

Top 100 program – Tailored approach to obtaining, maintaining and refreshing assurance

Tailored approach to obtaining, maintaining and refreshing assurance across the various stages of the justified trust cycle for income tax assurance

Our commitment to you

If you rely on this document, you have the protections that apply to Guidance – see [How our advice and guidance protects you](#). To the extent that this document outlines a compliance approach, and you apply that approach in good faith to your own circumstances, the Commissioner will act in accordance with that approach.

- When aggregated, the focus areas for assurance should cover the whole of the Australian linked economic activity undertaken by the taxpayer.
- It may take multiple reviews for a taxpayer to obtain assurance comprehensively across the 4 focus areas through [justified trust](#) as illustrated by the arrow below moving left to right across the table from an Initial review and beyond. Not all taxpayers will be on a pathway to an overall high level of assurance.
- Where there are areas of the taxpayer’s business and economic activities that have not yet been assured, but we believe that assurance could and should still be obtained with further analysis or supporting documentation, this should be identified and documented in the future assurance plan (**FAP**) in the tax assurance report (**TAR**). We will then undertake further work in a subsequent period.
- Alternatively, assurance can be obtained through escalation (for example, specific review or audit) where we and the taxpayer have a material difference in opinion in relation to the tax treatment.

Focus area	Initial TAR (all taxpayers new to the Top 100 program)	Annual TAR (low and medium assurance taxpayers)	Monitoring and maintenance review (high assurance taxpayers for the 3 income years following an overall high assurance rating)	Refresh review (high assurance taxpayers every fourth income year)	Tailored ‘catch-up’ review (low and medium assurance taxpayers not in real time)
General approach to obtaining, maintaining and refreshing assurance	Where a taxpayer has not previously had the justified trust methodology applied, it is expected that the scope of initial engagement activities will be primarily directed towards obtaining sufficient documentation to support a comprehensive understanding of the whole of the taxpayer’s business.	Once the taxpayer’s business has been documented in the TAR, the scope of engagement activities will shift focus towards identifying areas where further assurance is required and to determine the nature of review activities and documentation required to obtain this assurance. Based on a comprehensive understanding of the business profile, across the 4 focus areas we will identify what will be necessary to further assure in order to form a conclusion about whether the taxpayer is paying the right amount of tax. We will take a tailored approach to areas we have assured previously, with the aim of maintaining or improving our assurance.	Once at high assurance, during the monitoring and maintenance (M&M) phase we will seek to leverage off the high assurance already obtained in relation to ongoing business activities to maintain assurance. We will make detailed enquiries on an ‘exceptions basis’ and will only seek to verify the tax outcomes from material new transactions, or changes to the business since the last review. In order to identify significant new transactions and material business changes we expect taxpayers to make ongoing disclosures to us in ‘real time’.	Every fourth year it is necessary to ‘refresh’ our assurance across all 4 focus areas. This entails positively confirming the extent to which the knowledge and information acquired during previous reviews remains relevant and current such that over time we can continue to support a high assurance rating. This may entail seeking confirmation from the taxpayer that there has been no change to our understanding of the relevant facts, completing trend analysis to assure the absence of any new issues, and obtaining contemporaneous documentation and workpapers. In some instances, it may be appropriate to take a sampling approach to evidence our understanding of significant transactions and associated tax outcomes.	Not all taxpayers are in real time for disclosure or assurance of economic activities. A strategic focus of the Top 100 program is to bring all taxpayers into real time by December 2025 subject to the taxpayer’s willingness and ability to achieve this. In order to achieve this, we will: - commence real time engagement on the current year (30 June 2024 for June balancers, and 31 December 2025 for December balancers) - catch up back years through simultaneous tailored reviews (catch-up reviews). Each catch-up review will be tailored based on the circumstances of the taxpayer. The intention of the catch-

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		We will comprehensively review any material new transactions or changes to the business since the last review. To attain an overall high level of assurance, a taxpayer must meet the following qualitative and qualifying metrics: - metric 1 – at least 90% tax assured and economic activity correctly reported - metric 2 – all 7 qualifying factors are satisfied. The quantitative threshold of metric 1 must be met before the qualifying factors in metric 2 can be applied.		Similar to annual TARs it will be necessary to tailor the refresh review based on a comprehensive understanding of the taxpayer's business across the 4 focus areas.	up review is to obtain a baseline level of information across the 4 focus areas in respect of the tax reported and paid for the relevant periods at a minimum. This will include the identification of material new transactions or tax issues impacting on the taxpayer's tax profile where assurance is required to be obtained either in the current review or in a future review as reflected in the FAP.
Focus area 1 – Governance	We will consider compliance with our Tax risk management and governance review guide (TRM&GRG) – including 'design gap' analysis.	We will consider compliance with our TRM&GRG where a minimum Stage 2 rating is yet to be obtained – including changes to governance to address design gaps identified.	On the basis that Stage 2 governance is required to obtain and maintain high assurance – governance will be reviewed on an exceptions basis including: - any provisional Stage 2 ratings assigned (that is, testing plan not yet endorsed and implemented) - material changes - where an error identifies a control weakness - results of control testing (to obtain a Stage 3 rating).	On the basis that Stage 2 governance is required to obtain and maintain high assurance – governance will be reviewed on an exceptions basis including: - material changes - where an error identifies a control weakness - results of control testing (to obtain a Stage 3 rating) - no testing results have been provided in the previous 4 years which may indicate that the taxpayer's governance framework is no longer designed effectively (refresh governance documents to maintain Stage 2 rating).	Governance will generally not be reviewed again until we have reached realtime.
Focus area 2 – Tax risk flagged to market	We will comprehensively review all tax risks flagged to market (TRFM) through taxpayer alerts, practical compliance guidelines, and public rulings.	Assurance activities will be undertaken in relation to existing and any new TRFM with the objective of obtaining at least a medium level of assurance with no further action proposed. We will take a tailored approach to TRFM we have assured previously	Assurance activities will be limited to identifying and verifying any new TRFM to obtain at least a medium level of assurance with no further action proposed. Whether a disclosure of a TRFM requiring further actions will impact an overall high assurance rating will	We will refresh our understanding of tax outcomes and our evidence base with contemporaneous documentation where required. We will comprehensively assure new TRFM.	At a minimum we will identify any new TRFM where assurance is required to be addressed either in the current review or in a future review as reflected in the FAP. We will consider obtaining assurance through escalation (for example, specific review or audit) where we

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		with the aim of maintaining or improving our assurance. We will comprehensively review any new TRFM since the last review. We will consider obtaining assurance through escalation (for example, specific review or audit) where we and the taxpayer have a material difference in opinion in relation to the tax treatment.	depend on the nature of the arrangement and the tax issue.	Our approach will be tailored depending on the circumstances of the taxpayer.	and the taxpayer have a material difference in opinion in relation to the tax treatment.
Focus area 3 – Significant and new transactions	We will comprehensively review all significant transactions. We seek to understand current business activities, particularly significant or new transactions, and the tax outcomes.	Assurance activities will be undertaken in relation to new and existing significant transactions where we are yet to obtain sufficient assurance. We will take a tailored approach to significant transactions and specific risks previously assured, with the aim of maintaining or improving our assurance. We will comprehensively review any new material transactions since the last review. We will consider obtaining assurance through escalation (for example, specific review or audit) where we and the taxpayer have a material difference in opinion in relation to the tax treatment.	Assurance activities will be limited to identifying and verifying any new significant transactions, specific risks, or changes to business to obtain sufficient assurance to maintain a high level of assurance overall. Whether a transaction, risk, or change requiring further actions will impact an overall high assurance rating will depend on the nature of the arrangement and the tax issue.	We will refresh our understanding of tax outcomes and our evidence base with contemporaneous documentation where required. We will comprehensively assure new significant transactions or changes to business. Our approach will be tailored depending on the circumstances of the taxpayer.	At a minimum we will identify new significant transactions, specific risks or changes to business where assurance is required to be obtained either in the current review or in a future review as reflected in the FAP. We will consider obtaining assurance through escalation (for example, specific review or audit) where we and the taxpayer have a material difference in opinion in relation to the tax treatment.
Focus area 4 – Alignment of tax and accounting	Assurance activities will include: - calculation and analysis of any difference between the effective tax borne (ETB) and the corporate tax rate - analysing: - the financial statements, including the calculation of income tax expense and deferred tax assets and liabilities	Assurance activities will include: - calculation and analysis of any difference between the ETB and the corporate tax rate - analysing: - the financial statements, including the calculation of income tax expense and deferred tax assets and liabilities - the B2T adjustments	Assurance activities will include: - calculation and analysis of any difference between the ETB (where calculated) and the corporate tax rate - analysing: - the financial statements, including the calculation of income tax expense and deferred tax assets and liabilities	Assurance activities will include: - calculation and analysis of any difference between the ETB (where calculated) and the corporate tax rate - analysing: - the financial statements, including the calculation of income tax expense and deferred tax assets and liabilities	Assurance activities will include: - calculation and analysis of any difference between the ETB and the corporate tax rate - analysing: - the financial statements, including the calculation of income tax expense and deferred tax assets and liabilities - the B2T adjustments

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	– the book-to-tax (B2T) adjustments – disclosures in the tax return and schedules • obtaining objective evidence to obtain assurance.	– disclosures in the tax return and schedules • obtaining objective evidence to obtain or improve assurance. We will take a tailored approach to aspects of the B2T and book-to-book analysis and ETB calculation we have assured previously to ensure this assurance is maintained or improved as required. We will identify new significant transactions or business changes where assurance is required to be obtained either in the current review or in a future review as reflected in the FAP.	– the B2T adjustments – disclosures in the tax return and schedules • obtaining objective evidence to maintain assurance. We will leverage assurance for items previously reviewed and leverage existing proxies and assumptions for ETB. We will identify and review material new transactions or business changes where assurance is required in the current review.	– the B2T adjustments – disclosures in the tax return and schedules • obtaining objective evidence to refresh assurance. B2T: We will seek to refresh our assurance more comprehensively across all material adjustments, not just those identified as new or having changed significantly. To the extent knowledge and information acquired during previous reviews remains relevant, we expect this analysis to be streamlined. ETB: We will refresh our proxies and assumptions, with the reference to those used in the most recent ETB calculations to ensure the reliably reflect the taxpayer's current situation. We will identify and review material new transactions or business changes where assurance is required in the current review.	– disclosures in the tax return and schedules • obtaining objective evidence to obtain or improve assurance. We will take a tailored approach to aspects of the B2T and book-to-book analysis and ETB calculation we have assured previously to this assurance in maintained or improved. We will identify material new transactions or material business changes where assurance is required to be obtained either in the current review or in a future review as reflected in the FAP.

References

[Justified trust](#)

[Tax risk management and governance review guide](#)

ATO references

BSL: ISP

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