



APA early engagement and application checklist

Use this checklist:

- to ensure you are prepared for both the early engagement (stage 1) and APA application (stage 2) phases of your APA
- in conjunction with other APA guidance, including:
 - [Documents to support your APA application](#)
 - [Findings report APA program review.](#)

While you can use the checklist as a guide, note that:

- each APA submission is unique
- individual information requirements may vary.

Detailed information requirements will be determined on a case-by-case basis, during later meetings.

Early engagement phase (stage 1)

1. Mandatory initial information

- Early engagement form.
- Responses to the APA entry principles (per Section C of the early engagement form).
- Ensure all current and potential collateral issues have been disclosed.
- Global group structure.

2. Additional information that may required during the early engagement phase

- Copies of all relevant intercompany agreements (pricing, cost sharing, licensing, distributorship, etc.) that relate to current/potential collateral issues.
Where these agreements have already been provided (such as with the country-by-country (CBC) local file, or another ATO product), provide the relevant transaction identifiers and the transactions they relate to.
- Where restructures within the global group are in progress or expected, provide information about:
 - the new structure expected to be formed
 - any changes to the Australian business's functions, assets and risk
 - the commercial rationale for the restructure
 - any other relevant information.
- Where related-party transactions with the relevant counterparty (or counterparties) are not covered under the APA, provide the reasons why these transactions are excluded.

Information to be provided once accepted into the APA program (stage 2)

3. Actual conditions – commercial, financial, transfer pricing and functional overview

- Financial and operating information, including corporate annual reports and segmented operating data for the last 3 years.
- Complete value chain analysis for your multinational enterprise (MNE) group, relevant business lines, and key products including identification of important drivers of business profits.
- Current and future commercial strategies that may have an effect on the proposed covered transactions.
- Detailed functional analysis for all relevant entities with respect to the covered transactions, including:
 - functions performed
 - assets utilised
 - risks assumed
 - capital employed.
- Industry and geographical overview and analysis of the markets you operate in, including a general profile of key competitors.
- Internal organisational structure (including position titles), summary of staff functions and responsibilities, and head count.
- Details of transfer pricing methodologies (TPMs), policies, and practices for Australian and non-resident entities for the covered transactions during the past 3 years.

4. TPM analysis and proposed outcomes

- Detailed comparability analysis, including:
 - a description of the proposed comparables:
 - analysis of the 5 comparability factors between the comparables and the tested party/transaction
 - details/calculations of any proposed adjustments to the comparables results.

Where the proposed TPM is either a profit split or a combination of other TPMs, provide additional information/analyses used to calculate the proposed outcome.

- Proposed TPM and profit level indicator (PLI), including the reasons why you consider that method the most appropriate.
- Likely or forecasted outcomes from the proposed methodology (including relevant sensitivity analyses for the APA period).
- The process by which you propose to make any necessary adjustments to your actual results during the APA (compensating adjustments) and the reasons for your choice of process.

5. Critical assumptions and other information (including collateral issues)

- Any significant proposed factors or assumptions that would affect the appropriateness of the terms of the APA.
- Information or documentation as agreed in the early engagement stage.
- Any other relevant information in progressing the APA.
- If applicable, information required to resolve collateral issues identified in either stage 1 or 2 (where resolution pathways had been agreed).