Tax Planning Checklist 2013

think+create

CPA AUSTRALIA

Tax Planning Checklist 2013

The following tax planning checklist, prepared by Moore Stephens on behalf of CPA Australia, provides a general list of major issues that should be addressed. (The checklist is not designed to be an exhaustive list of all issues that may warrant consideration.)

Entity's Name	

Deferring Assessable Income	**Yes**	**No**	**N/A**
Application of Arthur Murray Principle to receipts			
Review contracts for the provision of services to determine whether income from such contracts can be regarded as only being derived as and when the services are rendered.			
Accruals of interest, rent and other regular contractual payments			
Consider the basis on which interest or income is derived and the scope for income deferral.			
Sales and work in progress			
Consider the deferral of sales until next financial year.			
Realisation of assets			
Consider the postponement of the realisation of any assessable gains such as capital gains until after year end.			
Consider deferring the disposal of an asset that would result in an assessable balancing charge.			
Consider CGT and/or depreciation rollover relief where possible.			
Realisation of foreign exchange gain			
Consider the deferral of realising foreign exchange gains until after year end.			
Insurance proceeds			
Consider the timing of lodgement of an insurance recovery claim, subsequent negotiations with the insurer and final payment.			
Trading stock – valuation			
Consider the benefits of revaluing trading stock.			
Comments:			

Accelerating Deductions	**Yes**	**No**	**N/A**
General			
Have the outgoings sought to be deducted been properly 'incurred'?			
Prepayments			
Has an immediate deduction been claimed for prepaid expenses that are: • less than $1,000 (GST exclusive)			
• required to be made by court order or law			
• made under a contract of service e.g. salary and wages			

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Accelerating Deductions	Yes	No	N/A
Prepayments *(continued)*			
• capital or private in nature or			
• incurred by a Small Business Entity (SBE) taxpayer, or is non-business expenditure incurred by an individual taxpayer, with an eligible service period of no more than 12 months?			
Realisation of assets			
Consider realising assets that will produce capital or revenue losses which can be used to offset capital gains or revenue income in the income year.			
Superannuation contributions			
Ensure superannuation contributions are paid by year-end and meet any required conditions as is the case with deductions claimed by self-employed, or substantially self-employed, taxpayers.			
Employee bonuses			
Ensure that staff bonuses are quantified and documented prior to year-end to enable a deduction to be claimed for bonuses accrued *(Merrill Lynch v FCT).*			
Foreign exchange losses			
Consider realising foreign exchange losses before year-end so that a deduction can be claimed.			
Capital allowances			
Check whether assets costing less than $100 can be immediately written off.			
Check if there are assets costing $1,000 or less (other than a horticultural plant and certain R&D depreciating assets) that can be allocated to a low-value pool.			
Check to see if there are any depreciating assets which have stopped being used in the business in which case a balancing deduction may be available in respect of their adjustable value. **Note:** small business entities can immediately deduct the cost of an asset that costs less than $6,500, that they first start to use, or have installed ready for use, after 1 July 2012. Small business entities can immediately deduct the first $5,000 of motor vehicles purchased after 1 July 2012, and claim 15% of the balance of the cost of the vehicle where the acquisition price was $6,500 or more.			
Check whether items of depreciating assets with an adjustable value greater than nil are obsolete and can be scrapped.			
Trading stock write-offs			
Determine whether items or lines of trading stock should be scrapped or have become obsolete. These may be tax deductible.			
Blackhole expenditure			
Determine whether business expenditure incurred that is not deductible, amortised or capitalised under any other provision, could be deductible pursuant to s 40-880 of the ITAA 1997. Broadly, such expenditure will include pre commencement and post cessation business capital expenditure for which tax relief is not otherwise allowable.			
Bad debts			
Check whether any debts can be written off as bad debts. Ensure that the debt has not been compromised or released before it is written off.			
Where there is a change in the ownership or control of the company or trust, check that the entity passes the same business test.			
Ensure that all necessary steps required to write off a debt are completed prior to year end, and that the debt was previously returned as assessable income or was made in the course of a money lending business.			

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Accelerating Deductions	Yes	No	N/A
Gifts, donations or contributions			
Check whether deductions have been claimed for gifts or contributions that were made to 'Deductible Gift Recipients'.			
Check that any deductions for gifts, donations or contributions do not exceed the statutory limits (per section 26-55 of the ITAA 1997), i.e. deductions cannot exceed an entity's taxable income disregarding the following amounts: • the donation amount • carried forward losses • farm management deposits.			
If the donation amount exceeds the statutory deduction limit then determine whether the deduction will satisfy the requirements in subdivision 30 DB of the ITAA 1997 – allowing the donation deduction to be claimed over a maximum of five years.			
Comments:			

Capital Gains Tax	Yes	No	N/A
CGT discount			
If the taxpayer is a trust, individual or complying superannuation fund check whether the capital gains made by the taxpayer are eligible for the CGT discount (e.g. capital gain has arisen from the disposal of an asset and the asset has been held by the taxpayer for at least 12 months). **Note:** if the taxpayer is a foreign resident they will not be eligible for the CGT discount on any capital gain that accrued after 8 May 2012. If a foreign resident owns assets that are 'taxable Australia real property' it is recommended that a valuation is obtained to determine the market value of the asset at 8 May 2012, which will enable the CGT discount to be applied to discount the gain (if any) that accrued from acquisition until this date.			
Unrealised losses and CGT			
If the taxpayer is a company, have you considered the unrealised loss rules in Subdivision 165-CC of the ITAA 1997 in relation to the disposal of CGT assets that were held at a change over time (i.e. change in the ownership or control of the company).			
Small business CGT concessions			

Check whether the taxpayer satisfies all of the **basic conditions** set out below for the small business CGT relief:
a. a CGT event happens in relation to a CGT asset and a capital gain arises
b. the taxpayer satisfies either the:
  a. $6m maximum net asset value test or
  b. $2m small business entity test and
c. the taxpayer satisfies the active asset test.
Note: if the taxpayer cannot pass the $6m maximum asset value test (and the asset is a passively held asset), the taxpayer may still be able to satisfy the basic conditions if the asset in question is used by an affiliate, an entity connected with the taxpayer or a partnership of the taxpayer where that entity meets the small business entity test.
If the CGT asset is a directly owned share in a company or an interest in a trust, the taxpayer must be a CGT concession stakeholder in the company or trust.
If the CGT asset is a share in a company or an interest in a trust which is owned by an interposed entity the taxpayer must be a CGT concession stakeholder in respect of the object company or trust. In addition, CGT concession stakeholders in that object company or trust must together also have a small business participation percentage of at least 90% in the interposed entity which makes the capital gain in respect of the share or interests in the object company or trust.			

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Capital Gains Tax	Yes	No	N/A
Small business CGT concessions (continued)			
Consider whether the taxpayer is eligible to utilise any of the following concessions: • the small business 15 year exemption			
• the small business 50% reduction			
• the small business retirement exemption			
• the small business roll-over.			
Comments:			

Debt and Equity	Yes	No	N/A
Related party at call loans			
Determine whether any interest deductions may be denied as a result of loans or other debt instruments being reclassified as equity.			
Ascertain whether: • the carve-out for companies with less than $20m turnover applied during the current year or			
• whether any at call loans should be put under a written loan agreement.			
Comments:			

Debt Issues	Yes	No	N/A
Thin capitalisation			
Consider whether the taxpayer's foreign assets represent less than 10% of its total assets. If so the exemption in section 820-37 of the ITAA 1997 may apply.			
Consider whether the sum of the taxpayer's debt deductions together with those of its associate entities exceed $250,000 in a year of income.			
Consider whether the taxpayer should seek to reduce the incurrence of 'debt deductions' coming up to year end to qualify under the de minimus rule, which is currently set at $250,000.			
Consider any current year asset impairments and consequential reduction in the safe harbour debt amount and the risk of breaching this safe harbour. **Note:** as part of the 2013-14 Federal Budget, changes were announced to the operation of the Thin Capitalisations rules. These changes will, amongst other thing: • increase the debt deduction de minimus threshold from $250,000 to $2m • decrease the maximum allowable debt safe harbour from a debt to equity gearing ratio of 3:1 to 1.5:1 • extend a worldwide gearing test to inbound investors. These changes are expected to take effect from 1 July 2014.			

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Debt Issues	Yes	No	N/A
Capital protected loan facilities			
Consider whether the taxpayer has obtained any capital protected loans to fund investments? If they have, any capital protection fee payable or any capital protection fee component incorporated with the overall interest charge payable to the lender will be non-deductible.			
Debt forgiveness			
For debts you owe that have been released, waived or extinguished or assigned, consider the commercial debt forgiveness ("CDF") provisions. The CDF provisions may apply to reduce the following amounts in the following order: 1. prior year revenue losses 2. carried forward net capital losses 3. deductible expenditures including the opening adjustable value of depreciating assets 4. the cost base of certain CGT assets. In particular, consider whether there are any timing advantages of postponing a debt forgiveness until after 1 July 2013. **Note:** in some circumstances the forgiveness of a debt by a private company or even a trust may give rise to a deemed dividend under the application of the provisions of Division 7A under separate but similar rules.			
Comments:			

Individuals	Yes	No	N/A
Salary sacrifice			
Ensure that salary sacrifice arrangements have been considered in light of TR 2001/10 so that any gross salary foregone for fringe benefits or additional superannuation contributions is under an agreement entered into before gross salary is derived.			
Low income tax offset			
Check whether the taxpayer is eligible for the $445 low income tax offset (LITO). Note that the full rebate is available for individuals with taxable income of less than $37,000 but fully phases out where taxable income is $66,667 or more. **Note**: from 1 July 2012 minors (i.e. children under 18 years of age) are not eligible to receive the LITO.			
Superannuation			
Consider the superannuation employee contribution limits: • the concessional contributions cap of $25,000 per year • the concessional cap will increase to $35,000 for individual's aged 60 years of age or older from 1 July 2013 • the non-concessional contribution cap of $150,000 per year. From 1 July 2014 the $35,000 concessional contributions cap (for older Australians) will be broadened and apply to individuals that are 50 years of age or older. **Note**: at the time of the release of this checklist the above changes were not enacted as law. It should be noted that the new concessional contributions cap for older Australians will **not** be limited to individuals with superannuation balances below $500,000.			
Check whether the taxpayer is entitled to the Federal Government co-contribution for personal after-tax contributions made up to $1,000. **Note:** proposed legislation is currently before Federal Parliament that will (if enacted) will reduce the maximum co-contribution rate to 50%. Should this become law the maximum entitlement will be reduced to $500 for a personal contribution of $1,000 for the year ended 30 June 2013.			

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Individuals	Yes	No	N/A
Luxury cars			
Check whether the taxpayer is intending to purchase a luxury car (greater than $57,466 for standard cars and $75,375 for fuel efficient cars). If so, ensure that the depreciation claimed is based on an opening adjustable value of $57,466 (or $75,375) rather than its actual cost.			
Check whether the taxpayer is intending to lease a luxury car (greater than $57,466 for standard cars and $75,375 for fuel efficient cars). If so, ensure that the taxpayer does not claim the lease payment but rather works out a notional interest and depreciation deduction based on the notional acquisition cost of $57,466 (or $75,375).			
Non-commercial losses			
If the taxpayer satisfies the non-commercial loss tests (i.e. the real property test, the profits test, other assets test or the assessable income test) losses from conducting certain business activities will be able to be offset against other income. If these tests are failed (and the Commissioner does not exercise a discretion) such losses must be quarantined and carried forward Only taxpayers with adjusted taxable income of less than $250,000 will be able to apply the non-commercial loss tests. Taxpayers with adjusted taxable income greater than $250,000 must seek the Commissioner's discretion to be able to offset such losses against their other income.			
Comments:			

Trusts	Yes	No	N/A
Trust distributions			
Does the trust deed allow the trustee to stream franked dividends and capital gains?			
Where the trustee has the power to stream income has the trustee's exercise of this power been evidenced in a trustee resolution?			
Where the trustee has the power to stream, and this is evidenced by resolution, have trust funds been distributed optimally? Consider the tax status of the beneficiaries: • franked dividends should then be distributed to low-taxed Australian residents as the excess franking credits (for company tax paid at 30%) are available to reduce tax payable on other income derived by individual taxpayers • foreign income and Australian interest should be distributed to foreign residents who are not taxed on foreign income or Australian interest income (Australian sourced interest income is subject to 10% withholding tax) • franked dividends distributed to company beneficiaries will not generally suffer further tax • companies do not have access to the CGT discount and are not an efficient vehicle for capital gain distributions • foreign residents do not have access to the CGT discount for capital gains that accrue on or after 8 May 2012. For further information and guidance in relation to the streaming of capital gains and franked distributions please refer to CPA Australia's *Trust Streaming Manual* on the tax knowledge portal at cpaaustralia.com.au/cps/rde/xbcr/cpa-site/trusts-streaming-manual.pdf			

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Trusts	Yes	No	N/A
Trust distributions (continued)			
Review the trust deed of the trust estate to ensure that the relevant beneficiaries are being made entitled to the appropriate amount of trust capital and trust income. **Note:** the ATO has withdrawn its administrative treatment that previously permitted trustees to make resolutions after 30 June. If the trust deed requires the trustee to make a beneficiary presently entitled to trust income by way of a resolution, this resolution must now be made by the end of the income year (i.e. 30 June). This resolution will determine each beneficiary's share of the trust income and in turn will establish who is to be assessed on the trust's taxable income. If the trust deed requires a resolution to be made at a date before 30 June the trustee should comply with the requirements of the deed. For further information and guidance in relation to trust resolutions please refer to CPA Australia's *Trustee Guidance Resolutions* fact sheet on the tax knowledge portal at cpaaustralia.com.au/cps/rde/xbcr/cpa-site/trustee-guidance-resolution-fact-sheet.pdf			
Where relevant, has the trustee made a determination about what amounts should be treated as income of the trust estate e.g. capital gains made be treated as trust income in certain circumstances if permitted by the trust deed? *(refer to Commissioner of Taxation v Bamford [2010] HCA 10)*.			
Check that trust income has been fully distributed to beneficiaries. If not, section 99A will usually apply to tax the trustee at the highest marginal tax rate.			
Check whether a beneficiary has been made presently entitled to trust income due to a reimbursement agreement with a third party? If so, section 100A may deem a beneficiary not to be so presently entitled. **Note:** if a tax exempt entity is being made presently entitled to a proportion of the trust estate's income, the trustee should ensure that a similar proportion of the net taxable income is attributed to the entitlement. Furthermore, if the tax exempt entity has not received a payment in respect of their entitlement within two months of the end of the year, the trustee should ensure that the tax exempt beneficiary is notified of this entitlement in writing. If there is a mismatch between the proportion of trust income compared to the proportion of net taxable income, or if the trustee fails to notify the exempt entity of their entitlement, then sections 100AA and 100AB of the ITAA 1936 may deem the exempt entity to not be presently entitled to the income of the trust estate. The trustee will therefore pay tax on such net income at the highest marginal rate being 45.5%.			
Trustee unpaid present entitlements owing to companies			
Consider whether the trust has a post 16 December 2009 unpaid present entitlement (UPE) owing by a trust to a company which is part of the same family group. In relation to 2013 UPEs has (where the trust deed permits it) the UPE been put on sub-trust for the sole benefit of the private company per the Commissioner's Practice Statement PS LA 2010/4 by the lodgement date of the trust tax return? Where the 2013 UPE has not been put on a sub trust the Commissioner considers that this UPE will be deemed to be a loan made from the company to the trust on the trust's lodgement day (e.g. 15 May 2014). Subject to the relevant company having distributable surplus, the Division 7A rules need to be considered in relation to this new deemed loan. Refer to Taxation Ruling TR 2010/3. **Note**: please refer to CPA Australia's Division 7A checklist for further information.			
Consider whether the trust has a pre-16 December 2009 UPE owning to a company. If so, to the extent that these have been properly recorded as a UPE (and not a loan), then ensure that these UPE's are not disturbed. These UPE's should not generally be subject to deemed loan treatment.			
Where the trust has a pre-16 December UPE, or has put a post 16 December UPE on sub trust terms, you should consider the application of subdivision EA of the ITAA 1936 - where the trustee makes any loans, payments or forgives a debt in favour of to shareholders or associates.			
Has the trust used a conduit trust previously in making distributions to a company beneficiary? If so, consider the implication of the interposed entity rules in Division 7A from 1 July 2009.			
Closely held and family trusts – TFN withholding tax			
Have you disclosed the TFNs of all the beneficiaries that have received distributions of ordinary or statutory income or that are made presently entitled to a share of the taxable income of the trust. (No disclosure is required for beneficiaries that are minors, foreign residents or tax exempt) **Note:** where no TFN is quoted before the payment or present entitlement arises the trustee must withhold tax from any future payments unless a TFN is quoted; lodge an annual TFN withholding report containing details of all withheld amounts by 30 September, which is lodged by: • completing information on the trust tax return for the relevant income year • providing an annual payment summary to the beneficiary where tax has been withheld • registering for pay as you go (PAYG) withholding for closely held trusts • remitting tax withheld to the ATO.			

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Trusts	Yes	No	N/A
Family trust election			
Determine whether any Family Trust Elections are required to be made for the purposes of: • loss recoupment • satisfying the 45/90 day holding period rules for franking purposes or • assisting a loss company (in which the trust holds shares) to satisfy the continuity of ownership test.			
Losses			
If the trust has tax losses to be recouped ensure that you have considered the respective trust loss rules that apply to fixed and non-fixed trusts.			
Comments:			

Companies	Yes	No	N/A
Dividends			
Check whether the taxpayer has a deficit franking account balance at year-end.			
If there is a deficit franking account balance: • consider deferring any franked dividends to the next financial year			
• check the liability for franking deficit tax.			
Ensure that the 45/90-day rule has been considered in relation to dividends paid/received by the company.			
Fringe benefits tax			
Consider if your staff entertainment expenditure will qualify for the minor and infrequent FBT exemption (i.e. less than $300) to minimise FBT liability.			
Ensure that no GST input tax credit has been claimed on entertainment that qualifies for the minor and infrequent FBT exemption.			
Ensure pooled or shared cars which are used by more than one employee for private purposes are not reported on the employee's payment summary.			
Check for any exempt eligible work items, intended to be used primarily in the employees employment, including: • portable electronic devices • computer software • protective clothing • briefcase • tools of trade.			
Is the employer a small business that provides car parking to its employees? **Note**: employers that are not public companies, and which have derived less than $10m in ordinary and statutory income in the previous income year or are small business entities, may qualify for the small business car parking exemption.			
Check for exempt relocation benefits, such as relocation transport travel and removal and storage			

expenses.			
Companies	**Yes**	**No**	**N/A**
Losses			
If the company has tax losses to be recouped ensure that the continuity of ownership test (COT) or the same business test (SBT) is passed.			
Ensure that the company has not entered into transactions in order to inject income into the loss company to absorb its losses. **Note**: if a company has tax losses in the 2013 year and had a taxable profit in the 2012 income year, it may be able to carry back these losses and offset these against the tax paid in the 2012 year. Loss carry back may be available subject to the following conditions: • loss carry-back is limited to $1m of losses per year • applies to revenue losses only • refund of prior year tax paid is limited to the company's current year franking account balance. At the time of publishing the provisions dealing with the carry-back of revenue losses have not yet been made law. In this regard care should be taken where a company wishes to take advantage of this law change and claim a refund of prior year tax paid.			
Division 7A			
Check whether loans, payments or debt forgiveness by a private company to a shareholder, former shareholder or an associate of such a person would be deemed to be an unfranked dividend. Where such an exposure arises do any of the exemptions under Division 7A apply which could exempt such an amount from Division 7A? Alternatively, can such a transaction be structured to be an 'excluded loan' before the earlier of the actual or due date of lodgement of the company's income tax return.			
Ensure that pre-4 December 1997 loans are not refreshed and remain undisturbed.			
Does the company provide its shareholders or associates with free (or less than market rate) use of the company property e.g. holiday home or boat? If so, such use of assets may deem a dividend to be paid from the company to the shareholder (subject to certain conditions being met). The amount of the dividend is the market value of such use less any consideration paid. However, the deemed dividend will not arise if the annual value of the benefits received was less than $300, the private usage would otherwise have been allowable as a once-only deduction or where certain dwellings are provided for private use by the company.			
Check whether corrective action can be undertaken to eliminate a deemed dividend which arose because of an honest mistake or inadvertent error by applying to the Commissioner to disregard the deemed dividend or allow it to be franked. **Note**: post 16 December 2009, unpaid present entitlements may be treated as deemed loans for Division 7A purposes. Please refer to CPA Australia's Division 7A checklist for further information.			

Comments:

Tax Compliance	**Yes**	**No**	**N/A**
Research and development			
Ascertain whether a company may be eligible for the R&D tax incentive for companies whose aggregate turnover is less than $20 million and are not controlled by income tax exempt entities. A 45% refundable offset is available. If the company aggregate turnover exceeds $20 million, a 40% non-refundable tax offset is available. **Note:** from 1 July 2013 companies with aggregate assessable income of less than $20 billion will no longer be eligible for the non-refundable tax offset in relation to the R&D tax incentive following an announcement by the Assistant Treasurer on 7 May 2013.			

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Tax Compliance	Yes	No	N/A
Superannuation guarantee – ‘ordinary times earnings’			
Consider whether all required Superannuation Guarantee (SG) contributions have been made for the year.			
Consider whether the payroll needs to be reviewed to ensure that Superannuation Guarantee calculation is based on the employees’ ordinary time earnings as opposed to salary and wage. **Note**: for more information about what constitutes ordinary time earnings please refer to Superannuation Guarantee Ruling SGR 2009/2.			
Comments:			

Tax Consolidation	Yes	No	N/A
General			
If the taxpayer is part of a corporate group, consider the best time to consolidate if the taxpayer has not already done so.			
Consider selling shares in certain wholly owned subsidiaries to exclude the entities from consolidation if the taxpayer does not want the entities to be part of the tax consolidation group.			
Consider whether the changes to the consolidation rules in relation to “work in progress” amounts and consumable stores could benefit the consolidation group.			
Consider whether a tax sharing agreement should be put in place for the existing tax consolidated group.			
Comments:			

Taxation of Financial Arrangements – Division 230	Yes	No	N/A
What is a financial arrangement?			
A financial arrangement is any arrangement under which **all** significant rights and/or obligations can be settled with money or another financial arrangement (i.e. cash settlable arrangements). Some common examples of financial arrangements are: • debt type arrangements including loans, bonds, promissory notes and debentures • risk shifting derivatives including swaps, forwards and options • deferred settlement arrangements.			

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Taxation of Financial Arrangements – Division 230	Yes	No	N/A
Does Division 230 apply to you?			
Division 230 may apply to the following taxpayers with financial arrangements: • financial institutions whose aggregated annual turnover exceeds $20m			
• managed funds and superannuation funds with assets of $100m or more			
• other businesses, unless their aggregated annual turnover is less than $100m, financial assets are less than $100m and total assets are less than $300m			
• other taxpayers that hold a qualifying security with a remaining term of more than 12 months at the time that they begin to hold it. **Note**: where Division 230 does not apply, a taxpayer can make an irrevocable election to comply. (This may suit associates of entities that are required to apply Division 230)			
Comments:			

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Transactions At Risk Under ATO Compliance Activities
Using data matching the ATO will be increasing its focus on employer obligations in relation to superannuation guarantee and PAYG withholding.
An increased focus on international transactions including exploitation of transfer pricing and thin capitalisation.
Using data matching to identify non-disclosure and incorrect reporting of capital gains.
Self-managed superannuation funds arrangements to acquire property which contravene superannuation law (Taxpayer Alert TA 2012/7.
Accessing private company profits through a dividend access share arrangement attempting to circumvent taxation laws (Taxpayer Alert Tax 2012/4).
Non-disclosure of foreign source income by Australian tax residents (Taxpayer Alert TA 2012/1).
Loans to members of companies limited by guarantee in an effort to circumvent the operation of Division 7A (Taxpayer Alert TA 2011/1).
The use of certain labour hire arrangements utilising a discretionary trust to split income to avoid the application of the personal services income rules (Taxpayer Alert TA 2011/2).
Arrangements that involve holiday travel claimed as a work related, investment or self-education expense where there is a private purpose for the travel (Taxpayer Alert TA 2011/3).
Deductibility of unpaid directors fees (Taxpayer Alert TA 2011/4).
Offshore income transactions including dividends and interest, royalties and rental income.
Loans, payments and debt forgiveness by private companies to shareholders or their associates in a form other than dividends.
International non-arms-length transactions between related Australian and offshore entities that may be intended to shift profits from Australia to other countries.
Arrangements which are contrived and artificial in their method of execution.
Arrangements involving limited or non-recourse financing associated with a round-robin flow of funds.
Arrangements where the taxpayer is not subject to significant risks when the tax benefit is taken into account because of the existence, for example, of a ‘put’ option.
Little cash outlay associated with borrowing of funds under a capitalising debt facility.
Mechanisms for winding up or exiting an arrangement before net income is generated for an investor.
Use of tax exempt entities, especially charities, to wash income.
Transactions involving tax havens and preferential tax regimes.
Financial arrangements made on unusual terms e.g. interest rates above or below market rates, security for loans of little value in comparison to the principal amount, repayment of loan substantially deferred until the end of a length repayment period.
Arrangements where the transaction or series of transactions produce no economic gain or loss e.g. where the whole scheme is self-cancelling.
Arrangements which lack economic substance and are not rationally related to any useful non-tax purposes e.g. inter-group or related party.
Arrangements to shift foreign losses into Australian branches or resident entities and greater deductions for losses are sought in Australia by the Australian resident entity.
Arrangements whereby a shareholder claims to make a repayment of a shareholder loan from a private company via a round robin of endorsed cheques so as to avoid the operation of Division 7A.
Professional partnerships that have changed their structure from a partnership of individuals to a partnership of discretionary trusts.

Tax Planning Checklist 2013

Entity's Name		Initial	Date
Preparer			
Reviewer			
Partner			

Year ended 30 June 2013

Carry Forward Action Sheet				
Date	Item Carried Forward	$	Working Paper Ref	Checked By

Points for Partner Review		
Date	Review Point	Checked By