

Australia

Transfer Pricing Country Profile

July 2021

		SUMMARY	REFERENCE
The Arm's Length Principle			
1	Does your domestic legislation or regulation make reference to the Arm's Length Principle?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Division 815 of the Income Tax Assessment Act 1997 Division 815 Explanatory Memorandum
2	What is the role of the OECD Transfer Pricing Guidelines under your domestic legislation?	<p>Revisions made to Australia's taxation laws in 2012 and 2013, namely in the form of subdivisions 815-A, 815-B and 815-C of the Income Tax Assessment Act 1997, resulted in closer alignment of our legislation with the application of the arm's length principle as described in the OECD guidelines. The legislation specifically provides that for the purposes of determining the effect the legislation has in relation to an entity, the arm's length conditions should be identified so as best to achieve consistency with the OECD Transfer Pricing Guidelines.</p> <p>For years commencing on or after 1 July 2017, Australia's transfer pricing legislation has been amended to specifically reference the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, as approved by the Council of the Organisation for Economic Cooperation and Development and last amended on 19 May 2017 (TPG).</p>	Sections 815-135 and 815-235 of the Income Tax Assessment Act 1997
3	Does your domestic legislation or regulation provide a definition of related parties? If so, please provide the definition contained under your domestic law or regulation.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Australia's transfer pricing legislation does not provide a definition of related parties. Australia's transfer pricing legislation is applicable if an Australian entity gets a tax benefit in Australia from non-arm's length cross-border conditions, regardless of whether the parties are related to one another. There are no control or ownership thresholds for the legislation to apply. However, a definition of international related parties is contained in the ATO's instructions for completing the International Dealings Schedule (IDS). An IDS is required to be lodged where a taxpayer has entered into certain international dealings or arrangements.	ATO webpage International Dealings Schedule Instructions 2021

		<p>The term as per the IDS instructions includes:</p> <ul style="list-style-type: none"> • any overseas entity or person who participates directly or indirectly in your management, control or capital • any overseas entity or person in respect of which you participate directly or indirectly in the management, control or capital • any overseas entity or person in respect of which persons who participate directly or indirectly in its management, control or capital are the same persons who participate directly or indirectly in your management, control or capital. 	
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Transfer Pricing Methods

4	<p>Does your domestic legislation provide for transfer pricing methods to be used in respect of transactions between related parties?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>If affirmative, please check those provided for in your legislation:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>CUP</th> <th>Resale Price</th> <th>Cost Plus</th> <th>TNMM</th> <th>Profit Split</th> <th>Other (If so, please describe)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table> <p>Australia’s legislation does not specify any particular method to be used in respect of transactions between related parties. Paragraph 815-125(2) of the Income Tax Assessment Act 1997 (ITAA 1997) states that “<i>in identifying the arms-length conditions use the method or combination of methods that is the most appropriate and reliable having regard to all relevant factors</i>”.</p> <p>The paragraph notes that possible methods include the methods set out in the documents in section 815-135 ITAA1997 i.e. OECD TPG (see reference above at question 2 to relevant guidance materials). Therefore, the methods outlined in the OECD TPG are used.</p>	CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (If so, please describe)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Division 815 of the Income Tax Assessment Act 1997</p>
CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (If so, please describe)										
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>										

5	<p>Which criterion is used in your jurisdiction for the application of transfer pricing methods?</p>	<p>Please check all that apply:</p> <p><input type="checkbox"/> Hierarchy of methods</p> <p><input checked="" type="checkbox"/> Most appropriate method</p> <p><input type="checkbox"/> Other (if so, please explain)</p> <p>Australia seeks to adopt the method that is the most appropriate and reliable or best suited to the circumstances of each particular case. Australia’s legislation states “In identifying the *arm's length conditions, use the method, or the combination</p>	<p>Division 815 of the Income Tax Assessment Act 1997</p>
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		<p>of methods, that is the most appropriate and reliable, having regard to all relevant factors, including the following:</p> <ul style="list-style-type: none"> a) the respective strengths and weaknesses of the possible methods in their application to the actual conditions; b) the circumstances, including the functions performed, assets used and risks borne by the entities; c) the availability of reliable information required to apply a particular method; d) the degree of comparability between the actual circumstances and the comparable circumstances, including the reliability of any adjustments to eliminate the effect of material differences between those circumstances.” <p>The Australian legislation also references the TPG with respect to selecting and applying the most appropriate method (see also reference above at question 2 to relevant guidance materials).</p>	
6	<p>If your domestic legislation or regulations contain specific guidance on commodity transactions, indicate which of the following approaches is followed.</p>	<p><input type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed.</p> <p><input type="checkbox"/> Domestic legislation mandates the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>)</p> <p><input type="checkbox"/> Other (<i>if so, please explain</i>)</p>	
		Australia’s legislation does not provide specific guidance on commodity transactions.	
Comparability Analysis			
7	<p>Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Australia adopts the guidance on comparability analysis in its transfer pricing legislation. Australia’s legislation states:</p> <p>“In identifying comparable circumstances for the purpose of this section, regard must be had to all relevant factors, including the following:</p> <ul style="list-style-type: none"> (a) the functions performed, assets used and risks borne by the entities; (b) the characteristics of any property or services transferred; (c) the terms of any relevant contracts between the entities; (d) the economic circumstances; (e) the business strategies of the entities. <p>See also reference above at question 2 to relevant guidance materials.</p>	<p>Division 815 of the Income Tax Assessment Act 1997</p>

8	<p>Is there a preference in your jurisdiction for domestic comparables over foreign comparables?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		<p>All things being equal, the ATO prefers to use domestic comparables where the Australian entity is the tested party as these would generally provide closer comparability especially in terms of economic circumstances. However, this all depends on the particular facts and circumstances and the availability of reliable data.</p>	
9	<p>Does your tax administration use secret comparables for transfer pricing assessment purposes?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
10	<p>Does your legislation allow or require the use of an arm's length range and/or statistical measure for determining arm's length remuneration?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>Paragraph 815-125 (2) of the Income Tax Assessment Act 1997</p>
		<p>Australian domestic legislation at paragraph 815-125 (2) provides that “in identifying the arms-length conditions use the method or combination of methods that is the most appropriate and reliable having regard to all relevant factors.” Where appropriate the use of an arm's length range and/or statistical measure for determining arm's length remuneration may be used.</p> <p>See also reference above at question 2 to relevant guidance materials.</p>	
11	<p>Are comparability adjustments required under your domestic legislation or regulations?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>Paragraph 815-125 (4) of the Income Tax Assessment Act 1997</p>
		<p>Australia's domestic legislation does not mandate quantitative comparability adjustments. The legislation provides in paragraph 815-125 (4) ITAA 1997 that where there are material differences between actual and comparable circumstances, it will be sufficient for the purposes of comparability if reasonably accurate adjustments can be made to eliminate the effect of the difference.</p> <p>See also reference above at question 2 to relevant guidance materials.</p>	

Intangible Property

12	<p>Does your domestic legislation or regulations contain guidance specific to the pricing of controlled transactions involving intangibles?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	
		<p>There is no specific guidance in Australia’s transfer pricing legislation in respect to the pricing of controlled transactions involving intangibles.</p> <p>However, as Australia’s transfer pricing legislation incorporates the TPG through section 815-135 ITAA 1997, guidance contained in the TPG relating to the pricing of controlled transactions involving intangibles will be applicable. See reference above at question 2 to relevant guidance materials.</p>	
13	<p>Does your domestic legislation or regulation provide for transfer pricing rules or special measures regarding hard to value intangibles (HTVI)?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	<p>HTVI Implementation Questionnaire</p>
		<p>Australia’s domestic legislation does not specifically provide for transfer pricing rules or special measures regarding hard to value intangibles.</p> <p>However, as Australia’s transfer pricing legislation incorporates the TPG through section 815-135 ITAA 1997, guidance contained in the TPG relating to hard to value intangibles will be relevant. See reference above at question 2 to relevant guidance materials.</p>	
14	<p>Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving intangibles?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p>Division 815 of the Income Tax Assessment Act 1997</p>
		<p>Key Australian income tax rules relating to the tax treatment of intangibles (both specifically and more generally) include:</p> <ul style="list-style-type: none"> • rules relating to uniform capital allowances (depreciation) – Division 40 ITAA 1997 • tax consolidation rules – Part 3-90 ITAA 1997 • capital gains tax rules – Part 3-1 ITAA 1997 • research and development rules – Division 355 ITAA 1997 • thin capitalisation rules – Division 820 ITAA 1997. 	

Intra-group Services

15	<p>Does your domestic legislation or regulations provide guidance specific to intra-group services transactions?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Australia's domestic transfer pricing legislation does not provide specific guidance on intra-group services transactions.</p> <p>However, as Australia's transfer pricing legislation incorporates the TPG through section 815-135 ITAA 1997, guidance contained in the TPG relating to intra-group services would be relevant. See reference above at question 2 to relevant guidance materials.</p>	
16	<p>Do you have any simplified approach for low value-adding intra-group services?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Australia's transfer pricing rules are self-executing and the Tax Commissioner in Australia does not have a general power to waive the operation of the underlying statutory test. However, the Commissioner's 'general power of administration' can be applied to inform the Commissioner's approach to compliance.</p> <p>Australia already has a number of transfer pricing simplification measures that are subject to various thresholds, however the simplification measures do not constitute literal 'safe harbours' to the extent that they do not waive the application of the underlying statutory test. Intra-group services is one of the seven available simplified transfer pricing record keeping options. Guidance material for taxpayers in respect of how the simplification administrative measures can be utilised is published by the Commissioner in a Practical Compliance Guideline (PCG).</p>	<p>Practical Compliance Guideline PCG 2017/2 - simplified transfer pricing record-keeping options</p>
17	<p>Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving services?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Australia's income tax rules (outside transfer pricing rules) contain a number of provisions that are relevant for the tax treatment of transactions involving services.</p>	

Financial transactions

18	<p>[NEW] Does your domestic legislation or regulations provide guidance specific to financial transactions?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Australia’s domestic transfer pricing legislation does not provide specific guidance on financial transactions.</p> <p>Australia’s transfer pricing legislation incorporates the TPG through section 815-135 ITAA 1997. See reference above at question 2 to relevant guidance materials. As the current wording of the law only refers to the TPG as amended on 19 May 2017, Chapter X of the TPG, covering Financial Transactions (published 11 February 2020), is not included as part of the prescribed guidance materials. Future legislative amendments will be required in order to include Chapter X in the guidance materials.</p>	<p>Division 815 of the Income Tax Assessment Act 1997</p>
19	<p>[NEW] Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of financial transactions?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Whilst Australia has not implemented the recommendations in BEPS Action 4, Australia has existing thin capitalisation provisions in Division 820 of the <i>ITAA 1997</i>. Australia’s income tax rules (outside transfer pricing rules) contain a number of additional provisions that are relevant for the tax treatment of financial transactions.</p> <p>Taxation Ruling TR 2020/4 deals with the application of the arm’s length debt test contained in the thin capitalisation rules in Division 820 of the <i>ITAA 1997</i>.</p> <p>The ATO has also released various Practical Compliance Guidelines that provide transparency for taxpayers on the risk assessment framework adopted by the ATO in forming its compliance approach on particular issues:</p> <ul style="list-style-type: none"> • Practical Compliance Guideline PCG 2020/7 provides guidance and a risk assessment framework that outlines Australia’s compliance approach to an application of the arm’s length debt test. • Practical Compliance Guideline PCG 2017/4 outlines Australia’s approach to taxation issues associated with cross-border related party financing arrangements and related transactions. 	<p>Division 820 of the Income Tax Assessment Act 1997</p> <p>Taxation Ruling TR 2020/4 application of the arm’s length debt test in thin capitalisation rules</p> <p>Practical Compliance Guideline PCG 2017/4 ATO compliance approach to cross-border related party financing arrangements</p> <p>Practical Compliance Guideline PCG 2020/7 ATO compliance approach to the arm’s length debt test</p>

Cost Contribution Agreements

20	Does your jurisdiction have legislation or regulations on cost contribution agreements?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Australia's domestic legislation does not specifically provide for transfer pricing rules or special measures regarding cost contribution agreements. However, as Australia's transfer pricing legislation incorporates the TPG through section 815-135 ITAA 1997, guidance contained in the TPG relating to cost contribution agreements would be relevant. See reference above at question 2 to relevant guidance materials.	Taxation Ruling TR 2004/1 – Income Tax: international transfer pricing – cost contribution arrangements
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Transfer Pricing Documentation

21	Does your legislation or regulations require the taxpayer to prepare transfer pricing documentation?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If affirmative, please check all that apply:</i> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG <input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG <input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG <input checked="" type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return) <input type="checkbox"/> Other (specify): <p>Under Subdivision 815-E, country-by-country reporting entities are required to lodge the three statements recommended by the OECD Action 13 report; i.e. country-by-country report, master file and local file. These lodgement obligations are limited to entities that are in scope of CbC reporting; i.e. entities that belong to groups with over \$1 billion AUD in annual global income.</p> <p>Under the general rules pertaining to transfer pricing, taxpayers may on a voluntary basis prepare transfer pricing documentation (with details of comparables and transfer pricing policies) to argue they have a Reasonably Arguable Position (RAP) and mitigate any administrative penalties that may apply in the event the Commissioner amends an assessment. Subdivision 284-E of Schedule 1 to the <i>Tax Administration Act 1953</i> sets out the transfer pricing documentation requirements an entity would need to meet for penalty mitigation purposes. The taxpayer does</p>	Subdivision 815-E of the Income Tax Assessment Act 1997 Subdivision 284-E of Schedule 1 to the Taxation Administration Act 1953 (TAA 1953) Tax Ruling TR 2014/8 - Income tax: transfer pricing documentation and Subdivision 284-E
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		<p>not lodge these documents but is required to prepare these by the time they lodge the relevant Australian income tax return.</p> <p>Administrative guidance <i>TR 2014/8 - Income tax: transfer pricing documentation and Subdivision 284-E of the Taxation Administration Act 1953</i>, sets the ATO's views about how the provisions apply.</p>	
22	<p>Please briefly explain the relevant requirements related to filing of transfer pricing documentation (i.e. timing for preparation or submission, languages, etc.)</p>	<p>Australia's CbC reporting provisions are contained in Subdivision 815-E ITAA 1997. All CbC reporting statements, including the master file, the local file, and the CbC report, must be lodged within 12 months after the end of the reporting period to which they relate. The statements need to be lodged electronically in an XML Schema format and in English. Australia is a signatory to the Multilateral Competent Authority Agreement enabling the exchange of CbC reports (excluding the master file and local file) with tax authorities of other signatory jurisdictions.</p> <p>The International Dealings Schedule forms part of the income tax return and must be lodged together with the income tax return when it falls due.</p> <p>Additionally, taxpayers may on a voluntary basis prepare transfer pricing documentation to substantiate their compliance with the arm's length principle (including details of comparables and transfer pricing policies) beyond the minimum statutory requirements.</p>	<p>Subdivision 815-E of the Income Tax Assessment Act 1997</p> <p>ATO webpage CbC reporting guidance</p>
23	<p>Does your legislation provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>The failure of a CbC reporting entity to lodge the CbC report, master file or local file will attract significant penalties in Australia.</p> <p>Under the more generic transfer pricing record keeping rules – which applies to CbC reporting entities and those that are not - there are no specific sanctions for not preparing/ not filing transfer pricing documentation, but the general provisions in the tax law for not keeping, filing, and submitting documentation apply. See response to question 21 regarding compliance incentives in the form of penalty mitigation per Subdivision 284-E Taxation Administration Act 1953. Administrative statement penalties are doubled in the case of 'Significant Global Entities', which includes within its scope entities that qualify as 'CbC reporting entities' and those that have CbC reporting obligations under Australian domestic law.</p>	<p>Section 288-25 of Schedule 1 of the Taxation Administration Act 1953</p>
24	<p>If your legislation provides for exemption from transfer pricing documentation obligations, please explain.</p>	<p>CbC reporting entities are able to request an exemption with respect to the requirement to lodge a CbC report, master file and local file. Exemptions are considered on a case-by-case basis. For example, an exemption may be granted with respect to the CbC report if the ATO concludes that there is no other</p>	<p>Subdivision 815-E of the Income Tax Assessment Act 1997</p>

		<p>jurisdiction that may be expecting to receive a CbC report from Australia in relation to an entity (Australia’s CbC reporting regime includes within its scope entities that do not have offshore operations). Also, an entity may be granted an exemption with respect to the local file or master file if the ATO concludes that there is no or limited transfer pricing risk based on the absence of cross border related party dealings.</p> <p>As part of the general transfer pricing record keeping rules, Subdivision 284-E of Schedule 1 to the Taxation Administration Act 1953 applies (see response to question 21).</p> <p>Documenting transfer pricing arrangements to meet all of the requirements of Subdivision 284-E of Schedule 1 to the <i>Taxation Administration Act 1953</i> (TAA) may impose an administrative burden for some taxpayers exhibiting low risk arrangements. To assist such taxpayers, simplified transfer pricing record keeping options have been developed to minimise the record-keeping burden for eligible taxpayers. See response to question 26 for further details.</p>	<p>ATO webpage CbC reporting guidance under the heading ‘Exemptions (including administrative relief)’</p> <p>Subdivision 284-E of Schedule 1 to the Taxation Administration Act 1953 (TAA 1953)</p> <p>Practical Compliance Guideline PCG 2017/2 - simplified transfer pricing record-keeping options</p>
Administrative Approaches to Avoiding and Resolving Disputes			
25	<p>Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?</p>	<p>Please check those that apply:</p> <p><input checked="" type="checkbox"/> Rulings</p> <p><input type="checkbox"/> Enhanced engagement programs</p> <p><input checked="" type="checkbox"/> Advance Pricing Agreements (APA)</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Unilateral APAs</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Bilateral APAs</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Multilateral APAs</p> <p><input checked="" type="checkbox"/> Mutual Agreement Procedures</p> <p><input type="checkbox"/> Other (<i>please specify</i>):</p> <hr/> <p>Australia has an APA program in place as part of our compliance strategy. The Commissioner of Taxation can enter unilateral APAs by virtue of the general administrative powers in sections 1-7 of the ITAA 1997. An authorised Competent Authority can enter a bilateral or multilateral APA under the MAP Article of the relevant tax treaty. For more information on the administration of the APA program please refer to <i>PS LA 2015/4 Advanced Pricing Arrangements</i>.</p> <p>For more information on Australia’s administration of MAPs, please refer to Australia’s MAP profile.</p>	<p>Division 357 and Division 359 of Schedule 1 of the Taxation Administration Act 1953</p> <p>The Commissioner can enter into an unilateral APA by virtue of sections 1-7 of the Income Tax Assessment Act 1997</p> <p>An authorised Competent Authority can enter into a bilateral or multilateral APA under the MAP Article of the relevant tax treaty</p> <p>Practice Statement Law Administration PS LA 2015/4 Advanced Pricing Arrangements</p> <p>Australia’s MAP Profile</p>

Safe Harbours and Other Simplification Measures

26	<p>Does your jurisdiction have rules on safe harbours in respect of certain industries, types of taxpayers, or types of transactions?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Australia's transfer pricing rules are self-executing and the Commissioner of Taxation in Australia does not have a general power to waive the operation of the underlying statutory test. However, the Commissioner's 'general power of administration' can be applied to inform the Commissioner's approach to compliance.</p> <p>Australia has a number of transfer pricing simplification measures that are subject to various thresholds, however the simplification measures do not constitute literal 'safe harbours' to the extent that they do not waive the application of the underlying statutory test. There are seven available simplified transfer pricing keeping options:</p> <ul style="list-style-type: none"> • small taxpayers • distributors • low value adding intra-group services • low-level inbound loans • materiality • technical services • low-level outbound loans. <p>Further detail is available in Practical Compliance Guideline <i>PCG 2017/2 Simplified Transfer Pricing Record Keeping Options</i>.</p>	<p>Practical Compliance Guideline PCG 2017/2 - simplified transfer pricing record-keeping options</p>
27	<p>Does your jurisdiction have any other simplification measures not listed in this questionnaire? If so, please provide a brief explanation.</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	
<h3>Other Legislative Aspects or Administrative Procedures</h3>			
28	<p>Does your jurisdiction allow/require taxpayers to make year-end adjustments?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	

		<p>There is no specific legislative requirement to make year-end adjustments.</p> <p>However, this may be an appropriate action for a taxpayer to ensure that profit arising from an international related party transactions or arrangements meet what would be expected if conducted under arm's-length conditions. Taxpayers may make these types of adjustments if they have entered into APAs.</p>	
29	Does your jurisdiction make secondary adjustments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Attribution of Profits to Permanent Establishments			
30	[NEW] Does your jurisdiction follow the Authorised OECD Approaches for the attribution of profits to PEs (AOA)?	<input type="checkbox"/> Yes <i>In how many tax treaties?</i> <i>If yes, how do you implement it in cases, where the old tax treaties do not contain the new version of Article 7 (OECD MTC 2010 and later)</i>	
		<input checked="" type="checkbox"/> No <i>In how many tax treaties?</i> None. Australia has lodged a reservation to the use of the current version of Article 7. Australia reserves its right to use the previous version of Article 7 taking into account its observations and reservations on that version (i.e. the version included in the Model Tax Convention immediately before the 2010 update of the Model Tax Convention).	
31	[NEW] Does your jurisdiction follow also another approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The Australian tax law does not recognise dealings between different parts of one entity. This means that only income from, and expenditure with, other entities can be allocated to PE. That is to say, Australia follows the Relevant Business Activity approach when attributing arm's length profits to PEs, and specifically, notional transactions between the PE and the head office are not recognised as part of the attribution process. This approach is outlined in Taxation Ruling TR 2001/11.	Taxation Ruling TR 2001/11 – operation of Australia's permanent establishment attribution rules

Other Relevant Information

32	Other legislative aspects or administrative procedures regarding transfer pricing	N/A	
33	Other relevant information (e.g. <i>whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire</i>)	N/A	

For more information, please visit: <https://oe.cd/transfer-pricing-country-profiles>