

MEC groups – notifiable events

The Commissioner of Taxation must be notified when certain events happen to a MEC group:

- 1 A choice is made to form a MEC group and a provisional head company is appointed.
- 2 A special conversion event takes place.
- 3 A new eligible tier-1 company joins a MEC group.
- 4 A provisional head company ceases to be the provisional head company of a MEC group.
- 5 A replacement provisional head company is appointed because the previous provisional head company ceases to be the provisional head company.
- 6 An entity becomes a member of the MEC group.
- 7 An entity ceases to be a member of the MEC group.

These events must be notified in the approved forms which are listed below. Notification forms can be downloaded from the ATO *assist* website at **www.ato.gov.au**. Facsimiles of the forms can be obtained by calling 1300 130 902.

Notifiable event	When to notify	Notice to be given by	Legislation ^d
1. A choice is made to form a MEC group and a provisional head company is appointed Use form NAT 7024-6 2002, <i>Notification of formation of a multiple entry consolidated (MEC) group</i> See sample → C10-3-110 If the electronic notification option is used, a paper form of the nomination of provisional head company, signed by all the eligible tier-1 companies (i.e. part 5 of Form NAT 7024) must be delivered independently to the Tax Office. The electronic notification will not be processed until this nomination is received.	During the period ^a	All eligible tier-1 companies making the choice to form the MEC group	719-50 719-60(1)

Notifiable event	When to notify	Notice to be given by	Legislation ^d
<p>2. A special conversion event takes place (A consolidated group converts to a MEC group)</p> <p>Also by this notice, the eligible tier-1 companies of the converted MEC group are taken to have appointed the head company of the consolidated group as the provisional head company</p> <p>Use form NAT 7026-6 2002 <i>Notification of conversion to a multiple entry consolidated [MEC] group</i></p> <p>See sample → C10-3-130</p>	<p>Within the applicable period^b</p>	<p>The eligible tier-1 company that was the head company of the consolidated group just before the conversion</p>	<p>719-40 719-40(1)(e) 719-60(2)</p>
<p>3. A new eligible tier-1 company joins a MEC group</p> <p>(a) If the MEC group was in existence for the whole income year</p> <p>(b) If the MEC group came into existence during the income year</p> <p>(c) If the MEC group ceased to exist in the income year</p> <p>For (a) and (b), use form NAT 7025-6 2002 <i>Notification of members joining and/or leaving a multiple entry consolidated (MEC) group</i></p> <p>See sample → C10-3-120</p> <p>For (c), use form NAT 7053-6.2002 <i>Notification of provisional head company no longer eligible (MEC) group</i></p> <p>See sample → C10-3-150</p>	<p>Within the applicable period^c</p> <p>Within the applicable period^c</p> <p>Within 28 days of the cessation event^a</p>	<p>The provisional head company that became the head company at the end of the year</p> <p>The provisional head company that became the head company at the end of the year</p> <p>The provisional head company that became the head company just before the group ceased to exist</p>	<p>719-5(4)(c) 719-5(6) 719-75(1)</p> <p>719-5(4)(c) 719-5(6) 719-75(2)</p> <p>719-5(4)(c) 719-5(6) 719-75(3) 719-80</p>
<p>4. A provisional head company ceases to be the provisional head company of a MEC group</p> <p>Use form NAT 7053-6 2002 <i>Notification of provisional head company no longer eligible (MEC) group</i></p> <p>See sample → C10-3-150</p>	<p>Within 28 days of the cessation event</p> <p>(If the cessation event happens more than 28 days before the group has lodged its choice to form, this notice can be lodged with the choice)</p>	<p>The company or if the company ceased to exist then the public officer of the company just before it ceased to exist</p>	<p>719-80(1) item 3 719-80(2)</p>

Notifiable event	When to notify	Notice to be given by	Legislation ^d
<p>5. A replacement provisional head company is appointed because the previous provisional head company ceases to be the provisional head company</p> <p>Use form NAT 7052-6 2002 <i>Notification of continuation of a multiple entry consolidated (MEC) group with a new provisional head company</i></p> <p>See sample → C10-3-140</p>	<p>Within 28 days of the cessation event</p> <p>(If the cessation event happens more than 28 days before the group has lodged its choice to form, this notice can be lodged with the choice)</p>	<p>All the eligible tier-1 companies that are or were members immediately after the cessation of the previous provisional head company</p>	<p>719-60(3)</p> <p>719-60(6)</p> <p>719-65</p> <p>719-80(1) item 3</p>
<p>6. An entity becomes a member of the MEC group</p> <p>Use form NAT 7025-6 2002 <i>Notification of members joining and/or leaving a multiple entry consolidated (MEC) group</i></p> <p>See sample → C10-3-120</p>	<p>Within 28 days of the entity joining the group</p> <p>(If the entity joins more than 28 days before the group has lodged its choice to form, this notice can be lodged with the choice)</p>	<p>By the provisional head company of the group</p>	<p>719-80(1) item 1</p>
<p>7. An entity ceases to be a member of the MEC group</p> <p>Use form NAT 7025-6 2002 <i>Notification of members joining and/or leaving a multiple entry consolidated (MEC) group</i></p> <p>See sample → C10-3-120</p>	<p>Within 28 days of the entity leaving the group</p> <p>(If the entity leaves the group more than 28 days before the group has lodged its choice to form, then this notice can be lodged with the choice)</p>	<p>The provisional head company of the group</p>	<p>719-80(1) item 2</p>

Notes

a. During the period

If the head company of the MEC group is required to lodge an income tax return for the income year in which the choice is made, then the period is from the date the group is to form to the date the return is lodged.

→ paragraph 719-50(3)(d)

If the head company of the MEC group is not required to lodge an income tax return for the income year in which the choice is made, then the period is from the date the group is to form to the date the company would have had to lodge a return if it had been required to lodge a return for that income year.

→ paragraph 719-50(3)(e)

b. Applicable period

If the head company of the MEC group is required to lodge an income tax return for the income year in which the special conversion event happened,

then the applicable period is from the date the special conversion happened to the date the return is lodged. → paragraph 719-40(2)(a)

If the head company is not required to lodge an income tax return for the income year in which the special conversion event happened, then the applicable period is from the date the special conversion happened to the date the company would have had to lodge a return if it had been required to lodge a return for that income year. → paragraph 719-40(2)(b)

c. Applicable period

If the head company is required to lodge an income tax return for the income year in which the new eligible tier-1 companies joined the group, then the applicable period is from the date the eligible tier-1 companies joined the group to the date the return is lodged. → paragraph 719-5(6)(d)

If the head company is not required to lodge an income tax return for the income year in which the new eligible tier-1 companies joined the group, then the applicable period is from the date the new eligible tier-1 companies joined the group to the date the company would have had to lodge a return if it had been required to lodge a return for that income year. → paragraph 719-5(6)(e)

d. Legislative references

All references are to the *Income Tax Assessment Act 1997*, as amended by the *New Business Tax System (Consolidation) Act (No. 1) 2002* (No. 68 of 2002).

References

Income Tax Assessment Act 1997, sections 719-5, 719-40, 719-50, 719-60, 719-75 and 719-80; as amended by *New Business Tax System (Consolidation) Act (No. 1) 2002* (No. 68 of 2002), Schedule 1

Explanatory Memorandum to the New Business Tax System (Consolidation) Bill (No. 1) 2002, Chapter 4

Revision history

Section C10-1-110 first published 2 December 2002 and updated 28 May 2003.

Further revisions are described below.

Date	Amendment	Reason
26.10.05	Change to who must notify and which form to use when a new eligible tier-1 company joins a MEC group, p. 2. Other minor editorial changes.	To correct an error.

Proposed changes to consolidation

Proposed changes to consolidation announced by the Government are not incorporated into the *Consolidation reference manual* until they become law. In the interim, information about such changes can be viewed at:

- <http://assistant.treasurer.gov.au> (Assistant Treasurer's press releases)
- www.treasury.gov.au (Treasury papers on refinements to the consolidation regime).