS prepared by C Coy. If D Coy prepares a stand-alone GPFS, it is not required to apply AASB 127 given that it has no investment in subsidiaries. D Coy is not required to prepare consolidated financial statements as AASB 10 does not apply.

Example: exiting an accounting and tax consolidated group

 The group structure for Group B as at 30 and 31 October 2020. The group structure as at 30 October 2020 is on the left - this shows Foreign Coy at the top as the accounting consolidated group. Underneath Foreign Coy is the tax consolidated group - made up of E Coy (the head company), Sub E Coy, and F Coy. On the right is the group structure as at 31 October 2020, with F Coy being a stand-alone entity.

As at 30 October 2020, E Coy is the head company of a tax consolidated group comprising E Coy, Sub E Coy and F Coy. E Coy is also the ultimate Australian parent and is not an investment entity for accounting purposes. Further, the group comprising E Coy, Sub E Coy and F Coy is not a reporting entity for accounting purposes.

On 31 October 2020, Sub E Coy undertakes a demerger by transferring all of its shares in F Coy to the shareholders of its

ultimate parent (Foreign Coy) and F Coy leaves the tax consolidated group. Foreign Coy also loses control of F Coy for accounting purposes as a result of the demerger.

All entities in Group B and F Coy use a financial reporting period and SAP ending on 31 December.

E Coy and Sub E Coy are consolidated into Foreign Coy's financial statements for the financial reporting period ending on 31 December 2020. Foreign Coy's consolidated financial statements show an income of more than A\$1 billion, and as such E Coy and Sub E Coy are CBC reporting entities for the 2020–21 income year.

Consolidation of F Coy by Foreign Coy for accounting purposes ceased in accordance with accounting standards applied in Foreign Coy's country after F Coy was demerged. As such, F Coy is no longer a member of Group B that is consolidated for accounting purposes, for the purposes of paragraph 960-555(2) (a) of the ITAA 1997. F Coy's financial statements show an income of less than A\$1 billion for the year ended 31 December 2020 and as such F Coy is not a CBC reporting entity for the 2020–21 income year.

E Coy, Sub E Coy and F Coy are required to prepare financial reports under Part 2M.3 of the Corporations Act. As such, Australian Accounting Standards apply in relation to these entities. None of the entities lodge a GPFS with ASIC for the financial reporting period ending on 31 December 2020.

E Coy is required to give us a GPFS for the 2020–21 income year. As E Coy is a member of Group B, E Coy can prepare a stand-alone GPFS or a consolidated GPFS that consolidates Sub E Coy under paragraph 3CA(5)(b).

If it prepares a stand-alone GPFS, E Coy is required to prepare it in accordance with AASB 127 to account for E Coy's investment in Sub E Coy.

The group comprising of E Coy and Sub E Coy is not a reporting entity, and E Coy's ultimate parent (Foreign Coy) produces consolidated financial statements that are available for public use and comply with IFRS. As such, while E Coy is the ultimate Australian parent it can avail itself of the exemption provided in paragraph 4 of AASB 10, from preparing consolidated financial

statements, provided all other conditions for the exemption to apply are satisfied. This means that E Coy can prepare a stand-alone GPFS in accordance with AASB 127.

If E Coy instead prepares a consolidated GPFS, this statement needs to consolidate Sub E Coy and be prepared in accordance with Australian Accounting Standards.

As Part 2M.3 applies to E Coy, it is not able to give us the consolidated financial statements prepared by Foreign Coy to fulfil its GPFS obligation, unless the consolidated financial statements are prepared in accordance with Australian Accounting Standards.

Sub E Coy is not required to give us a GPFS as it is a subsidiary member of a tax consolidated group and is not required to lodge an income tax return.

While F Coy is required to lodge an income tax return for the 2020–21 income year, it is not required to give us a GPFS because it is not a CBC reporting entity for that income year.

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