





**Australian Government**  
**Australian Taxation Office**

# Manual for the National Tax Equivalent Regime

## Version 13

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We acknowledge the Traditional Owners and Custodians of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to them, their cultures, and Elders past and present.

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# PRELIMINARY

## About this Manual

### Manual for the NTER

1. This is a Manual of the administrative and technical operating features of the National Tax Equivalent Regime (NTER).
2. The Manual facilitates the establishment of the NTER, as foreshadowed in the Inter-Governmental Agreement on the Reform of Commonwealth-State Financial Relations, and is consistent with:
  - (i) the November 2000 Final Report of the Heads of Treasuries Working Party on NTER; and
  - (ii) the Memorandum of Understanding on NTER (the Memorandum), between the Commonwealth of Australia, the Commissioner of Taxation (the Commissioner) and all of the States and Territories.

### Application

3. This Manual applies on or after 1 July 2001 to the state and territory government-owned enterprises (NTER entities) listed in the NTER entity register.

### Amending the Manual

4. This Manual may be amended only as set out in the Memorandum.

### Interpretation

5. In this Manual, unless a contrary intention appears:
  - '**ATO**' means the Australian Taxation Office.
  - '**Commissioner**' means the Commissioner of Taxation.
  - '**ITAA 1936**' means the *Income Tax Assessment Act 1936*.
  - '**ITAA 1997**' means the *Income Tax Assessment Act 1997*.
  - '**Memorandum**' means the Memorandum of Understanding on NTER between the Commonwealth of Australia, the Commissioner and all of the States and Territories.
  - '**NTER**' means the National Tax Equivalent Regime.
  - '**NTER entity**' means a state or territory government-owned enterprise listed in the NTER entity register.
  - '**NTER entity register**' means the register of the NTER entities referred to in the Memorandum.
  - '**NTER-related activities**' means the activities of NTER administration, to be undertaken by the Commissioner, which are set out in Attachment 2.
  - '**NTER Work Plan**' means a work plan as described in clause 12 of the Memorandum.
  - '**PAYG instalment report**' means the form provided at Attachment 3 on which NTER entities advise the Commissioner of their monthly or quarterly NTER income and their monthly or quarterly instalment of expected income tax equivalent liability.

**[History:** *Meaning of 'PAYG instalment report' amended April 2014 (Version 9), with effect from the instalment month starting on 1 January 2014, by inserting references to monthly instalments.]*

**'Relevant taxation laws'** means the federal income tax laws listed in Attachment 4, modified in accordance with this Manual. The relevant taxation laws constitute the administrative and technical rules of the NTER.

**'TAA'** means the *Taxation Administration Act 1953*.

**'TER'** means a tax equivalent regime of a state or territory.

## **PART I: 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 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 the 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 2 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 tax equivalent regimes**

11. The NTER represents an evolution of the concepts and practices of the state and territory-based tax equivalent regimes (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.

## **PART 2: THE NTER ENTITIES**

### **State and territory government-owned enterprises**

12. The NTER entities to which this Manual applies, are the state and territory government-owned business enterprises which are listed in the NTER entity register.
13. An NTER entity may be listed to participate in the NTER, or removed from the listing, at the sole discretion of its state or territory owner-government.
14. Subsidiaries or other enterprises wholly-owned by an NTER entity will not automatically participate in the NTER. To participate, the subsidiaries or other enterprises must also be listed in the NTER entity register by the relevant state or territory.
15. Entities which are actually subject to federal income tax are not eligible to participate in the NTER.

### **NTER entities required to follow this Manual**

16. Each NTER entity is required to follow this Manual, and thereby to comply with the relevant taxation laws, pursuant to the TER legislation of the state or territory to which the NTER entity belongs. That requirement may be provided for directly in the legislation, or through an instrument (for example, a Treasurer's Instruction) prepared in accordance with the legislation, or by some other means.
17. NTER entities will not be entitled to use an accounting profits model to determine their (equivalent) taxable income or instalment income for the purposes of the NTER.

## PART 3: ADMINISTRATION OF THE NTER

### Commissioner to administer NTER

18. The Commissioner will undertake administration of the NTER and may delegate any or all of the NTER-related activities, listed at Attachment 2, to officers of the Australian Taxation Office.

### Relationship between entities and the Commissioner

19. The relationship between the Commissioner and the NTER entities will be based substantially on the same rights and responsibilities which exist between taxpayers and the Commissioner under the federal income tax laws.
20. However, the clear intention is for the NTER to be carried on in a spirit of cooperation between the Commissioner, the states and territories and the NTER entities. As such, the relationship between the Commissioner and the entities should be less formal than a relationship based purely on the law.
21. Unless a contrary intention is provided in this Manual, the Commissioner will be subject to the same performance standards, principles and obligations with respect to dealings with the NTER entities as exist under the federal income tax laws and the Commissioner's administrative practices in relation to taxpayers.
22. The standards, principles and obligations to be followed by the Commissioner in the NTER include those contained in the relevant taxation laws and the ATO Charter.

**[History:** *Paragraph 22 amended:*

- *February 2012 (Version 8), with effect from 1 February 2012, by deleting reference to '2006'*
- *April 2016 (Version 10), by deleting reference to 'the ATO's annual Compliance program and the ATO publication titled Large business and tax compliance' and inserting 'the ATO's online publication titled Building Confidence and the ATO's annual Large business focus document'*
- *February 2020 (Version 11), by deleting reference to 'the ATO's online publication titled Building Confidence and the ATO's annual Large business focus document.' and inserting reference to 'the ATO's online publication titled Insight: building trust and confidence'*
- *July 2025 (Version 13), by deleting reference to ', the Taxpayers' charter and the ATO's online publication titled Insight: building trust and confidence.' and inserting reference to 'and the ATO Charter'.]*

### NTER-related activities of the Commissioner

23. The Commissioner will undertake administration of the NTER by undertaking the NTER-related activities listed at Attachment 2.
24. The Commissioner will also report periodically to state and territory Treasuries, providing information about payments due and payable by or to their NTER entities, NTER-related activities and general 'health of the system' matters.

## **NTER-related information**

- 24A. The state or territory to which an NTER entity belongs will be entitled to copies of any NTER-related information (for example, NTER PAYG instalment reports, NTER annual returns) about that entity provided to or held by the Commissioner in undertaking the administration of the NTER.
- 24B. Section 3C of the TAA (requiring the Commissioner to publish specified information about large corporate tax entities) will not apply notionally to NTER entities. Therefore, the Commissioner will not be required to make publicly available the NTER-related information mentioned in subsection 3C(3) of the TAA in respect of any NTER entity.

**[History:** *'NTER RELATED INFORMATION' heading and paragraph 24B inserted April 2014 (Version 9), with effect from the 2013–14 income year.*]

## **ATO contact details for NTER**

25. The address of the Commissioner for lodgment of all NTER-related material (including general correspondence, requests, returns and statements), and the contact details where NTER-related enquiries are to be directed, are provided at Attachment 5.

## **PART 4: NTER GENERAL FEATURES**

### **Commencement date of the NTER**

26. The NTER commences on 1 July 2001.

### **Federal income tax laws**

27. The NTER is based on the federal income tax laws, listed at Attachment 4, which are to be strictly observed by NTER entities except to the extent that those laws are expressly altered or modified by this Manual.

### **Relevant taxation laws**

28. The relevant taxation laws are comprised of the federal income tax laws and the modifications thereto set out in this Manual. The relevant taxation laws constitute the administrative and technical rules to be applied in the NTER and to which NTER entities are to comply.

### **Avoidance of double taxation**

29. As a fundamental principle, the NTER will operate in a manner which ensures that:
- (i) NTER entities are not, through the NTER, subjected to actual federal income taxes; and
  - (ii) NTER entities are not subjected to double taxation involving an actual federal tax liability and an NTER tax equivalent liability in respect of the same item of income or expenditure.
30. To the extent that an actual income tax liability (that is, non-NTER tax equivalent), or double taxation, occurs then application for relief from the NTER tax equivalent liability should be lodged with the Commissioner. Such applications are to be in writing and provide all the relevant circumstances. The Commissioner will consider any such application received, and will provide relief as appropriate in accordance with this Manual.

## PART 5: NTER ADMINISTRATIVE FEATURES

### Registration

31. Each NTER entity must register as such with the Commissioner.
32. In order to register, NTER entities will be required to provide the Commissioner with their details as set out in the example registration form provided at Attachment 6.

### Record keeping

33. There are general and various specific provisions of the income tax laws which require taxpayers to maintain records in certain form.

#### General record-keeping requirements

34. Section 262A of the ITAA 1936 provides the general record-keeping requirements for the purposes of the ITAA 1936 and ITAA 1997. Under section 262A, a person carrying on a business is required to keep records that record and explain all transactions and other acts engaged in by the person that are relevant for any purpose of the Act. The records which are to be kept include any documents which are relevant for the purpose of ascertaining the person's income and expenditure and any documents that contain particulars of any elections, estimates, etc., made by the person under the ITAA 1936 or ITAA 1997.
35. Records must be kept in such a manner as to enable the person's liability under the ITAA 1936 or the ITAA 1997 to be readily ascertained. Generally, a person must keep the records for 5 years after the person prepared or obtained them, or 5 years after the completion of the transaction or acts to which they relate (whichever is the later).

#### Capital gains tax record-keeping requirements

36. In respect of capital gains tax (CGT), section 121-20 of the ITAA 1997 requires taxpayers to keep records of every act, transaction, event or circumstance that can reasonably be expected to be relevant to working out whether a capital gain or capital loss is made from a CGT event. (It does not matter whether the CGT event has already happened or may happen in the future.)

#### Record-keeping requirements in the NTER

37. Subject to the grandfathering rules, all NTER entities will be required to keep records in accordance with the provisions of the relevant taxation laws which are concerned with record keeping, including section 262A of the ITAA 1936 and Division 121 of the ITAA 1997.

### References

38. Further guidance on record keeping may be found in Taxation Ruling TR 96/7 *Income tax: record keeping - section 262A - general principles*, Taxation Ruling TR 2018/2 *Income tax: record keeping and access - electronic records*, Taxation Determination TD 2007/2 *Income tax: should a taxpayer who has incurred a tax loss or made a net capital loss for an income year retain records relevant to the ascertainment of that loss only for the record retention period prescribed under income tax law?* and Law Administration Practice Statement PS LA 2008/14 *Record keeping when using commercial off the shelf software*.

**[History:** *Paragraph 38 amended:*

- *March 2010 (Version 7), with effect from 1 March 2010, to insert reference to TD 2007/2*
- *February 2012 (Version 8), with effect from 1 February 2012, to insert reference to PS LA 2008/14*
- *July 2025 (Version 13), by deleting reference to TR 2005/9.]*

## **PAYG instalment system**

**[History:** *Paragraphs 39 to 51 amended April 2014 (Version 9), with effect from the instalment month and instalment quarter starting on 1 January 2014, to take account of the introduction of the monthly PAYG instalment rules.]*

39. Pay As You Go (PAYG) instalments is an integrated system for certain taxpayers, including businesses and companies, to report and pay instalments of their income tax. The PAYG instalment system is set out in Division 45 in Schedule 1 to the TAA.
40. In respect of monthly (or quarterly) instalments, the amount is worked out by multiplying instalment income for the month (or quarter) by the rate given by the Commissioner, or by a self-selected rate. The Commissioner may provide additional methods of working out monthly instalments. There is no requirement under the PAYG instalment system to pay instalments unless the Commissioner has given an instalment rate.
41. A taxpayer liable to instalments (even if it is a nil amount) must notify the Commissioner in the 'approved form' of the amount of their instalment income for the relevant period.

**[History:** *Paragraph 41 amended February 2012 (Version 8), with effect from 1 February 2012, by inserting reference to '(even if it is a nil amount)'.]*

## **PAYG instalments payable in the NTER**

42. All NTER entities will be liable to pay instalments of their (expected) income tax equivalent liability for an income year. However, instalments will not be payable by an NTER entity unless it has been given written notice of an instalment rate by the Commissioner.
- 42A. An NTER entity will be liable to pay monthly instalments if it satisfies the 'monthly payer' requirements in Subdivision 45-DA, having regard to the transitional provisions in *Tax Laws Amendment (2013 Measures No. 2) Act 2013*, which will be applied with the following modifications:
  - (i) every NTER entity will be deemed to be a 'corporate tax entity'; and
  - (ii) the exemption (for certain entities that lodge GST returns on a quarterly or annual basis) in subsection 45-138(2) will be disregarded.
- 42B. All other NTER entities will be liable to pay quarterly instalments.
43. The processes by which monthly and quarterly NTER instalments are to be reported and paid by NTER entities will be substantially in accordance with the PAYG instalment provisions contained in Division 45 in Schedule 1 to the TAA – save that instalments will be paid by NTER entities directly to the Treasury or Revenue Office of the state or territory to which they belong; and that instalments will be reported and paid by all NTER entities on or before the 21st day of the month after the end of each instalment month or instalment quarter.
44. [Archived.]

*[Archived: Paragraph 44 concerning 'Instalment rate deemed to be given by the Commissioner' archived by April 2014 (Version 9). For the wording of paragraph 44, see February 2012 (Version 8).]*

### **An NTER entity may vary rate**

45. An NTER entity may elect to use an instalment rate given by the Commissioner or may vary that rate in accordance with Subdivision 45-F. Where an NTER entity uses a varied instalment rate which is less than 85% of the instalment rate which would have covered an income tax equivalent liability, the NTER entity will be liable to pay an NTER interest charge. This liability to the NTER interest charge will be on the same basis that a taxpayer would be liable to the general interest charge in like circumstances under Subdivision 45-G.

### **Instalment information to be given to the Commissioner**

46. NTER entities which are liable to pay instalments (unless it is a nil amount worked out using a nil rate given by the Commissioner) will be required to lodge with the Commissioner their NTER instalment details calculated in accordance with Division 45. For NTER purposes, the 'approved form' is the PAYG instalment report provided at Attachment 3.

*[History: Paragraph 46 amended February 2012 (Version 8), with effect from 1 February 2012, by inserting reference to '(even if it is a nil amount)'.]*

47. Details of an NTER instalment must not be included on a business activity statement prepared by an NTER entity pursuant to an actual federal tax obligation.

### **Instalments payable to state or territory Treasury or Revenue Office**

48. NTER instalments of income tax equivalents, and any penalties or interest payable under the NTER instalment system, become due and payable by the NTER entity to the Treasury or Revenue Office of the state or territory to which the NTER entity belongs. Under no circumstances should any NTER related debt of an NTER entity be remitted to the Commissioner at the Australian Taxation Office.

### **Where no instalment rate given**

49. NTER entities which have not been given an instalment rate by the Commissioner will not be required to pay instalments of their expected income tax equivalent liability. The income tax equivalent liabilities of any such NTER entity will become due and payable in accordance with subsection 5-5(4) of the ITAA 1997, and paragraph 60A below.

*[History: Paragraph 49 amended February 2012 (Version 8), with effect from 1 July 2010, by replacing reference to 'section 204(1A) of the ITAA 1936' with reference to 'subsection 5-5(4) of the ITAA 1997'.]*

50. However, NTER entities which are not required to make instalment payments may make voluntary instalment payments and avoid having to pay an annual liability as well as instalments in one income year.

### **References**

51. The provisions relating to PAYG instalments are found in Division 45 in Schedule 1 of the TAA.

Further information on instalments may be found at [PAYG instalments – how to complete your activity statement](#).

An additional simplified method of working out monthly instalments is set out in *Taxation Administration (Additional Method for Working Out the Amount of Monthly Instalment Liabilities) Determination 2024*.

**[History:** *Paragraph 51 amended:*

- *March 2010 (Version 7), with effect from 1 March 2010, to replace reference to '(NAT 7393-08.2007)' with reference to '(NAT 7393-04.2009)'*
- *April 2016 (Version 10), with effect from 1 April to replace reference to '(NAT 7393-04.2012)' with reference to '(NAT 7393-11.2012)'*
- *July 2025 (Version 13), to replace reference to 'in the ATO publication titled PAYG instalments – how to complete your activity statement (NAT 7393-11.2012)' with 'at PAYG instalments – how to complete your activity statement'*
- *July 2025 (Version 13), to replace reference to 'Commissioner's determination named Additional method of working out the amount of monthly instalment liabilities in accordance with the Taxation Administration Act 1953 (F2013L01933, registered on 14 November 2013)' with 'Taxation Administration (Additional Method for Working Out the Amount of Monthly Instalment Liabilities) Determination 2024.'*

52. [Archived.]

53. [Archived.]

**[Archived:** *Paragraphs 52 & 53 concerning "DEFERRED COMPANY INSTALMENT" archived April 2014 (Version 9). For the wording of paragraphs 52 and 53, see February 2012 (Version 8).]*

## **Annual NTER returns**

54. The legislative requirements relating to lodgment of income tax returns and to assessments are contained in Part IV of the ITAA 1936.

55. The requirement for taxpayers to lodge income tax returns is found in section 161 of the ITAA 1936. Under section 161, the Commissioner, by legislative instrument, specifies persons that are required to lodge annual income tax returns.

**[History:** *Paragraph 55 amended July 2025 (Version 13), with effect from 1 October 2020, to replace reference to 'in a notice published in the Gazette' with reference to 'by legislative instrument.'*

56. Part IV of the ITAA 1936 also contains the provisions relating to the form, content and manner of lodging annual returns.

## **NTER return for companies**

57. For the purposes of the NTER, all NTER entities will be required to lodge NTER annual returns with the Commissioner in the same manner required of taxpayers under the provisions of Part IV of the ITAA 1936 and the lodgment requirements for companies as specified by the Commissioner in the legislative instrument. The due dates for the lodgment of annual NTER returns by all NTER entities will be substantially in accordance with the due dates for large companies outlined in the Commissioner's annual tax agent lodgment program. The Commissioner will issue an *NTER Lodgment Circular* outlining the due dates for the lodgment of annual NTER returns by NTER entities for a particular income year. Each annual *NTER Lodgment Circular* will be attached at Attachment 8.

58. Exemptions from lodging a return, which are also specified in the legislative instrument, will not be available to NTER entities.

### **NTER return form & content**

59. The form and content of the NTER return is identical to the Commissioner's company tax return for company taxpayers, save that the NTER return is appropriately identified as such. The Commissioner will issue the annual NTER tax equivalent return at the same time as his annual *NTER Lodgment Circular* referred to at paragraph 57 above.

**[History:** Paragraph 59 amended July 2025 (Version 13), to replace reference to 'C return form' with reference to 'company tax return'.]

60. The NTER tax equivalent return is to be completed by every NTER entity irrespective of whether it is a separately legal entity or otherwise.

**[History:** Paragraph 60 amended July 2025 (Version 13), to replace reference to 'C return' with reference to 'company tax return'.]

### **Balancing payments for NTER income year**

- 60A. All NTER entities will be liable to pay a balancing payment of any income tax equivalent liability for an NTER income year that is owing, worked out in accordance with the calculation statement contained in the NTER 'C' return. Balancing payments will be paid by NTER entities directly to the Treasury or Revenue Office of the state or territory to which they belong. The due date for the payment of balancing payments by all NTER entities will be substantially in accordance with the due dates for large companies outlined in the Commissioner's annual tax agent. In the annual *NTER Lodgment Circular* referred to at paragraph 57 above, the Commissioner will outline the due dates for the payment of balancing payments by NTER entities for a particular income year.

### **Assessments**

61. Under the full self-assessment system, and pursuant to section 166A of the ITAA 1936, an assessment of taxable income is deemed to have been made by the Commissioner and served on a 'full self-assessment taxpayer' (includes a company) on the day on which the return is lodged. The return is deemed to be the served notice of assessment.

**[History:** Paragraph 61 amended April 2014 (Version 9), with effect from 1 April 2014, by replacing reference to 'furnished' with reference to 'lodged'.]

### **NTER assessments**

62. The deemed assessment provisions contained in section 166A of the ITAA 1936 will apply for the purposes of the NTER. The NTER annual return will be deemed to be an assessment of income tax equivalent for that year, and to have been served on the NTER entity by the Commissioner.

### **Amended assessments**

63. The Commissioner's power to amend assessments is contained in section 170 of the ITAA 1936.
64. The Commissioner will have the power to amend an NTER assessment, and to further amend amended NTER assessments, by making such alterations and additions as considered necessary.
65. The Commissioner's power to amend NTER assessments will be subject to the same constraints as applies to the Commissioner's power to amend assessments under section 170 of the ITAA 1936.
66. An NTER entity may apply for an amendment to an NTER assessment in accordance with subsection 170(5) of the ITAA 1936. The Commissioner may effect the amendment in

accordance with the NTER entity's application without verification of the details provided in the application – in effect enabling NTER entities to self-amend assessments. However, where it is later found that relevant details of the NTER entity's application were incorrect, the Commissioner may further amend the amended assessment and, in appropriate circumstances, penalties may apply.

67. The Commissioner will not be entitled to amend any assessment of an NTER entity which relates to a time prior to the time at which the NTER entity first commenced in the NTER.

## Penalties and interest

68. An administrative penalty regime applying to taxpayers is contained in Schedule 1 to the TAA. Under that regime, penalties may be applied in respect of statements and schemes (Division 284), lodgment of documents (Division 286) and record retention/production and access (Division 288). The penalty regime also allows for remission of penalties under certain circumstances.
69. NTER entities will be subject to the penalty regime contained in Schedule 1 to the TAA, except that prosecution will not be an alternative to the administrative penalties.

## References

70. Additional information on the penalty regime may be found in the ATO's Law Administration Practice Statements PS LA 2011/19, 2011/30, 2012/4, 2012/5 and 2014/4; and in Miscellaneous Taxation Rulings MT 2008/1, 2008/2 & 2012/3.

Additional information on shortfall interest charge and general interest charge for shortfall periods may be found in PS LA 2006/8.

Additional information on general interest charge for late payments may be found in the Law Administration Practice Statement PS LA 2011/12.

**[History: Paragraph 70 amended:**

- *April 2014 (Version 9), with effect from 1 April 2014, by deleting references to MT 2008/3 & PS LA 2006/2 and inserting references to MT 2012/3 and PS LA 2011/19, 2011/30, 2012/4 & 2012/5*
- *February 2012 (Version 8), with effect from 1 February 2012, by deleting references to PS LA 2000/9 & 2002/8 and by replacing reference to the ATO receivables policy with reference to PS LA 2011/12*
- *March 2010 (Version 7), with effect from 1 March 2010, to insert references to MT 2008/1, 2008/2 and 2008/3*
- *April 2016 (Version 10), with effect from 1 April 2016, to insert references to PS LA 2014/4.]*

## Payment arrangements

71. NTER-related debts of an NTER entity include but are not limited to debts for equivalent income tax, penalties and interest which arise under the NTER. All NTER-related debts of an NTER entity become due and payable to the Treasury or Revenue Office of the state or territory to which the NTER entity belongs.
72. The processes for payment by an NTER entity of an NTER-related debt will be the same as for the payment of predecessor state or territory TER-related debts, unless otherwise notified by the Treasury or Revenue Office of the relevant state or territory.

## Taxation year end

73. NTER entities may seek leave for a substituted (that is, non-30 June) year end by making a formal application for such to the Commissioner in the first year in which the business need arises. Substantial business reasons must be shown to support an application for a non-30 June substituted tax accounting period. Additional information on substituted tax accounting periods may be found in the ATO's Law Administration Practice Statement PS LA 2007/21.

74. [Archived.]

*[Archived: Paragraph 74 concerning substituted years under a preceding TER archived by April 2014 (Version 9). For the wording of paragraph 74, see February 2012 (Version 8).]*

## NTER private rulings

75. In accordance with the provisions of Division 359 of Schedule 1 to the TAA, taxpayers may seek from the Commissioner a private ruling on the way in which the Commissioner considers a relevant tax provision would apply to the taxpayer in relation to a specified scheme.

Additional information on the private rulings system may be found in Taxation Ruling TR 2006/11 *Private Rulings* and Law Administration Practice Statement PS LA 2008/3 *Provision of advice and guidance*.

*[History: Paragraph 75 amended March 2010 (Version 7), with effect from 1 March 2010, by inserting the final sentence.]*

76. NTER entities will be able to seek from the Commissioner an NTER private ruling on the way in which the relevant taxation laws would apply to the NTER entity in relation to an arrangement entered into during an NTER year of income.

77. Applications for NTER private rulings are to be made in the same manner and on the same grounds as are set out for taxpayers in Division 359 of Schedule 1 to the TAA.

78. NTER private rulings will be binding on the Commissioner only in the context of the NTER, and only to the extent they are favourable to the particular NTER entity.

## Liability of public officers

79. The public officer of an NTER entity will not be held answerable or made liable for penalties for defaults by the NTER entity under any provision of the relevant taxation laws, including subsection 252A(9) of the ITAA 1936.

## Objections and reviews

80. NTER entities will be entitled to object against an NTER-related decision of the Commissioner in accordance with the provisions of Part IVC of the TAA.

81. An objection against an NTER-related decision will be dealt with only by way of internal review by ATO officers. The reviewing ATO officer will be independent from and at an equal or a higher level than the ATO officer who made the disputed decision.

82. NTER entities will not be entitled to seek an external review of, or appeal against, an NTER-related decision of the Commissioner, whether under a provision of the relevant taxation laws, including section 14ZZ of the TAA, or otherwise. Divisions 4 and 5 of Part IVC of the TAA will not apply accordingly.

83. NTER-related objections must be lodged in writing with the Commissioner within the time period set out in section 14ZW of the TAA. An NTER-related decision includes the issue of

a NTER private ruling, the deemed assessment upon lodgment by a NTER entity of a NTER return, and the amendment of an NTER assessment. For example, an objection against a deemed NTER assessment must be lodged within 4 years of that deemed assessment.

## **Compliance assurance measures**

84. The Commissioner will be entitled to conduct compliance assurance activities in relation to NTER entities to ensure the integrity of the NTER. These compliance assurance activities will be outlined in an agreed NTER Work Plan.
85. The Commissioner's approach to these compliance assurance activities and the rights and obligations as between the Commissioner and the NTER entities in that respect are to be found in the ATO charter.

**[History: Paragraph 85 amended:**

- *February 2012 (Version 8), with effect from 1 February 2012, by deleting reference to '2006'*
- *April 2016 (Version 10), by deleting reference to 'the ATO's annual Compliance program and the ATO publication titled 'Large business and tax compliance' and inserting 'the ATO's online publication titled Building Confidence and the ATO's annual Large business focus document*
- *February 2020 (Version 11), by deleting reference to 'the ATO's online publication titled Building Confidence, the ATO's annual Large business focus document.' and inserting reference to 'the ATO's online publication titled *Insight: building trust and confidence*'*
- *July 2025 (Version 13), by deleting reference to 'ATO's online publication titled [Insight: building trust and confidence](#) and the Taxpayers' charter ' and inserting reference to the 'ATO Charter'.]*

- 85A. The Commissioner will adopt a consultative approach, with the affected NTER entities and the states and territories, towards the resolution of potential compliance risks identified by the Commissioner in these compliance assurance activities.

## PART 6: NTER TECHNICAL FEATURES

### Government exemptions do not apply

86. The relevant taxation laws are to be applied in all respects as if the following provisions were not applicable to the NTER entities:
- (i) section 50-25 of the ITAA 1997 (dealing with the income tax exemption afforded to public authorities); and
  - (ii) Division 1AB of the ITAA 1936 (dealing with the income tax exemption afforded to state and territory bodies)
87. For example, whether or not a tax deduction is allowed under section 8-1 of the ITAA 1997 is to be considered as if the reference in paragraph 8-1(2)(c) to gaining or producing exempt income did not apply to the extent that the above exemptions are involved.
88. As a further example, section 51AD of the ITAA 1936 and Division 16D of the ITAA 1936 and Division 250 of the ITAA 1997, to the extent that these provisions might otherwise apply in relation to various arrangements (for example, leases) under the NTER, do not apply if they are invoked only by virtue of the above exemptions applying to NTER entities.

### Commencement positions

89. Division 57 of Schedule 2D to the ITAA 1936 requires corporate entities making the transition from exempt to taxable to ensure that only income, deductions, gains and losses relating to the taxable period are taken into account to determine their taxable position.
90. Division 58 of the ITAA 1997 sets out special rules that apply in calculating depreciation deductions and balancing adjustments in respect of depreciating assets previously owned by an exempt entity.
91. An NTER entity will be taken not to be a transition taxpayer for the purposes of Division 57 of Schedule 2D to the ITAA 1936, nor a transition entity for the purposes of Division 58 of the ITAA 1997, where the following conditions apply:
- (i) the NTER entity ceased participation in a state or territory TER on or before 30 June 2002; and
  - (ii) immediately thereafter, commenced participation in the NTER.

In those circumstances, the NTER entity's commencing positions for the purposes of the NTER will be equal to its closing positions in the TER.

- 91A. An NTER entity will be taken not to be a transition taxpayer for the purposes of Division 57 of Schedule 2D to the ITAA 1936, nor a transition entity for the purposes of Division 58 of the ITAA 1997 where the following conditions apply: 'The NTER entity commenced participation in the NTER immediately after ceasing to be actually subject to federal income tax'.
92. For all other NTER entities (that is, those which do not meet the above conditions) commencement in the NTER will be taken to be a transition event for the purposes of Division 57 of Schedule 2D to the ITAA 1936 and Division 58 of the ITAA 1997.

### Grandfathered TER rules

93. Unless provided for otherwise in this Manual, certain NTER entities will be able to grandfather the rules of their predecessor TERs to apply to certain of their transactions occurring under the NTER.

94. Grandfathering is intended to be a transitional measure available only to those NTER entities which commenced in the NTER on or before 1 July 2002 immediately after ceasing to participate in a TER. Grandfathering will apply only to transactions which arise out of pre-existing contractual or other formal arrangements – that is, those which were entered into by the NTER entity during the time it was subject to the TER. It would normally be the case that those pre-existing contracts or arrangements will be finite in nature and reflected in the NTER entity's closing balance sheet at the time of its cessation in the TER.
95. NTER entities may choose not to apply grandfathering, except where the result of that choice, in the NTER, would be income not being assessable, or expenditure being deductible, where otherwise that income would have been assessable or that expenditure would not have been deductible.
96. When it applies, grandfathering will include all tax treatments permitted under the relevant TER by way of instructions, public rulings, private determinations or otherwise. For the relevant NTER entities, grandfathering will determine the manner in which their opening assets and liabilities (at commencement in the NTER) are depreciated, amortised, written down or otherwise brought to account as assessable income or allowable deductions, or a capital gain or loss.
97. For example, an item of plant on hand at commencement will retain its unit status, historical cost and written down value, and continue to be depreciated at the rate which applied in the TER. Should that plant be the subject of a disposal in the NTER period, balancing adjustments will be calculated in accordance with the TER rules. A CGT asset on hand at commencement will retain its acquisition date details and cost base determined according to TER rules.
98. The same reasoning applied in the above examples on depreciation and CGT can also be applied in relation to other commencement items, including carried forward losses, deferred income, accrued expenses, undeducted capital expenditure, investment assets etc.
99. To the extent that there is otherwise any difference in treatment as between the NTER and a state or territory TER, the rules of the NTER are to take priority. This priority is subject to the rights of NTER entities to seek private rulings in respect of matters which do not translate directly from the pre-existing tax equivalent system to the NTER.

### **Commencement positions – if a federal taxpayer immediately before entry**

- 99A. Where paragraph 91A applies, the NTER entity's closing positions on all items for federal income tax purposes (for example, adjustable values of depreciating assets, cost bases of CGT assets, carry forward losses, etc) will become its commencement positions on those items for the purposes of the NTER. Where the NTER entity joins an existing NTER consolidated group immediately after commencing in the NTER, Part 3-90 of the ITAA 1997 will apply to its commencement positions.

### **Community service obligations**

100. Costs incurred by an NTER entity in satisfying community service obligations as part of its total charter will be treated as necessary incidents of the broader activities conducted by the NTER entity. As a result, deductions are available for community service expenditure which is of a revenue character.
101. NTER entities which have responsibilities or obligations imposed upon them by external agencies of their state or territory government will ordinarily be entitled to treat any related costs or losses as an ordinary incident of their conventional business activities. On this basis, a deduction will typically be claimable by the NTER entity in respect of such costs or losses of a revenue nature.

102. This treatment will not extend to costs or losses which so clearly relate to the restructuring or reorganisation of the NTER entity in any significant sense. Where there is any debate regarding the proper treatment of costs or losses arising in these situations, then an application for a private ruling should be lodged with the Commissioner.

### **Government-imposed restructures and privatisations**

103. A renegotiation of arrangements or a restructure by an NTER entity may be the result of requirements externally imposed on the NTER entity by its state or territory government. This includes a renegotiation or a restructure involving the transfer of assets for no consideration from an NTER entity to another entity of its state or territory government that does not have commercial returns as a primary objective and is not an NTER entity.

A privatisation of an asset owned or business activity carried on by an NTER entity may be externally imposed on the NTER entity by its state or territory government, as evidenced by, for example, a parliamentary process or public announcement by that government, in circumstances where all of the resultant privatisation proceeds, net of any agreed privatisation related costs, are compulsorily repatriated to its state or territory government. This is limited to the following:

- (i) a privatisation by way of an asset sale, an entity sale, the grant of a long-term lease, the grant of a long-term licence, or the grant of a long-term statutory or other right;
- (ii) restructuring to facilitate such a privatisation that occurs within a reasonable time of the privatisation (for example, the use of a non-NTER vehicle entity); and
- (iii) compulsory repatriation of the net privatisation proceeds by way of dividend payments, capital repayments or debt repayments.

**[History: Paragraph 103 amended**

- *February 2012 (Version 8), by substituting the second paragraph, with effect from 1 July 2008. The second paragraph of paragraph 103 formerly read:  
A privatisation of assets (including an entity) owned by an NTER entity may be externally imposed on the NTER entity by its State or Territory Government, as evidenced by a parliamentary process or public announcement by that government, in circumstances where all of the resultant sale proceeds, net of any agreed sale related costs, are compulsorily repatriated to its State or Territory government.*
- *March 2010 (Version 7), with effect from 1 July 2007, by inserting the second sentence.]*

- 103A. Such an imposed renegotiation, restructure or privatisation will be treated in a tax neutral manner for NTER purposes. (For example, on an imposed transfer of CGT assets, there will be no CGT consequences for the transferor and the transferee will inherit the CGT cost bases of the transferor.)

- 103B. Alternatively, such an imposed renegotiation, restructure or privatisation may be treated in a manner which the NTER administrator approves as appropriate in the circumstances, including taking into account:

- (i) whether the proposed tax treatment gives an NTER entity involved an unfair advantage over its competitors in other states or territories; and
- (ii) the arrangements and structures that have previously existed in relation to the business operations of the NTER entities involved.

(For example, on an imposed remerging of 2 NTER entities to form a new NTER entity, the NTER administrator may approve a tax treatment which allows the new NTER entity to utilise any carry forward losses of the 2 former NTER entities.)

## **Government equity contributions**

104. A state or territory government may make contributions in the nature of equity to its NTER entities, notwithstanding that those contributions are not made in connection with an issue of shares.
105. For the purposes of the NTER, a contribution in the nature of equity, by a state or territory government to one of its entities, which is properly documented and accounted for as such, will not be assessable as ordinary or statutory income under any provision of the relevant taxation laws, including sections 6-5 and 15-10 of the ITAA 1997. This treatment applies to all such contributions in the nature of equity, including by way of asset contribution, notwithstanding the equity contribution did not relate to a government imposed restructure envisaged by paragraphs 103 to 103B.
- 105A. For the purposes of Division 40 of the ITAA 1997, the cost of a depreciating asset to which paragraph 105 applies will be its value at the contribution time recognised in the audited accounts of the NTER entity.
- 105B. For the purposes of section 70-120 of the ITAA 1997, the amount you paid to acquire land carrying trees or a right to fell trees to which paragraph 105 applies will be its value at the contribution time recognised in the audited accounts of the NTER entity.
- 105C. For the purposes of Subdivision 40-F of the ITAA 1997, the amount of capital expenditure you incurred on the acquisition of a water facility to which paragraph 105 applies will be its value at the contribution time recognised in the audited accounts of the NTER entity.

**[History:** *Paragraph 105C inserted March 2010 (Version 7), applicable to equity contributions made on or after 1 July 2004.*]

## **Deductions in relation to depreciating assets**

106. Pursuant to Division 40 of the ITAA 1997, a taxpayer is entitled to a deduction for an amount equal to the decline in the value of a 'depreciating asset' that the taxpayer 'holds'.
107. The meaning of the term 'hold' in relation to a depreciating asset, which is found in section 40-40 of the ITAA 1997, extends beyond strict legal ownership. For example, the owner of a quasi-ownership right over an improvement to land and a lessee with a right to recover an asset fixed to land in each case can be the holder of a depreciating asset.
108. On that basis, an NTER entity with contractual or statutory rights of severance, or other quasi-ownership rights, in relation a depreciating asset affixed to private land (for example, electrical poles on rural land), can be the holder of that depreciating asset for the purposes of Division 40 of the ITAA 1997.
109. To ensure certainty of treatment for NTER entities' depreciating assets located on Crown land, for NTER purposes the NTER entity will be taken to be the holder of such assets for the purposes of Division 40 of the ITAA 1997.
110. [Archived.]
111. [Archived.]

**[Archived:** *Paragraphs 110 & 111 concerning 'DIVIDEND REBATES' archived in February 2012 (Version 8). For the wording and application of paragraphs 110 & 111, see March 2010 (Version 7).*]

## Franked dividends after 30 June 2002

- 111A. The 'gross-up' and tax offset treatment provided for by Division 207 of ITAA 1997 will apply to franked dividends paid to NTER entities after 30 June 2002. An NTER entity must gross up any dividend by an amount equal to the franking credit on the dividend. The grossed up amount is included in assessable income and the NTER entity is entitled to a tax offset (non-refundable) equal to the amount of the gross up.

## Franking credits

112. The issue of franking credits in relation to dividends is not expected to arise in the NTER since ultimately the only shareholder in NTER entities will be a state or territory government.

## Research and development expenditure

### For income years starting before 1 July 2011

113. There are a number of pre-requisites to claiming deductions for research and development expenditure under sections 73B and 73BA of the ITAA 1936. However, for the purposes of applying the research and development (R and D) provisions in the NTER:
- (i) all NTER entities will be deemed to be 'eligible companies'; and
  - (ii) registration with AusIndustry will not be necessary.

**[History:** Paragraph 113 amended July 2025 (Version 13), to replace reference to 'the IR&D Board' with 'AusIndustry'.]

114. On those bases, it will be the primary responsibility of an NTER entity to determine whether its R and D activities are eligible under section 73B of the ITAA 1936. NTER entities seeking to claim tax deductions under sections 73B and 73BA, in relation to projects commencing after 30 June 2001, are to complete an AusIndustry registration form and lodge that form with the Commissioner. Grandfathering will apply to R and D projects approved and begun prior to 1 July 2001.

**[History:** Paragraph 114 amended July 2025 (Version 13), to replace reference to 'IR&D Board' with 'AusIndustry'.]

## Research and development tax offset

### For income years commencing on or after 1 July 2011

115. Under section 355-100 of the ITAA 1997, an R and D entity is entitled to an R and D tax offset for income years commencing on or after 1 July 2011.

The R and D tax offset is designed to operate on a self-assessment basis. Therefore, NTER entities will need to assess for themselves whether any activities conducted during an income year are eligible R and D activities under Division 355 of the ITAA 1997. For NTER purposes, the R and D tax offset provisions in Division 355 of the ITAA 1997 will be applied with the following modifications:

- (i) Every NTER entity will be deemed to be an 'R and D entity'.
- (ii) NTER entities will not be required to register R and D activities with AusIndustry under section 27A of the *Industry Research and Development Act 1986*. However, NTER entities will be required to complete the approved application form for registering R&D activities and lodge that form with the NTER Administrator within

10 months after the end of the income year or such further period allowed by the NTER Administrator.

- (iii) Table item 2 of subsection 355-100(1) (R and D entity controlled by an exempt entity) will be deemed not to apply to any NTER entity.
- (iv) An NTER entity's 'aggregated turnover' for an income year will be worked out under section 328-115 of the ITAA 1997 as if the NTER entity was not controlled by its state or territory government in a way described in section 328-125 of the ITAA 1997.

**[History: Paragraph 115**

- *inserted February 2012 (Version 8), with effect from the 2012 income year*
- *amended April 2014 (Version 9), with effect from the 2012 income year, by inserting subparagraph (iv)*
- *July 2025 (Version 13), to replace reference to 'Innovation Australia' with 'AusIndustry'.]*

## **Superannuation**

- 116. Under section 290-60 of the ITAA 1997, employers are entitled to a deduction for contributions to a fund to provide superannuation benefits payable to an employee. Section 290-60 provides that a deduction is allowed in this respect only where an actual payment has been made, and not for mere provision of an amount.
- 117. For NTER purposes, the employer superannuation contribution provisions will be applied with the following modifications:
  - (i) the employee need not be currently employed by the NTER entity; and
  - (ii) the fund need not be a complying superannuation fund within the meaning of the ITAA 1997.

**[History: Paragraph 117 amended February 2012 (Version 8), with effect from 1 February 2012, by replacing reference to 'Part IX of the ITAA 1936' with reference to 'the ITAA 1997'.]**

- 118. Apart from those modifications, in all other respects NTER entities are required to follow Division 290 of the ITAA 1997 in relation to claiming deductions for contributions to superannuation funds for the benefit of employees.

## **Foreign Income**

- 119. Primarily due to the compliance burden imposed by the controlled foreign corporation and foreign investment funds provisions contained in the ITAA 1936, all foreign source income derived by NTER entities until 30 June 2003 will be ignored for the purposes of the NTER.
- 120. In effect, foreign sourced income will be treated as 'non-income' for NTER purposes – that is, it neither will be assessable nor used to reduce carried forward losses. As a consequence of that treatment, expenditure incurred to derive foreign source income will also be ignored for NTER purposes and will not be allowed as a deduction.
- 121. An NTER entity, including an entity that is carrying on an insurance type business, which subsequently disposes of an investment asset (for example, foreign shares) that was on hand at 30 June 2003 will use the asset's original acquisition cost for the purposes of calculating the foreign source profit derived after 30 June 2003 to be included in the NTER entity's assessable income.

## Foreign currency translation rules

122. For NTER purposes, NTER entities not subject to the *Corporations Act 2001* may apply the alternative foreign currency translation rule set out in clause 1.1 of Schedule 2 to the *Income Tax Assessment Regulations 1997* with the following modification: by substituting the references in that rule to the *Corporations Act 2001* with references to the comparable state or territory legislation that applies to the NTER entity for financial reporting purposes.

[History: Paragraph 122 inserted March 2010 (Version 7), with effect from 1 July 2003.]

## Commonwealth grants

123. A Commonwealth grant received by an NTER entity, instead of a refundable tax offset received by a Federal taxpayer in the same circumstances (for example, under the national urban water and desalination plan), will be treated as non-assessable non-exempt income for NTER purposes and any resulting capital gain will be disregarded for NTER purposes. To avoid doubt, an NTER entity will not be entitled to a refundable tax offset for NTER purposes in these circumstances.

[History: Paragraph 123 inserted March 2010 (Version 7), with effect from 1 July 2008.]

## Loss carry back tax offset

124. Under section 160-5 of the ITAA 1997, a corporate tax entity is entitled to the loss carry back tax offset for any income years between 2019–20 and 2022–23 if certain eligibility requirements are satisfied.

For NTER purposes, the loss carry back tax offset provisions in Division 160 of the ITAA 1997 will be applied with the following modifications:

- (i) That in determining the NTER entity's franking account balance under paragraph 160-10(1)(b) of the ITAA 1997, NTER entities will be assumed to have paid franked dividends, to the maximum extent possible, to their state or territory shareholders. This is notwithstanding that franking credits have not historically been attached to distributions made to the shareholders pursuant to paragraph 112.
- (ii) NTER entities will be required to support their loss carry back claim by providing details of their franking accounts for the relevant years to show that there would have been sufficient franking credits in their accounts to be eligible for the loss carry back claim.

[History: Paragraph 124:

- inserted April 2014 (Version 9), with effect from the 2012-13 income year
- the phrase 'and later income years' deleted April 2016 (Version 10) with effect from 1 July 2013 onwards
- the sentence 'The loss carry back offset rules were repealed and from 1 July 2013, a corporate entity can no longer claim a loss carry back tax offset' inserted April 2016 (Version 10)
- amended January 2022 (Version 12). For the former version of this paragraph, see October 2019 (Version 11).]

## **NTER entities – eligibility for a lower company tax rate**

### **For income years commencing on or after 1 July 2017**

125. As a result of the *Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Act 2018*, NTER entities can access a lower company tax rate. An NTER entity will be eligible for the lower tax rate from 2017–18 income year if:
- (i) no more than 80% of its assessable income for that income year is base rate entity passive income; and
  - (ii) its aggregate turnover is less than the relevant threshold (\$25 million for the 2017-18 income year; \$50 million from the 2018-19 income year).

For purposes of the terms ‘relevant annual turnover’ and ‘aggregated turnover’ in section 328-115 of the ITAA 1997:

- subsection 328-125(1) is modified so that the terms ‘entity controls the other entity in a way described in this section’ and ‘the same third party’ does not include a state or territory government and non-NTER entities connected with a state or territory government.

## **Division 321 – NTER Public Sector General Insurance Entities**

126. Division 321 of the *Income Tax Assessment Act 1997* sets out requirements for calculating insurance liabilities for tax purposes that arise from general insurance policies. Prior to the amendments to Division 321, which apply to income years starting on or after 1 January 2023, the methodologies in Division 321 broadly aligned with the requirements of the accounting standard that applied prior to the adoption of Australian Accounting Standard AASB 17 *Insurance Contracts*, being AASB 1023 *General Insurance Contracts*. From 1 January 2023, AASB 17 replaced AASB 1023 as the mandatory accounting standard for insurance contracts for financial reporting purposes.

Australian Accounting Standard Amendment AASB 2022-8 *Insurance Contracts: Consequential Amendments* and Australian Accounting Standard Amendment AASB 2022-9 *Insurance Contracts in the Public Sector* modified AASB 17 to enable public sector entities to defer the adoption of AASB 17 to annual periods beginning on or after 1 July 2026.

Therefore, NTER entities should adopt the following:

- (i) NTER entities who apply AASB 1023 up until 30 June 2026, can notionally apply the former Division 321.
- (ii) AASB 17 and the amended Division 321 will be deferred and will apply from 1 July 2026 onwards.
- (iii) The start year for the purposes of the transitional provisions in Schedule 6 to [Treasury Laws Amendment \(Support for Small Business and Charities and Other Measures\) Act 2024](#) means the first income year starting on or after 1 July 2026.

[**History:** Paragraph 126 inserted July 2025 (Version 13), with effect from 13 May 2025.]

# ATTACHMENT 1

## NTER Entities

**[Deleted]**

**[History:** *Attachment 1 deleted January 2008 (Version 6), with effect from 1 January 2008.*]

This attachment refers to the NTER Entity Register which lists the entities currently registered in the NTER. This is now published separately.

## **ATTACHMENT 2 – NTER-related activities**

### **General activities of NTER administration**

- (i) Apply the relevant taxation laws.
- (ii) Maintain the NTER entity register.
- (iii) Process NTER income tax returns.
- (iv) Process NTER instalment statements.
- (v) Advise entities of their instalment rates.
- (vi) Liaise with the state and territory Treasuries and Revenue Offices in relation to NTER-related receivables management.
- (vii) Maintain the NTER Manual.
- (viii) Keep proper accounts, records and timesheets in respect of NTER-related activities, expenditure, billing and fees and all NTER-related amounts payable by the states and territories to the Commissioner.
- (ix) Prepare the Commissioner's annual report on the operation of the NTER for each financial year, and the individual reports specific to each state and territory.
- (x) Undertake other activities outlined and classified as 'general activities' in an agreed NTER Work Plan.

### **Specific activities of NTER administration**

- (i) Provide interpretive advice to the NTER entities (in relation to their arrangements in the NTER commencement and later years only).
- (ii) Carry out appropriate compliance assurance activities in respect of the NTER entities (in relation to NTER commencement and later years only) as outlined in an agreed NTER Work Plan.
- (iii) Undertake other activities outlined and classified as 'specific activities' in an agreed NTER Work Plan.

# ATTACHMENT 3 – PAYG INSTALMENT REPORT

## National Tax Equivalent Regime

PAYG instalment report

<b>NTER PAYG instalment for the instalment month/quarter</b>	
from __/__/202_ to __/__/202_	
<b>1. Name of NTER entity:</b>	
<b>2. Postal address of NTER entity:</b>	
<b>3. Contact person who completed this form:</b>	
<b>4. Contact telephone number:</b>	
<b>5. Contact email address:</b>	
<b>6. PAYG instalment calculation:</b>	
<b>A. Instalment income:</b>	\$
<b>B. Instalment rate given by the NTER Administrator:</b>	%
<b>C. Varied instalment rate*:</b> *Please attach an explanation of why you have chosen to vary your rate.	%
<b>D. PAYG Instalment:</b> (6A x 6B) or (6A x 6C)	\$
<b>7. Credit* from instalment rate variation you wish to claim:</b> * Please attach calculations of the amount of the credit.	(\$ )
<b>8. Amount payable to the NTER entity's Treasury or Revenue Office:</b> (6D – 7)	

**Declaration:** I declare that the information given on this form is true and correct, and that I am authorised to make this declaration.

**Name:** .....

**Signature:** .....

**Date:** .....

**[History: Attachment 3 amended**

- *April 2014 (Version 9), with effect from the instalment month and instalment quarter starting on 1 January 2014, by inserting reference to instalment month*
- *February 2012 (Version 8), with effect from 1 February 2012, by replacing the version provided of the approved form of the PAYG instalment report. For the former version of this approved form, see March 2010 (Version 7)*
- *January 2022 (Version 12), with effect from 27 January 2022, by updating the version provided of the approved form of the PAYG instalment report with the date '202\_').]*

## ATTACHMENT 4 – Federal income tax laws

### Federal income tax laws

The NTER is based on the following federal income tax laws:

- (i) *Income Tax Assessment Act 1936*
- (ii) *Income Tax Assessment (1936 Act) Regulation 2015*
- (iii) *Income Tax Assessment Act 1997*
- (iv) *Income Tax Assessment (1997 Act) Regulations 2021*
- (v) *Taxation Administration Act 1953*
- (vi) *Taxation Administration Regulations 2017*
- (vii) *Taxation (Interest on Overpayments and Early Payments) Act 1983*
- (viii) *Taxation (Interest on Overpayments and Early Payments) Regulations 2018*
- (ix) *Income Tax Rates Act 1986*
- (x) *International Tax Agreements Act 1953*
- (xi) *Income Tax (Transitional Provisions) Act 1997*
- (xii) *General Interest Charge (Imposition) Act 1999*
- (xiii) *Income Tax Act 1986*
- (xiv) *Shortfall Interest Charge (Imposition) Act 2005*
- (xv) Part 3 – Application and Transitional provisions, Schedule 6 – Income Tax Amendments for updates to accounting standards for general insurance contracts, *Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Act 2024*.

## **ATTACHMENT 5 – NTER Administrator contact details**

### **Contact details for enquiries and lodgment of all NTER documents and material**

**ALL NTER-related material MUST be lodged with the Commissioner at the following address:**

Postal address:           The NTER Administrator  
                                  Australian Taxation Office  
                                  Public Groups (NTER)  
                                  PO Box 9977  
                                  Box Hill VIC 3128

Email: [NTERAdministrator@ato.gov.au](mailto:NTERAdministrator@ato.gov.au)

## ATTACHMENT 6 – NTER registration details

### NTER registration details

**Name of NTER entity:**

.....  
.....

Australian business number:

.....

Postal address for service of notices (include email address where applicable):

.....  
.....

Address of place of central management:

.....  
.....

Name and contact details of public officer or principal accounting officer:

.....  
.....

ANZSIC Code and description of principal business activity:

.....  
.....

Tax equivalent year end: \_ \_ (day) of \_ \_ \_ \_ \_ (month)

**Entity's NTER commencement date:** .....

## ATTACHMENT 7 – NTER annual return

### NTER annual return

The NTER annual return will be identical to the company tax return except that it will be headed as an NTER tax equivalent return.

The Commissioner will issue an NTER tax equivalent return for each NTER income year.

**[History:** *Attachment 7 amended*

- *July 2025 (Version 13), to replace reference to 'NTER 'C' return' with reference to 'NTER tax equivalent return'.]*

## ATTACHMENT 8 – NTER Lodgment Circular

### [Archived:

- *NTER Lodgment Circulars 2005-06, 2006-07, 2007-08 & 2008-09 archived April 2014 (Version 9). For the wording of these NTER Lodgment Circulars, see February 2012 (Version 8)*
- *NTER Lodgment Circulars 2009-10, 2010-11, 2011-12, 2012-13 archived April 2016 (Version 10). For the wording of these NTER Lodgment Circulars, see April 2014 (Version 9)*
- *NTER Lodgment Circulars 2013-14, 2014-15, 2015-16 archived October 2019 (Version 11). For the wording of these NTER Lodgment Circulars, see April 2016 (Version 10).]*
- *NTER Lodgment Circular 2019-20 archived January 2022 (Version 12). For the wording of this NTER Lodgment Circular, see October 2019 (Version 11)*
- *NTER Lodgment Circular 2021-22 archived July 2025 (Version 13). For the wording of this NTER Lodgment Circular, see January 2022 (Version 12).]*

## NATIONAL TAX EQUIVALENT REGIME

### Lodgment Circular 2024-25

This is the annual *NTER Lodgment Circular* referred to at paragraphs 57 and 60A of the *NTER Manual*. This circular outlines the due dates that apply to all NTER entities for:

- the reporting and payment of quarterly PAYG instalments for the NTER instalment quarters ending 30 September 2024 to 30 June 2025 (inclusive);
- the reporting and payment of monthly PAYG instalments for the NTER instalment months ending 31 July 2024 to 30 June 2025 (inclusive);
- the lodgment of annual returns for the NTER income year ended 30 June 2024; and
- the payment of balancing payments of tax equivalent liability for the NTER income year ended 30 June 2024.

The due dates outlined in this circular for NTER entities take precedence over the Commissioner's *Lodgment Program 2024-25* for registered agents.

#### 1. PAYG instalments

##### 1.1 Quarterly instalments:

The reporting and payment due dates for quarterly PAYG instalments (unless it is a nil amount worked out using a nil rate given by the Commissioner) that apply to all NTER entities are as follows:

<b>Instalment quarter ending</b>	<b>Due date for reporting and payment</b>
30 September 2024 (Quarter 1, 2024-25)	21 October 2024
31 December 2024 (Quarter 2, 2024-25)	21 January 2025
31 March 2025 (Quarter 3, 2024-25)	21 April 2025
30 June 2025 (Quarter 4, 2024-25)	21 July 2025

## 1.2 Monthly instalments:

The reporting and payment due dates for monthly PAYG instalments (unless it is a nil amount worked out using a nil rate given by the Commissioner) that apply to all affected NTER entities are as follows:

<b>Instalment month ending</b>	<b>Due date for reporting and payment</b>
31 July 2024 (Month 1, 2024-25)	21 August 2024
31 August 2024 (Month 2, 2024-25)	21 September 2024*
30 September 2024 (Month 3, 2024-25)	21 October 2024
31 October 2024 (Month 4, 2024-25)	21 November 2024
30 November 2024 (Month 5, 2024-25)	21 December 2024*
31 December 2024 (Month 6, 2024-25)	21 January 2025
31 January 2025 (Month 7, 2024-25)	21 February 2025
28 February 2025 (Month 8, 2024-25)	21 March 2025
31 March 2025 (Month 9, 2024-25)	21 April 2025
30 April 2025 (Month 10, 2024-25)	21 May 2025
31 May 2025 (Month 11, 2024-25)	21 June 2025*
30 June 2025 (Month 12, 2024-25)	21 July 2025

(\*As this day is a Saturday or Sunday, reporting and payment can be made on the next business day without penalty.)

## 2. NTER annual returns for the income year ended 30 June 2024

Note that no NTER entities are required to lodge a Reportable tax position schedule 2024.

### 2.1 NTER entities, other than head companies of an NTER tax consolidated group:

The lodgment and payment due dates for 2024 annual returns that apply to NTER entities (other than head companies of an NTER tax consolidated group) are as follows:

<b>Due date for lodgment</b>	<b>Due date for payment</b>	<b>Description</b>
31 January 2025**	1 December 2024*	Entities whose 2023 annual return was taxable.
28 February 2025	28 February 2025	Entities whose 2023 annual return was non-taxable.
28 February 2025	28 February 2025	New registrants whose 2024 annual return will be taxable or non-taxable.

(\*As this day is a Saturday or Sunday, reporting and payment can be made on the next business day without penalty.)

(\*\*The 31 January 2025 due date applies to entities that lodge via a tax agent. The due date for entities that lodge directly with the NTER Administrator is **15 January 2025**).

Note that NTER entities that were subsidiary members of an NTER tax consolidated group for the full income year should not have an obligation to lodge a 2024 annual return.

## **2.2 NTER entities that are head companies of an NTER tax consolidated group:**

The lodgment and payment due dates for 2024 annual returns that apply to NTER entities that are head companies of an NTER tax consolidated group are as follows:

<b>Due date for lodgment</b>	<b>Due date for payment</b>	<b>Description</b>
31 January 2025**	1 December 2024*	Head companies (including new registrants) whose 2024 annual return will be taxable.
28 February 2025	Not applicable	Head companies (including new registrants) whose 2024 annual return will be non-taxable.

(\*As this day is a Saturday or Sunday, reporting and payment can be made on the next business day without penalty).

(\*\*The 31 January 2025 due date applies to entities that lodge via a tax agent. The due date for entities that lodge directly with the NTER Administrator is 15 January 2025).

Rob Heferen  
 NTER Administrator  
 Commissioner of Taxation  
 July 2024

## Version history

Version	Date released
Version 1	June 2001
Version 2	July 2002
Version 3	March 2004
Version 4	February 2005
Version 5	January 2006
Version 6	January 2008
Version 7	March 2010
Version 8	February 2012
Version 9	April 2014
Version 10	April 2016
Version 11	October 2019
Version 12	January 2022
Version 13	July 2025