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Losses schedule and instructions 2025

Use these instructions to complete the Losses schedule 2025, if you're a company, trust or superannuation fund.

Last updated 29 May 2025

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How to get the Losses schedule 2025

How to get the form and help completing the Losses schedule 2025.

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Get the losses schedule instructions

For help preparing the losses schedule, see Instructions to complete the Losses schedule 2025

The *Losses schedule instructions 2025* aren't available in print.

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About the losses schedule

Find out about the losses schedule and if one is required for the entity under the tests.

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[About completing the losses schedule](#)

[Who must complete a losses schedule?](#)

About completing the losses schedule

You complete the *Losses schedule 2025* (NAT 3425) if you're a company, trust or superannuation fund.

This publication is **not** a guide to income tax law. If you feel this publication doesn't fully cover your circumstances, **contact us** or a recognised tax adviser.

Companies and trusts that don't join consolidated groups should complete and attach this schedule to their tax return 2025.

Superannuation funds should complete and attach this schedule to their tax return 2025.

If any of the tests apply to non-consolidated group entities (companies, trusts and superannuation funds), you must complete a losses schedule – check the tests at [Who must complete a losses schedule?](#)

When we refer to **you** or **your business** in these instructions, we are referring to either:

- you as a business entity (for example, a company) that conducts a business
- you as the tax agent or public officer responsible for completing the schedule.

Who must complete a losses schedule?

If any of the following tests apply to your entity (company, trust or superannuation fund), you must complete and submit a losses schedule with your tax return 2025.

Test for completing losses schedule

A losses schedule is required	Company	Trust	Fund
If the entity has total of tax losses and net capital losses greater than \$100,000 carried forward to later income years	Yes	Yes	Yes
If the entity is required by section 165-13 or 165-96 of the <i>Income Tax Assessment Act 1997</i> (ITAA 1997) to satisfy the business continuity test in Subdivision 165-E of that Act to deduct or apply a loss either in 2024–25 or in a later income year or, having passed the continuity of ownership test, has claimed a deduction for tax losses and/or applied net capital losses greater than \$100,000	Yes	n/a	n/a
If the entity is a listed widely-held trust that is required by section 266-125 of Schedule 2F to the <i>Income Tax Assessment Act 1936</i> (ITAA 1936) to satisfy the business continuity test in Subdivision 269-F of that Schedule to deduct a tax loss in the 2024–25 or later income years or, having passed the 50% stake test, has claimed a deduction for tax losses greater than \$100,000	n/a	Yes	n/a
If the entity has a changeover time that occurred after 1:00 pm by legal time in the Australian Capital Territory on 11 November 1999 and determined that it has an unrealised net loss as defined in the provisions of Subdivision 165-CC of the ITAA 1997	Yes	n/a	n/a
If the entity is a life insurance company and has a total of complying superannuation class tax losses and net capital losses carried forward to later income years greater than \$100,000 (complete part D of the Schedule)	Yes	Yes	n/a
If the entity has an interest in a controlled foreign company (CFC) that has 2023–24 losses greater than \$100,000	Yes	Yes	Yes

If the entity has an interest in a CFC that has deducted or carried forward a loss greater than \$100,000 to later income years	Yes	Yes	Yes
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An entity may need to complete a losses schedule for certain aspects of its net capital losses. While some of the information requested in the losses schedule is also requested in the *Capital gains tax (CGT) schedule 2025* (CGT schedule), an entity that completes a losses schedule may also need to complete a **Capital gains tax schedule 2025**.

An entity that has joined a consolidated group as a subsidiary member during the income year must lodge a losses schedule covering any non-membership period if the entity satisfies any of the requirements for lodgment of that schedule, including where losses exceed \$100,000 at the end of the non-membership period.

If the entity completes a losses schedule in respect of any aspect of its losses, all relevant parts of the schedule must be completed.

The amounts at **Part A** of the losses schedule must be transferred to item **13** – labels **U** and **V** in the **Company tax return 2025**.

Continue to: [Instructions to complete the Losses schedule 2025](#)

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Instructions to complete the Losses schedule 2025

Instructions for completing the sections of the Losses schedule 2025.

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Part C – Unrealised losses – company only



Instructions to complete labels L to O in Part C of the losses schedule. Only companies complete this section.

Part D – Life insurance companies



Instructions to complete labels P and Q in Part D of the losses schedule.

Part E – Controlled foreign company losses



Instructions to complete labels M, N and O in Part E of the losses schedule.

Part F – Tax losses reconciliation statement



Instructions to complete labels in Part F of the losses schedule reconcile the entity's tax losses.

Declarations



Instructions for how to complete the declarations on the losses schedule.

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Entity details

Instructions to complete the entity details on the losses schedule.

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[Tax file number \(TFN\)](#)

[Name of entity](#)

[Australian business number \(ABN\)](#)

Tax file number (TFN)

Write the TFN of the entity.

Name of entity

Write the name of the entity. The name shown must be the same as that shown on the entity's tax return.

Australian business number (ABN)

Write the ABN, if any, of the entity.

Continue to: [Part A – Losses carried forward to 2025–26](#)

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Part A – Losses carried forward to the 2025–26

Instructions to complete items 1 and 2 in Part A Losses carried forward to 2025–26 – excludes film losses.

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[Carried forward losses](#)

[1 Tax losses carried forward to later income years](#)

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Carried forward losses

There are certain tests that must be satisfied for the entity to be able to apply a loss or to carry forward a loss to a later income year. The entity must keep a record of its losses and account for any adjustments, including those made by the ATO.

Records must be retained for at least 5 years from when they are prepared or from the completion of transactions to which they relate, whichever is later. To support claims for losses, records should be retained at least until the end of the period of review for the income year in which the relevant losses are fully applied. If required, the entity must be able to demonstrate not only the balance of any losses being either claimed or carried forward but also how those losses arose.

1 Tax losses carried forward to later income years

Complete item **1** – labels **B** to **G** and **U** where appropriate; otherwise leave blank.

Don't include at item **1**:

- net capital losses carried forward to later income years, go to item **2**
- film losses carried forward (not required to be reported on this schedule).

For the definition of a tax loss, see [section 995-1](#) of the ITAA 1997.

Subject to various rules, an earlier year tax loss is deducted in a later income year in the order in which it was incurred (to the extent that it hasn't already been utilised).

For more information about deducting and carried forward losses, see [Losses](#).

An earlier year tax loss may be reduced by the commercial debt forgiveness provisions of **Division 245** of the ITAA 1997.

Net capital losses may only be applied in accordance with **Division 102** of the ITAA 1997. A *CGT schedule* may need to be completed. For more information, see **Guide to capital gains tax 2025** (NAT 4151).

Pooled development fund (PDF) tax losses are excluded from labels **B** to **G** and **U**. For more information on deductibility of PDF tax losses, see **Division 195** of the ITAA 1997.

Year of loss

At the appropriate year, write the unutilised amount of the tax loss incurred by the entity in that year and carried forward to later income years under section 36-15 or section 36-17 (as applicable) of the ITAA 1997.

For 2019–20 and earlier income years, write the total amount for those years.

If no tax loss was incurred in a particular year, or if the tax loss incurred in that year has been applied in full, leave blank.

U Total

Write at item **1** – label **U** the total of tax losses carried forward to later income years; this amount is the total of the amounts at labels **B** to **G**.

Transfer the amount at item **1** – label **U** to the **Tax losses carried forward to later income years** label in your tax return.

For more information on how this amount is calculated, see **Tax losses carried forward to later income years**.

Examples for part A items 1 and 2

The examples are intended to be a guide only and represent some of the many possible methods of calculating the amount of losses available to be applied or carried forward to later income years.

The examples apply equally to companies, trusts and funds, with the exception that trusts and funds are not able to transfer losses to other entities, nor are they able to have losses transferred to them. The transfer of losses provisions are limited to transfers involving an Australian branch of a foreign bank, see **section 170-30** of the ITAA 1997.

In all examples, it is assumed that the entity passes all tests, at all times, for that entity to be eligible to apply these losses.

Example 1: calculating the amount of losses available to apply or carry forward

A company's trading results and movement in the balances of its tax losses

Year	Tax loss incurred	Net exempt income	Tax loss deducted	Balance of tax loss
2017–18	\$10,000	\$4,000	\$0	\$6,000
2018–19	\$30,000	\$0	\$0	\$36,000

2019–20	\$20,000	\$0	\$0	\$56,000
2020–21	\$0	\$1,000	\$2,000	\$53,000
2021–22	\$0	\$500	\$0	\$52,500
2022–23	\$6,000	\$0	\$0	\$58,500
2023–24	\$1,000	\$600	\$0	\$58,900
2024–25	\$0	\$0	\$5,000	\$53,900

The company's loss calculation sheet shows progressive balances of tax losses

Balance of losses	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23	
2019–20 and earlier income years	\$6,000	\$36,000	\$56,000	\$53,000	\$52,500	\$52,500	
2020–21	\$0	\$0	\$0	\$0	\$0	\$0	
2021–22	\$0	\$0	\$0	\$0	\$0	\$0	
2022–23	\$0	\$0	\$0	\$0	\$0	\$6,000	
2023–24	\$0	\$0	\$0	\$0	\$0	\$0	
2024–25	\$0	\$0	\$0	\$0	\$0	\$0	
Total	\$6,000	\$36,000	\$56,000	\$53,000	\$52,500	\$58,500	\$

Complete part A, item 1

Label	Year of loss	Amount
B	2024–25	\$0
C	2023–24	\$400
D	2022–23	\$6,000
E	2021–22	\$0
F	2020–21	\$0
G	2019–20 and earlier income years	\$47,500
U	Total	\$53,900

The company transfers the amount at label **U** (\$53,900) to item **13 Tax losses carried forward to later income years** – label **U** in its *Company tax return 2025*.

2 Net capital losses carried forward to later income years

Complete item **2** – labels **H** to **M** and **V** where appropriate; otherwise, leave blank.

You must complete the details requested at this item if the entity has net capital losses carried forward to later income years.

The net capital losses of a company shown at labels **H** to **M** include any unapplied current year net capital loss calculated in accordance with Subdivision 165-CB of the ITAA 1997.

The entity may be required to complete a *CGT schedule*; see the *Guide to capital gains tax 2025*.

Year of loss

At the appropriate year, write the amount of any unapplied net capital loss made by the entity in that year that can be carried forward to later income years.

For 2019–20 and earlier income years, write the total amount for those years.

If there is no net capital loss for a particular year, or if the net capital loss made in that year has been applied in full, leave blank.

V Total

Write at item **2** – label **V** the total of unapplied net capital losses carried forward to later income years at labels **H** to **M**.

Transfer the amount at item **2** – label **V** to **Net capital losses carried forward to later income years** in your tax return.

Example 2: net capital losses carried forward to later income years

A company's results for 2019–20 to 2024–25 and movement in the balances of its net capital losses

Year	Net capital loss incurred	Net capital loss applied	Balance of net capital losses
2019–20	\$1,000	\$0	\$1,000
2020–21	\$9,000	\$0	\$10,000
2021–22	\$0	\$2,000	\$8,000
2022–23	\$8,000	\$0	\$16,000
2023–24	\$0	\$1,500	\$14,500

2024–25	\$1,000	\$0	\$15,500
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The company's loss calculation sheet shows progressive balances of net capital losses for 2019–20 to 2024–25

Year	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25
2019–20	\$1,000	\$1,000	\$0	\$0	\$0	\$0
2020–21	\$0	\$9,000	\$8,000	\$8,000	\$6,500	\$6,500
2021–22	\$0	\$0	\$0	\$0	\$0	\$0
2022–23	\$0	\$0	\$0	\$8,000	\$8,000	\$8,000
2023–24	\$0	\$0	\$0	\$0	\$0	\$0
2024–25	\$0	\$0	\$0	\$0	\$0	\$1,000
Total	\$1,000	\$10,000	\$8,000	\$16,000	\$14,500	\$15,500

Complete part A, item 2

Label	Year of loss	Amount
H	2024–25	\$1,000
I	2023–24	\$0
J	2022–23	\$8,000
K	2021–22	\$0
L	2020–21	\$6,500
M	2019–20 and earlier income years	\$0
V	Total	\$15,500

The company transfers the amount at item 2 – label **V** (\$15,500) to item **13 Net capital losses carried forward to later income years** – label **V** on its *Company tax return 2025*.

Continue to: Part B – Ownership and business continuity test

Return to: Instructions to complete the Losses schedule 2025

Part B – Ownership and business continuity test

Instructions to complete items 1 to 4 ownership and business continuity – company and listed widely held trust only.

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[Don't complete at Part B](#)

[1 Whether continuity of majority ownership test passed](#)

[2 Amount of losses deducted or applied](#)

[3 Losses carried forward](#)

[4 Do current year loss provisions apply?](#)

Don't complete at Part B

This section only relates to companies and listed widely held trusts.

Don't complete Part B – items **1** or **2**, in the 2024–25 income year if:

- no loss has been claimed as a deduction
- no loss applied against a net capital gain
- losses haven't been transferred in or out (in the case of companies).

The 'same business test' and the 'similar business test' are collectively referred to as the 'business continuity test'.

For more information, see Law Companion Ruling LCR 2019/1 *The business continuity test – carrying on a similar business*.

1 Whether continuity of majority ownership test passed

If the entity has deducted or applied (or, if applicable, transferred in or transferred out) a loss, which was incurred in any of the listed years, print **X** in either the **Yes** or **No** box to indicate whether the entity has satisfied the continuity of majority ownership test in respect of that loss.

Item **1** will help you to work out in relation to a loss if you have satisfied either:

- the continuity of majority ownership test at section 165-12 of the ITAA 1997, where the entity is a company
- the 50% stake test at Subdivision 269-C of Schedule 2F to the ITAA 1936, where the entity is a listed widely held trust.

For more information regarding the operation of the loss rules, see *Losses*.

Year of loss

Print **X** in the **Yes** boxes at item **1**, labels **A** to **F** (as applicable) if, during 2024–25, the entity seeks to deduct or apply a loss of the relevant year and the entity has passed either:

- the continuity of majority ownership test, if the entity is a company

- the 50% stake test, if the entity is a listed widely held trust in respect of the loss of that particular year.

Print **X** in the **No** boxes at item **1**, labels **A** to **F** (as applicable) for each year in respect of which the entity seeks to deduct or apply a loss, if the continuity of majority ownership test or the 50% stake test, as applicable, hasn't been satisfied in respect of that loss and the entity is required to satisfy the business continuity test.

If there was no loss deducted or applied (or, if applicable, not transferred in or transferred out) in respect of a particular year, leave the boxes next to that year blank.

Examples for part B item 1

Although examples 3 and 4 are for companies, the examples, notes and comments apply equally to listed widely held trusts (which must satisfy the 50% stake test).

Example 3: continuity of majority ownership test

A company had incurred tax losses in earlier income years. The company deducted all of these tax losses in respect of 2024–25.

At the beginning of 2024–25, the company had undeducted losses from 2019–20, 2021–22, 2022–23 and 2023–24. The continuity of majority ownership test was failed during 2021–22 but all other tests for allowing the tax losses to be deducted have been passed by the company.

On these facts, for the tax losses of 2021–22 and earlier income years, the company hasn't passed the continuity of majority ownership test.

Complete part B, item 1

Year of loss	Label	Yes	No
2024–25	A	-	-
2023–24	B	x	-
2022–23	C	x	-
2021–22	D	-	x
2020–21	E	-	-
2019–20 and earlier income years	F	-	x

The example shows that:

- the company failed the continuity of majority ownership test for the tax losses of 2019–20 (and earlier income years) and 2021–22
- there was no deduction for a tax loss in 2020–21
- the company passed the continuity of majority ownership test for the tax losses of 2022–23 and 2023–24.

Example 4: continuity of majority ownership test

A company that incurred a tax loss in 2019–20 subsequently undergoes a change in majority ownership in 2020–21. The company satisfies the business continuity test in respect of the 2019–20 tax loss.

The company incurs a further tax loss in 2021–22 and satisfies the continuity of majority ownership test in respect of this 2021–22 tax loss.

In 2024–25, the company deducts the tax losses incurred in 2019–20 and 2021–22.

Print **X** in the **Yes** box at label **D** for 2021–22 and print **X** in the **No** box at label **F** for 2019–20 and earlier income years.

2 Amount of losses deducted or applied

Item **2** asks for:

Amount of losses deducted/applied for which the continuity of majority ownership test is not passed but the business continuity test is satisfied – excludes film losses.

The 'same business test' and the 'similar business test' are collectively referred to as the 'business continuity test'.

For more information, see Law Companion Ruling LCR 2019/1 *The business continuity test – carrying on a similar business*.

Write at item **2** the total amount of losses deducted or applied during 2024–25 (if the entity is either a company or a listed widely held trust) for which the business continuity test is satisfied.

In addition to those companies with either tax losses or net capital losses that haven't passed the continuity of majority ownership test, this item also applies to listed widely held trusts with tax losses that have not passed the 50% stake test.

For more information regarding the operation of the loss rules, see **Losses**.

G Tax losses

Write at item **2** – label **G** the amount of tax losses deducted by the entity that don't meet the continuity of majority ownership test but satisfy the business continuity test.

H Net capital losses

Write at item **2** – label **H** the amount of net capital losses applied by a company that don't meet the continuity of majority ownership test but satisfy the business continuity test.

Example 5: amount of losses subject to satisfying business continuity test

A company reported the following losses:

Year	Tax loss (\$)	Net capital loss (\$)
2018–19	\$1,000	\$0
2019–20	\$2,000	\$0

2020–21	\$0	\$500
2021–22	\$1,600	\$800
2022–23	\$0	\$0
2023–24	\$10,000	\$2,000
2024–25	\$0	\$0
Total	\$14,600	\$3,300

There was a change in the underlying beneficial ownership of the company in 2022–23.

The company passed the business continuity test and all other tests in relation to the losses incurred prior to that year and passed the continuity of majority ownership test and all other tests in relation to the 2023–24 losses.

Tax losses

All tax losses incurred in 2018–19, 2019–20 and 2021–22 were deducted in 2024–25, as well as \$6,000 of the 2023–24 tax loss.

Net capital losses

All of the 2020–21 net capital loss and \$600 of the 2021–22 net capital loss were applied in 2024–25.

Of all of the above losses, which are being applied in 2024–25, those which are subject to the business continuity test being satisfied by the company are as follows:

Tax losses

- 2018–19 (\$1,000)
- 2019–20 (\$2,000)
- 2021–22 (\$1,600)

Net capital losses

- 2020–21 (\$500)
- 2021–22 (\$600)

Complete part B, item 2

Type of loss	Label	Amount
Tax losses	G	\$4,600
Net capital losses	H	\$1,100

The 2023–24 tax loss of \$6,000 was deducted by the company on the basis that the company had satisfied the continuity of majority ownership test. Therefore, this amount is not shown at label **G Tax losses**.

As \$200 of the 2021–22 net capital loss was not applied during 2024–25, that amount of \$200 is not shown at label **H Net capital losses** for 2024–25 even though the business continuity test would need to be passed in a later income year in order for

the company to be able to apply that net capital loss in a later income year.

3 Losses carried forward

Item **3** asks for:

Losses carried forward for which the business continuity test must be satisfied before they can be deducted/applied in later years – excludes film losses.

The 'same business test' and the 'similar business test' are collectively referred to as the 'business continuity test'.

For more information, see Law Companion Ruling LCR 2019/1 *The business continuity test – carrying on a similar business*.

Item **3** asks for information about the tax losses and net capital losses for which the entity must satisfy the business continuity test in subsequent years for the entity to be able to deduct or apply those losses.

I Tax losses

Write at item **3** – label **I** the total amount of tax losses carried forward to later income years for which the business continuity test must be satisfied for the entity to deduct those tax losses in later income years.

J Net capital losses

Write at item **3** – label **J** the total amount of net capital losses carried forward to later income years for which the business continuity test must be satisfied for the company to apply those net capital losses in later income years.

Example 6: losses carried forward for which business continuity test must be satisfied

As at the end of 2024–25, the company had the following losses

Year	Tax loss	Net capital loss
2018–19	\$1,500	\$0
2019–20	\$3,000	\$0
2020–21	\$0	\$700
2021–22	\$1,900	\$900
2022–23	\$0	\$0
2023–24	\$1,000	\$1,500
2024–25	\$0	\$0
Total	\$7,400	\$3,100

A change in the underlying beneficial interests in the company took place during 2022–23. As a result, the company must satisfy the business continuity test for the tax losses and net capital losses.

As the similar business test came into effect from 1 July 2015, the company may apply either the **same business test** or **similar business test** to determine whether the company can carry forward losses incurred in the 2016-17 and following income years.

The 2023-24 tax loss (\$1,000) and the net capital loss (\$1,500) are not affected by the change in the underlying beneficial interest of the company.

The company completes part B, item 3

Type of loss	Label	Amount
Tax losses	I	\$6,400
Net capital losses	J	\$1,600

4 Do current year loss provisions apply?

Print **X** in the **Yes** box at item **4** – label **K** if the company is required to calculate its taxable income or tax loss under the provisions of Subdivision 165-B or its net capital gain or net capital loss under the provisions of Subdivision 165-CB.

Print **X** in the **No** box at item **4** – label **K** if the company is **not** required to calculate its taxable income or tax loss under the provisions of Subdivision 165-B or its net capital gain or net capital loss under the provisions of Subdivision 165-CB.

A company is required to calculate its taxable income and tax loss under Subdivision 165-B of the ITAA 1997 where it doesn't satisfy the continuity of majority ownership test for the whole income year; see section 165-35 of the ITAA 1997.

The current year loss provisions also apply where, during the income year, a person begins to control, or becomes able to control, the voting power in the company for the purpose or one of the purposes of gaining an advantage under the ITAA 1997 or gaining such a benefit for someone else; see section 165-40 of the ITAA 1997.

However, the current year loss rules don't apply in either case if the business continuity test is satisfied.

For more information on the application of these rules, see **Current year CFC losses**.

Continue to: **Part C – Unrealised losses – company only**

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Part C – Unrealised losses – company only

Instructions to complete labels L to O in Part C of the losses schedule. Only companies complete this section.

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[L Changeover time](#)

[M Maximum net asset value test](#)

[N Unrealised net loss at changeover](#)

[O Amount of net loss calculated](#)

L Changeover time

Label **L** asks:

Has a changeover time occurred in relation to the company after 1:00 pm by legal time in the Australian Capital Territory on 11 November 1999?

This question relates to the operation of Subdivision 165-CC of ITAA 1997. A changeover time is the time of a change in majority ownership or in the control of a company.

To determine whether a company has failed the continuity of majority ownership test or the change of control test for the purposes of Subdivision 165-CC of the ITAA 1997, see:

- **section 165-115C** change in ownership of company
- **section 165-115D** change in control of company.

In determining whether there has been a change of ownership or control at a particular test time, the ownership or control profile is determined at 2 points in time, the reference time and the test time.

For this purpose, the reference (base) time is the later of 1:00 pm (by legal time in the Australian Capital Territory) on 11 November 1999 (the start time) for a company in existence at that time (or the time when it came into existence if not), and the time immediately after the last preceding changeover time, if any.

The continuity of majority ownership test is subject to the 'same share and interest' rule in section 165-165 of the ITAA 1997. To count towards satisfaction of the test (subject to special rules for share and unit 'splits' or 'consolidations') that exactly the same shares must continue to be held by the same persons throughout the 'test period' (that is, from reference time to test time). Interests in any other entity (for example, shares in another company) must be exactly the same interests and beneficially owned by the same persons.

There is a 'saving rule' in section 165-115C of the ITAA 1997 which provides that if the continuity of majority ownership test would have been satisfied but for the operation of the 'same share and interest rule', the test time is not a changeover time if the company has information from which it is reasonable to conclude that less than 50% of the company's unrealised net loss has been or will be duplicated as a result of any CGT event that happened during the test period.

Subdivision 166-CA of Division 166 of the ITAA 1997 modifies the way in which Subdivision 165-CC of the ITAA 1997 applies to a widely held company or eligible Division 166 company.

If the answer is yes, print **X** in the **Yes** box at label **L**, and complete label **M**.

If the answer is no, print **X** in the **No** box at label **L**, and don't complete labels **M**, **N** or **O**.

M Maximum net asset value test

Label **M** asks:

At the changeover time did the company satisfy the maximum net asset value test under section 152-15 of the ITAA 1997?

This question relates to the operation of Subdivision 165-CC of ITAA 1997. Any company that has a net value of CGT assets of \$6 million or less, as determined under section 152-15 of the ITAA 1997, at the time it failed the continuity of majority ownership test, is not subject to the operation of Subdivision 165-CC of the ITAA 1997. The maximum threshold amount of \$6 million includes the net value of the CGT assets of the company and any entity connected or affiliated with the company as referred to in section 152-15 of the ITAA 1997.

If the answer is yes, print **X** in the **Yes** box at label **M**, and do not complete labels **N** and **O**.

If the answer is no, print **X** in the **No** box at label **M**, and complete label **N**.

If a company has failed the continuity of majority ownership test on 2 or more occasions since the commencement time, complete label **M** in respect of the latest changeover time.

N Unrealised net loss at changeover

Label **N** asks:

If you printed X in the No box at M, has the company determined it had an unrealised net loss at the changeover time?

This question relates to the operation of Subdivision 165-CC of ITAA 1997.

The 'same business test' and the 'similar business test' are now collectively known as the 'business continuity test'.

Where a company that answered yes at label **L** and no at label **M** has an unrealised net loss at the changeover time, the company can't, to the extent of the unrealised net loss, have capital losses taken into account or deduct revenue losses in respect of CGT events that happen to CGT assets owned at the changeover time, unless the company satisfies the business continuity test. Whether a company has an unrealised net loss at the time of the change is determined in accordance with the method statement in section 165-115E of the ITAA 1997.

If the answer is yes, print **X** in the **Yes** box at label **N**, and complete label **O**.

If the answer is no, print **X** in the **No** box at label **N**, and don't complete label **O**.

If a company has failed the continuity of majority ownership test on 2 or more occasions since the start time, complete label **N** in respect of the latest changeover time. Subdivision 165-CC of the ITAA 1997 requires a company to determine whether it has an unrealised net loss each time that it experiences a changeover time.

O Amount of net loss calculated

Label **O** asks:

If you printed X in the Yes box at N, what was the amount of unrealised net loss calculated under section 165-115E of ITAA 1997?

This question relates to the operation of Subdivision 165-CC of ITAA 1997. Subdivision 165-CC of the ITAA 1997 doesn't specify when a company has to calculate whether it has an unrealised net loss. However, this calculation must be done before claiming any loss or deduction on an asset that was held at the changeover time. Where no calculation has been undertaken as at the date of lodging the company's income tax return, print **X** in the **No** box at label **N**, and don't complete label **O**.

An unrealised net loss is, broadly, the excess of the company's unrealised losses on assets over unrealised gains on assets at the changeover time. This is determined by deeming such assets to be disposed of at market value at the changeover time. A company may choose to exclude every asset that it acquired for less than \$10,000 from the calculation of the amount. A company may also choose to use the written down value of depreciable plant (not a building or structure) at the changeover time, rather than its market value at that time, provided:

- the expenditure incurred by the company to acquire the plant was less than \$1 million
- it would be reasonable for the company to conclude that the market value of the plant at the changeover time was not less than 80% of its written down value at that time.

Whether a company has an unrealised net loss at a changeover time is calculated using the steps in the method statement below.

Method statement

Follow the steps for the methods statement.

Step 1: Notional gains and losses

For each CGT asset that the company owned at the changeover time, calculate any:

- notional capital gain or notional revenue gain
- notional capital loss or notional revenue loss in respect of the asset at that time.

The notional calculation is made on the assumption that the company disposed of the asset at its market value at the changeover time.

The company has a notional revenue gain equal to the excess for an asset that is an item of trading stock, if the item's market value at the changeover time exceeded either:

- the latest valuation under Division 70 of the ITAA 1997
- the cost of the item at the changeover time (if there is no valuation under Division 70).

The company has a notional revenue loss equal to the difference if the item's market value at the changeover time was less than either the:

- latest valuation under Division 70
- cost of the item at the changeover time (if there is no valuation under Division 70).

Step 2: Unrealised gross gain

Add up the:

- total of the company's notional capital gains
- total of the company's notional revenue gains.

The total is the unrealised gross gain at the changeover time.

Step 3: Unrealised gross loss

Add up the:

- total of the company's notional capital losses
- total of the company's notional revenue losses.

The total is the unrealised gross loss at the changeover time.

Step 4: Preliminary unrealised net loss

If the unrealised gross loss at the changeover time exceeds the unrealised gross gain at that time, the excess is the company's preliminary unrealised net loss.

Step 5: Unrealised net loss

Add up the:

- company's preliminary unrealised net loss
- any capital loss or deduction disregarded under Subdivision 170-D of the ITAA 1997.

The total is the company's unrealised net loss.

Write at label **O** the amount of unrealised net loss the company has at the changeover time.

Write **0** (zero) at label **O** if the company has an unrealised net gain at the changeover time.

The Commissioner of Taxation may give advice about methods to be used, and other things to be done, in valuing assets for the purposes of Subdivision 165-CC of the ITAA 1997.

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Part D – Life insurance companies

Instructions to complete labels P and Q in Part D of the losses schedule.

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[P Complying superannuation class tax losses carried forward](#)

[Q Complying superannuation net capital losses carried forward](#)

When you must complete Part D

Part **D** must be completed for those companies that carry on the business of life insurance and that have the following losses carried forward to later income years in the complying superannuation class either:

- tax losses

- net capital losses.

Don't include tax losses or net capital losses of the complying superannuation class in other parts of the schedule.

Show the tax losses utilised of the complying superannuation class (claimed as a deduction under section 320-141 of the ITAA 1997) in *Life insurance companies taxation schedule*.

P Complying superannuation class tax losses carried forward

Write at label **P** the amount of tax losses carried forward to later income years from the complying superannuation class. This includes prior year tax losses from the complying superannuation class carried forward if they haven't been deducted.

A life insurance company has a tax loss of the complying superannuation class for an income year if, in that income year, the company's complying superannuation deductions exceed the total of the following:

- assessable income from the complying superannuation class
- net exempt income that is attributable to the complying superannuation class of assets.

Q Complying superannuation net capital losses carried forward

Write at label **Q** the amount of net capital losses carried forward to later income years from the complying superannuation class. This includes prior year net capital losses from the complying superannuation class carried forward if they haven't been applied.

A life insurance company has a net capital loss from the complying superannuation class for the income year if, in that income year, the capital losses made from complying superannuation class of assets exceed all capital gains made from complying superannuation class of assets.

Continue to: Part E – Controlled foreign company (CFC) losses

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Part E – Controlled foreign company losses

Instructions to complete labels M, N and O in Part E of the losses schedule.

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About Controlled foreign companies (CFC) revenue losses

Controlled foreign companies no longer quarantine revenue losses into separate classes of notional assessable income. However, CFC losses continue to be quarantined in the CFC that incurred them.

The amounts at labels **M**, **N** and **O** are the totals of the entity's share of losses incurred by CFCs. The entity's share of a loss of a CFC is calculated by applying its attribution percentage in the CFC to the loss of the CFC.

M Current year CFC losses

Write at label **M** the total amount of the entity's share of CFC losses (if any), for the statutory accounting period that ends within 2024–25.

N CFC losses deducted

Write at label **N** the total of the entity's share of CFC losses (if any), that have been claimed as notional allowable deductions in calculating the CFC's attributable income for the statutory accounting period that ends within 2024–25.

O CFC losses carried forward

Write at label **O** the total amount of the entity's share of undeducted CFC losses, if any, that is available to be carried forward to statutory accounting periods that end in later income years.

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Part F – Tax losses reconciliation statement

Instructions to complete labels in Part F of the losses schedule reconcile the entity's tax losses.

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Completing Part F

Complete this section to reconcile the entity's tax losses brought forward from the prior income year with those carried forward to later income years.

Don't include net capital losses or film losses at this item.

A Balance of tax losses brought forward from the prior income year

Write at label **A** the undeducted and not transferred amount of tax losses incurred by the entity and brought forward to 2024–25 under section 36-15 or section 36-17 (as applicable) of the ITAA 1997.

B Uplift of tax losses of designated infrastructure project entities

A company or a fixed trust that is a designated infrastructure project (DIP) entity in an income year is able to uplift its unutilised tax losses before deducting them. The tax losses are uplifted by the income year's long-term bond rate, which is the year's average yield for 10-year non-rebate Australian Treasury bonds.

You are eligible for the uplift where both of the following applies:

- the project that you are undertaking must be designated
- you must notify the Commissioner that you are a DIP entity.

If an entity is a DIP entity only for part of an income year in which the uplift occurs, the uplift is apportioned according to the number of days in the income year for which it was such an entity.

The tax losses will continue being uplifted in future income years until the entity either fully deducts them or stops being a DIP entity. An entity will stop being a DIP entity and therefore not be able to uplift its tax losses when it stops carrying on the DIP or if it engages in activities that are not for the purpose of the DIP.

For more information, see [Designated infrastructure project entities](#).

If the entity is a DIP entity, write at label **B** the amount of the uplift of tax losses as determined under Division 415 of the *ITAA 1997*.

C Net forgiven amount of debt

Tax losses brought forward are reduced by any commercial debt forgiveness amounts (Division 245 of the ITAA 1997). If a commercial debt owed by the entity is forgiven during the income year, then you should apply the net forgiven amount to reduce the following attributes of the entity in **the order listed**:

- tax losses from previous income years
- net capital losses from previous income years

- certain undeducted revenue or capital expenditure
- cost base of CGT assets.

For more information, see commercial debt forgiveness provisions, see **Appendix 5 of the Company tax return 2025**.

Write at label **C** the total net forgiven amount applied to reduce tax losses (if any) incurred in years of income before the forgiveness year of income.

For more information on the calculation of the net forgiven amount, see **Appendix 5 of the Company tax return 2025**.

D Tax loss incurred (if any) during current year

Write at label **D** the entity's tax loss for 2024–25 disregarding net exempt income and excess franking offsets.

There is a limit on the total of the amount you can deduct for the income year for gifts and contributions (section 26-55 of the ITAA 1997). A tax loss can't be produced or increased by the deduction allowable under Division 30 of the ITAA 1997, which is about deductions for gifts or contributions.

E Tax loss amount from conversion of excess franking offsets

If the entity is a corporate tax entity and has excess franking offsets, it must convert the excess franking offsets into an amount of tax loss to carry forward to later income years.

You convert the amount of excess franking offsets into a tax loss by dividing the excess franking offsets amount by the corporate tax rate, which gives you the tax loss amount.

You record the amount of this tax loss at label **E**.

F Net exempt income

Write at label **F** the amount of net exempt income for 2024–25 to be taken into account in calculating the entity's tax loss or carried forward tax loss.

G Tax losses forgone

Since 1 March 2019, a more flexible 'similar business test' supplements the 'same business test' for company losses. The 'same business test' and the 'similar business test' are collectively known as the 'business continuity test'.

Write at label **G** the amount of tax losses that have been forgone by the entity, that is, tax losses that will not be deducted in any later income year.

For example, a company can't deduct a tax loss unless either:

- It has the same owners and the same control throughout the period from the start of the loss year to the end of the income year.
- It satisfies the business continuity test by carrying on the same or a similar business, and satisfies the 4 factors in subsection 165-211; see **Subdivision 165-A** and **subsection 165-211** of the ITAA 1997.

In addition, where all or part of a tax loss of a company is cancelled because the company has created exploration credits under

Division 418 of the ITAA 1997 (Exploration Development Incentive or Junior Minerals Exploration Incentive), the amount of the tax loss that has been cancelled must be included in the amount at label **G**.

H Tax losses deducted

Write at label **H** the tax losses deducted during 2024–25 under section 36-15 or section 36-17 (as applicable) of the ITAA 1997.

I Tax losses transferred out under Subdivision 170-A

If the entity is a company, write at label **I** the amount of tax losses transferred out by the company to group companies under Subdivision 170-A of the ITAA 1997. Only for transfers involving a foreign bank branch or a PE of a foreign financial entity.

J Total tax losses carried forward to later income years

The amount at label **J** should be the same as the amount you calculated at Part **A**, item **1** – label **U**. Write at label **J** the total of tax losses carried forward to later income years.

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Declarations

Instructions for how to complete the declarations on the losses schedule.

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Tax agent's declaration

If the tax agent is a partnership or a company, this declaration must be signed by a person authorised by that partnership or company to sign on its behalf. Write that person's name at this item.

Public officer's declaration

The public officer is responsible for doing all things required by the company under section 252 of the ITAA 1936. In the case of default, the public officer is liable to the same penalties – for example, the public officer is responsible for lodging the company tax return. If the tax return is lodged late, the public officer may be liable for a failure to lodge on time penalty.

Include in the declaration:

- signature
- date
- name
- phone number for the public officer.

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Contact details and supporting information

Links to supporting publications and contact details if you need to speak to a client service representative.

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Referred publications

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Phone services

To speak to a business service representative on **13 72 26**, see also [Contact us](#).

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If you are deaf or have a hearing or speech impairment, you can phone us through the [National Relay Service](#)  (NRS).

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