

Worksheet 2—Working out the tainted income ratio for a CFC

You can use this worksheet to work out the tainted income ratio for a CFC. Special rules apply, however, for listed country CFCs in statutory accounting periods commencing before 1 July 1997. If these rules apply, use worksheet 4.

Show all amounts in the currency in which the accounts of the company are kept—do not convert to Australian dollars.

Part A—Working out the CFC's gross turnover

Step 1 Work out the CFC's gross revenue as shown in the CFC's accounts. Do not include income from partnerships.

a

Step 2 Work out the following amounts included in a. These amounts are to be excluded from gross turnover.

Category	Amount \$
Amounts already assessed in Australia	
Amounts derived through a branch in a broad-exemption listed country	
Exempting profits part of dividend—non CFC	
Non-portfolio dividends—listed country company	
Non-portfolio dividends—unlisted country CFC	
If the CFC is a resident of a listed country, portfolio dividends from a listed country	
Dividends out of profits previously attributed	
Trust amounts	

Total → b

Step 3 Work out the following gross amounts included in a. The net amounts are added back at step 4. Do not count amounts that fall in the categories listed in step 2.

Category	Amount \$
Revenue from commodity contracts	
Revenue from exchange gains	
Revenue from other asset disposals	

Total → c

Step 4 Work out net gains to be included in gross turnover. Do not count amounts that fall in the categories listed in step 2.

Category	Amount	\$
Net commodity gain		
Net exchange gain		
Net gain from other asset disposals		
Total		

→ d \$

Step 5 Work out the CFC's share of the gross turnover of partnerships in which the CFC is a partner—refer to worksheet 3.

Name of partnership	Amount	\$
Total		

→ e \$

Gross turnover (a + b + c + d + e) A \$

Part B—Working out the CFC's gross tainted turnover

Step 1 List amounts included in the CFC's gross revenue after exclusions—item (a) from part A less items (b) and (c) from part A—that fall into the following categories of passive income.

Category of passive income	Amount	\$
Interest		
Annuities		
Tainted royalty income		
Tainted rental income		
Dividends		
Other passive income		
Total		

→ a \$

Step 2 Work out the CFC's gross revenue that is tainted sales income after exclusions—item (a) from part A less items (b) and (c) from part A. b \$

Step 3 Work out the CFC's gross revenue that is tainted services income after exclusions—item (a) from part A less items (b) and (c) from part A. c \$

Step 4 Work out the part of the CFC's net gains included in gross turnover that are tainted income.

Category	Amount	\$
Net commodity gain— <i>from part A</i>		
Net tainted commodity gain		
Smaller amount		
Net exchange gain— <i>from part A</i>		
Net tainted exchange gain		
Smaller amount		
Net gain from assets— <i>from part A</i>		
Net gain from tainted assets		
Smaller amount		
Total	→	d \$

Step 5 Work out the CFC's share of the gross tainted turnover of partnerships in which the CFC is a partner—refer to worksheet 3.

Name of partnership	Amount	\$
Total	→	e \$
Gross tainted turnover (a + b + c + d + e)		B \$

Part C—The tainted income ratio

The tainted income ratio is as follows:

Amount at label B					
Amount at label A		=			
				C	

Use the amount at label C to answer question 5 of summary sheet 3.