

MEC groups – notices to be given to the Commissioner

Key point

The Commissioner must be notified in the approved form where a choice in writing is made in relation to a multiple entry consolidated (MEC) group or where there are changes in the membership of the MEC group.

Choices in writing to be notified

The Commissioner must be notified in the approved form if a choice in writing is made:

- to form a MEC group and appoint the provisional head company (PHC)
- to create a MEC group from a consolidated group (a special conversion event)
- for a new eligible tier-1 company to become a member of a MEC group
- to appoint a new PHC and continue the MEC group because the previous PHC ceases to be the PHC (the cessation event).

The notification forms for these choices are listed in table 1.

Note

Making a choice in writing is separate to the requirement that a notice be given to the Commissioner. Completion of a notification of formation of a MEC group does not fulfil the requirement to make a choice in writing. The choice to form a MEC group will not be effective unless a valid choice in writing is made within the prescribed time. → 'Choice in writing', C7-1-110

Changes to be notified

The Commissioner must also be notified in the approved form of any of the following changes to a MEC group:

- an entity (other than an eligible tier-1 company) becomes a member of the MEC group
- an entity ceases to be a member of the MEC group
- the PHC ceases to be the PHC.

These changes are known as notifiable events. The notification forms for these events are listed in table 2.

Where the relevant information about an entity joining or leaving a group has been provided when notifying of a choice to form a group, additional notification of the entry or exit is not necessary.

Table 1: Notices for a choice in writing

Choice to be notified and form (→ forms available at www.ato.gov.au/consolidation)	Notification deadline	Who must give notice
<p>1. A choice in writing is made to form a MEC group and to appoint the PHC under section 719-50 and subsection 719-60(1)</p> <p>Notify using <i>Notification of formation of a multiple entry consolidated (MEC) group</i> (NAT 7024)</p> <p>Notice required by section 719-76</p>	<p>The notice must be lodged no later than:</p> <ul style="list-style-type: none"> if the head company is required to lodge an income tax return for the income year in which the choice is made – the day on which the company lodges the income tax return for that income year, or if a return is not required for that income year, the date it would have otherwise been due 	Head company
<p>2. A choice in writing is made that a MEC group is created from a consolidated group under section 719-40 (a special conversion event)</p> <p>Notify using <i>Notification of conversion to a multiple entry consolidated (MEC) group</i> (NAT 7026)</p> <p>Notice required by section 719-78</p>	As above (item 1 of this table)	The eligible tier-1 company that was the head company of the consolidated group just before the conversion
<p>3. A choice in writing is made that a new eligible tier-1 company and its eligible subsidiaries join a MEC group under subsection 719-5(4)</p> <p>Notify using <i>Notification of a new eligible tier-1 company of a multiple entry consolidated (MEC) group</i> (NAT 73442)</p> <p>Notice required by section 719-77</p>	As above (item 1 of this table)	Head company
<p>4. A choice in writing is made to appoint a new PHC, and continue the MEC group under subsection 719-60(3) after the former PHC ceases to be the PHC</p> <p>Notify using <i>Notification of continuation of a multiple entry consolidated (MEC) group with a new provisional head company</i> (NAT 7052)</p> <p>Notice required by section 719-79</p>	<p>Within 28 days of the former PHC ceasing to be the PHC.</p> <p>If the former PHC ceased to be the PHC more than 28 days before the group lodged the notification of formation of a MEC group, this notice must be lodged no later than the formation notification</p>	The new PHC

Table 2: Notices for notifiable events

Notifiable event and form (→ forms available at www.ato.gov.au/consolidation)	Notification deadline	Who must give notice
<p>1. An entity becomes a member of a MEC group (other than as an eligible tier-1 company)</p> <p>Notify using <i>Notification of members joining and/or leaving a multiple entry consolidated (MEC) group</i> (NAT 7025)</p> <p>Notice required by section 719-80</p>	<p>Within 28 days of the event</p> <p>However, if the event occurs:</p> <ul style="list-style-type: none"> • before the notification of formation of the MEC group is lodged, the information for the event is required to be included in the <i>Notification of formation of a multiple entry consolidated (MEC) group</i> (see item 1, table 1) • before the notification of the conversion to a MEC group is lodged, the information for the event is required to be included in the <i>Notification of conversion to a multiple entry consolidated (MEC) group</i> (see item 2, Table 1) 	The PHC
<p>2. An entity ceases to be a member of a MEC group</p> <p>Notify using <i>Notification of members joining and/or leaving a multiple entry consolidated (MEC) group</i> (NAT 7025)</p> <p>Notice required by section 719-80</p>	As above (item 1 of this table)	PHC
<p>3. The PHC ceases to be the PHC of a MEC group</p> <p>Notify using <i>Notification of provisional head company no longer eligible</i> (NAT 7053)</p> <p>Notice required by section 719-80</p>	<p>Within 28 days of the PHC ceasing to be the PHC of the group</p> <p>If the PHC ceases to be the PHC:</p> <ul style="list-style-type: none"> • before the notification of formation of a MEC group is lodged, or • in the case of a special conversion to a MEC group, before the notification of the formation of a consolidated group is lodged, <p>this notice must be lodged no later than the day on which the income tax return is lodged for the income year in which the notifiable event occurs, or if a return is not required for that income year, the day it would have otherwise been due</p>	The company or the public officer of the company just before it ceased to exist

References

Income Tax Assessment Act 1997, sections 719-5, 719-40, 719-50, 719-60, 719-75 and 719-80; as amended by:

- *New Business Tax System (Consolidation) Act (No. 1) 2002* (No. 68 of 2002), Schedule 1
- *Tax Amendment (2010 Measures No. 1) Act 2010* (No. 56 of 2010), Schedule 5

Income Tax Assessment Act 1997, sections 719-76, 719-77, 719-78 and 719-79; as inserted by *Tax Amendment (2010 Measures No. 1) Act 2010* (No. 56 of 2010), Schedule 5

Explanatory Memorandum to Tax Laws Amendment (2010 Measures No. 1) Bill 2010, paragraphs 5.382 to 5.423

Revision history

Section C10-1-110 first published 2 December 2002 and updated 28 May 2003.

Further revisions are described below.

Date	Amendment	Reason
26.10.05	Change to who must notify and which form to use when a new eligible tier-1 company joins a MEC group. Other minor editorial changes.	To correct an error.
6.5.11	Extensively revised (including the title) to reflect changes to the choice and notification provisions.	Legislative amendments.