

BUSINESS

COMPANIES,
SUPERANNUATION FUNDS
PARTNERSHIPS AND TRUSTS
AUDIENCE

INSTRUCTIONS

NAT 6458-6.2005

SEGMENT

FORMAT

PRODUCT ID



Australian Government

Australian Taxation Office

Thin capitalisation schedule 2005

Schedule and explanatory notes for 1 July 2004–30 June 2005



For more information visit
www.ato.gov.au

THIN CAPITALISATION SCHEDULE NOTES

If you are subject to the thin capitalisation provisions you must complete this schedule when preparing your tax return.

The schedule is available through the electronic lodgment service (ELS) for both companies and funds. Alternatively, companies, funds or other entities should complete the paper schedule. The **completed** paper schedule **only** should be posted to the following address:

**Australian Taxation Office
PO Box 1365
Albury NSW 2640**

Some entities are excluded from the requirement to apply the thin capitalisation provisions and do not need to complete this schedule. To find out whether you are so excluded or, if not, how to calculate the amounts requested on the schedule, refer to the publication *Guide to thin capitalisation* which is available on our website at www.ato.gov.au

If you are subject to more than one application of the provisions during the income year, complete the schedule showing details of the last application.

ITEM 1

Show at **C** the code which represents the type of thin capitalisation entity you are at the end of the income year or relevant period. If you do not know what type of entity you are, you will need to refer to the publication *Guide to thin capitalisation* and the *Income Tax Assessment Act 1997* (ITAA 1997).

NON-ADI*

Code	Type
1	Outward investor (general)
2	Outward investor (financial)
3	Inward investment vehicle (general)
4	Inward investment vehicle (financial)
5	Inward investor (general)
6	Inward investor (financial)

ADI*

Code	Type
7	Outward
8	Inward

* An ADI is an authorised deposit-taking institution.

ITEM 3

Show at **E** the code which represents the type of averaging method that you used for calculating 'average values'. For more information refer to the publication *Guide to thin capitalisation* and ITAA 1997.

Code	Method of average calculation used
1	Opening/closing balances
2	Three measurement days
3	Frequent measurement – quarterly
4	Frequent measurement – regular intervals

ITEM 4

If you are subject to thin capitalisation, you are required to complete item 4. However, if you have used code 7 or 8 at **C** to represent the type of thin capitalisation entity you are (ADI) you do not need to insert an amount at **K**. See the *Guide to thin capitalisation* to find out how to calculate the amounts to be inserted.

ITEM 5

If you have used code 7 or 8 at **C** to represent the type of thin capitalisation entity you are (ADI), you must complete all relevant labels at item 5. See the *Guide to thin capitalisation* to find out how to calculate the amounts to be inserted.

ITEM 6

If you have used code 1 to 6 at **C** to represent the type of thin capitalisation entity you are (non-ADI), complete all relevant labels at item 6. See the *Guide to thin capitalisation* to find out how to calculate the amounts to be inserted.

ITEMS 7 AND 8

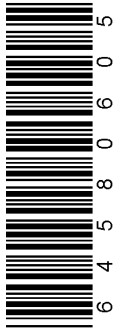
If you rely on the arm's length test (item 7) or the worldwide gearing debt/capital test (item 8), you are required to complete items 7 and 8 as appropriate. Refer to the publication *Guide to thin capitalisation* to find out how to calculate the amounts to be inserted.



Thin capitalisation schedule

2005

Print neatly in BLOCK LETTERS with a black or blue ballpoint pen only. Print one letter or number in each box. Do not use correction fluid or tape.



Tax file number (TFN)

Australian business number (ABN)

This schedule forms part of the tax return of (name of entity):

For detailed notes on the completion of this schedule refer to the *Guide to thin capitalisation* available on the Tax Office website at www.ato.gov.au

Show whole dollars only.

Signature as prescribed in tax return

1 Show your entity type at the end of the income year.

CODE
C

2 Have you changed status from 'general' to 'financial' during the income year?

D Yes No Print X in the appropriate box

3 Show the method used for calculating 'average values'.

CODE
E

4 General information – All entities to complete.

Debt deduction **F**

Amount of debt deduction disallowed **G**

Adjusted average debt **H**

Asset revaluation amount for thin capitalisation purposes **I**

Excess debt (non-ADI)/capital shortfall (ADI) **J**

Average value of assets (non-ADIs only) **K**

Maximum allowable debt (non ADIs)/minimum capital amount (ADI) **B**

F

