

**Manual for the
National Tax Equivalent Regime
October 2019
(Version 11)**

[History:

Version 1 of the Manual released in June 2001
Version 2 of the Manual released in July 2002
Version 3 of the Manual released in March 2004
Version 4 of the Manual released in February 2005
Version 5 of the Manual released in January 2006
Version 6 of the Manual released in January 2008
Version 7 of the Manual released in March 2010
Version 8 of the Manual released in February 2012
Version 9 of the Manual released in April 2014
Version 10 of the Manual released in April 2016

[Archived:

History notes for amendments to the Manual made by Versions 2, 3, 4, 5 & 6 have been archived. For the wording of these history notes, see Version 8.]

PART 1: THE NATIONAL TAX EQUIVALENT REGIME

NTER IS AN ADMINISTRATIVE ARRANGEMENT

6. The NTER is an administrative arrangement under which relevant taxation laws will be applied notionally to the NTER entities as if they were subject to those laws.
7. Each NTER entity will be assessed annually as to its income tax equivalent liability and will be required to pay instalments of the (expected) liability to the Treasury or Revenue Office of the State or Territory to which the NTER entity belongs. However, NTER entities do not become subject directly to the income tax laws as a result of their participation in the NTER.

[**History:** Paragraph 7 amended by April 2014 (Version 9), with effect from the instalment month and instalment quarter starting on 1 January 2014, by deleting reference to 'quarterly'.]

OBJECTIVE OF NTER

8. The primary objective of the NTER is to promote competitive neutrality, through a uniform application of income tax laws, between the NTER entities and their privately held counterparts.

RELEVANT TAXATION LAWS

9. The relevant taxation laws constitute the technical and administrative rules of the NTER, and consist of these two elements:
 - (i) the federal income tax laws listed at Attachment 4; and
 - (ii) modifications to the federal income tax laws as set out in this Manual.
10. The modifications to the federal income tax laws are considered necessary to take into account the NTER entities' tax history, ownership by State or Territory governments and activities which may be regarded as unique to public sector enterprises.

RELATIONSHIP WITH STATE AND TERRITORY TERS

11. The NTER represents an evolution of the concepts and practices of the State and Territory based tax equivalent regimes (the TERS) which have been established for a number of years. An entity commencing in the NTER between 1 July 2001 and 1 July 2002 will have been subject to a TER during the period immediately preceding its commencement in the NTER.