

Summary sheet 3—Active income test

Use this summary sheet to determine whether a CFC passes the active income test.

- 1 Was the CFC resident in a particular broad-exemption listed country or in a particular non-broad-exemption listed country at all times during the CFC' statutory accounting period?**

YES *Go to question 2.*

NO *Read below.*

The CFC has failed the active income test. Tick Fail at question 5 of summary sheet 2.

- 2 Did the CFC, or a partnership in which the CFC was a partner, have a permanent establishment in the CFC's country of residence at all times during the period?**

YES *Go to question 3.*

NO *Read below.*

The CFC has failed the active income test. Tick Fail at question 5 of summary sheet 2.

- 3 Has the CFC, and every partnership in which it was a partner, kept accounts according to commercially accepted accounting principles which give a true and fair view of its financial position?**

YES *Go to question 4.*

NO *Read below.*

The CFC has failed the active income test. Tick Fail at question 5 of summary sheet 2.

- 4 Has the CFC complied with the substantiation requirements in chapter 4?**

YES *Go to question 5.*

NO *Read below.*

The CFC has failed the active income test. Tick fail at question 5 of Summary sheet 2.

- 5 Is the tainted income ratio less than 0.05?**

YES *The CFC passes the
income test.
Tick Pass at question 5
on summary sheet 2.*

NO *The CFC fails the active
active income test.
Tick Fail at question 5
on summary sheet 2.*

If the CFC's statutory accounting period commenced after 1 July 1997, you can use worksheet 2 to answer this question. Alternatively, use worksheet 4.