



TOFA 3 & 4 tax-timing method elections

WHEN TO USE THIS FORM

Use this form if:

- Division 230 of the *Income Tax Assessment Act 1997* (ITAA 1997) applies to the financial arrangements of the entity, and
- the entity wants to make one or more of the following tax-timing method elections and use those methods to calculate the gains and losses the entity makes on financial arrangements for income tax purposes:
 - fair value (Subdivision 230-C of the ITAA 1997)
 - foreign exchange retranslation (Subdivision 230-D of the ITAA 1997)
 - hedging (Subdivision 230-E of the ITAA 1997)
 - reliance on financial reports (Subdivision 230-F of the ITAA 1997).

! There are certain eligibility criteria that must be satisfied before an entity is able to apply the elective tax-timing methods. You should refer to the criteria contained in the relevant Subdivisions of Division 230 of the ITAA 1997 to determine if the entity is eligible to apply a particular tax-timing method.

COMPLETING THIS FORM

- You do not need to notify us of these elections. If you make one or more of these elections, you must keep the completed and signed form with the entity's tax records.
- Only authorised people may make these elections on behalf of an entity. Authorised people include:
 - a partner of the partnership
 - the public officer of the company
 - the trustee (or public officer) of the trust
 - an office holder of the association
 - an agent duly authorised by the entity – for example, a tax agent, accountant or trusted employee.
- Only one authorised person will need to make the declaration in this form. For example, only one partner of the partnership will need to make the declaration.
- An agent is duly authorised by the entity if the entity has given the agent a signed declaration stating that:
 - they authorise the agent to lodge the election form
 - any information provided to the agent for preparation is true and correct.
- You may choose to complete this PDF form on screen. If you do so, you must print the completed form in order to sign it.

WHEN THE ELECTIONS CAN BE MADE

These elections can be made at any time; however, an election will only apply to financial arrangements that the entity starts to have in the income year in which the election is made and later income years.

Section A: Entity details

1 Name of the entity making the election(s)

2 Tax file number (TFN) and Australian business number (ABN)

TFN

ABN

Section B: Tax-timing method elections

3 Place an in the box to indicate which election(s) the entity wants to make.

! You should carefully consider if you want to make one or more of the tax-timing method elections. Once made, an election cannot be revoked. However, the election(s) may cease to apply if the entity's circumstances change. If this occurs, you may be able to remake the election(s).

Fair value

Foreign exchange retranslation –
general election

Foreign exchange retranslation – election in
relation to qualifying forex account(s) identified
in the attachment to this election form

Hedging

Reliance on financial reports

! This election can only be made in relation to a qualifying forex account if you have not made a foreign exchange retranslation – general election that applies to the account.

Further, if you make this election, you must provide details of the qualifying forex account(s) to which the election applies (for example, account numbers and the financial institutions with which they are held) on a separate page and attach it to your hard copy of this election form.

Section C: Consolidated group or multiple entry consolidated (MEC) group with a life insurance business

! You only need to complete item 4 if:

- the entity making this election is the head company of a consolidated group or MEC group which includes one or more members that carry on life insurance business, and
- the entity does not elect for one or more of the tax-timing methods it has elected at item 3 to apply to financial arrangements in relation to life insurance business carried on by a member of the consolidated group or MEC group.

4 Place an in the appropriate boxes below if one or more of the tax-timing method elections you have made at item 3 does not apply to financial arrangements in relation to life insurance business carried on by a member of the consolidated group or MEC group.

Fair value

Hedging

Foreign exchange retranslation
– general election

Reliance on financial reports

Section D: Election declaration

5 Declaration

By signing this declaration I declare that:

- the entity elects to apply the tax-timing method(s) specified at item 3 of this form to calculate gains and losses the entity makes on financial arrangements for income tax purposes (except as specified in Section C)
- I am authorised to make this election on behalf of the entity to whom it applies
- all information contained in this form is true and correct to the best of my knowledge.

Signature

Date election and declaration made

Day / Month / Year
 / /

6 Name of the individual making the declaration

➤ MORE INFORMATION

For more information about TOFA 3 & 4:

- visit our website at ato.gov.au
- phone us on **13 28 66**, between 8.00am and 6.00pm Monday to Friday.