

Entry ACA worksheet

This worksheet can be used where all of the entities forming a consolidated group during the transitional period are non-chosen transitional entities – that is, where the cost setting rules are applied to all subsidiaries.

Step 1: Add up the cost of each membership interest – section 705-65, *Income Tax Assessment Act 1997* (ITAA 1997)

	\$ Interest 1	\$ Interest 2	\$ Interest 3	\$
P Cost base (CB) at the joining time or formation time (JT) (Note: cost of pre-CGT interests not indexed)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
Q Reduced cost base (RCB) at JT (ignoring reductions for rebatable dividends: section 160ZK(5), ITAA 1936 / section 110-55(7), ITAA 1997, and adding back any adjustments under section 165-115ZA(3), ITAA 1997 to the extent the relevant losses will reduce the ACA under steps 5 & 6)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
R CB (line P) as adjusted for value shifting or loss transfer	<input type="text"/>	<input type="text"/>	<input type="text"/>	
S RCB (line Q) as adjusted for value shifting or loss transfer, or section 165-115ZD, ITAA 1997	<input type="text"/>	<input type="text"/>	<input type="text"/>	
T Market value (MV)	<input type="text"/>	<input type="text"/>	<input type="text"/>	
Tests If MV (line T) \geq adjusted CB (line R), use line R If MV (line T) \leq adjusted RCB (line S), use line S If adjusted RCB (line S) < MV (line T) < adjusted CB (line R), use line T				
Sum is entry ACA step 1 result	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Step 2: Add accounting liabilities and other things

	\$ Liability 1	\$ Liability 2	\$ Subtotals	\$ bfwd
<u>Accounting liabilities</u> (sections 705-70 to 705-80, ITAA 1997)				
<i>Start with</i> statement of financial position				
Reduce where liability valued differently for group				
Reduce to \$nil if attached to an asset				
Reduce for future income tax deductions				
Reduce for intra-group debt (add back reductions under section 165-115ZA(3), ITAA 1997 before comparison)				
Adjust for unrealised gains or losses				
Sum of reduced or adjusted liabilities				
<u>Add for employee shares</u> (section 705-85, ITAA 1997)				
Market value of disregarded employee shares				
Reduce by reduction amount				
<u>Add market value of rights or options held by third parties</u> (section 705-85)				
<u>Add equity for accounting but debt for tax purposes</u>				
MV of equity being debt under debt/equity rules				
<u>Result</u> sum of the subtotals				
Entry ACA result after step 2				

Step 3: Add undistributed profits accrued to the group (section 705-90, ITAA 1997)

	\$	\$	\$ b fwd
			<input type="text"/>
<u>Ongoing rule (section 705-90)</u>			
Undistributed <i>frankable</i> profits accrued to group at the JT	<input type="text"/>		
<i>less</i> so much of those profits that recouped losses of any sort that accrued to the group	<input type="text"/>	<input type="text"/>	
<u>Transitional rule (applies to non-chosen transitional entities where group has formed before 1 July 2003):</u>			
Undistributed <i>unfrankable</i> profits accrued to group at JT		<input type="text"/>	
Add the sum of these net amounts			<input type="text"/>
Entry ACA result after step 3			<input type="text"/>

Step 3A: Adjust for prior CGT rollovers from a foreign-resident company (sections 705-93, 705-147 & 705-227, ITAA 1997)

Adjust for previous rollovers from a foreign-resident company under Subdivision 126-B or section 160ZZO, ITAA 1936	\$	\$ b fwd
		<input type="text"/>
<u>Adjustment</u>		
Start with rollover adjustments that increase the ACA	<input type="text"/>	
Subtract rollover adjustments that decrease the ACA	<input type="text"/>	
Add the net amount if positive/subtract if negative	<input type="text"/>	<input type="text"/>
Entry ACA adjusted result after step 3A		<input type="text"/>

Adjustment to result after step 3A: adjust for prior CGT rollovers (section 705-150, ITAA 1997)

<u>Formation case only</u> adjust for previous rollovers under Subdivision 126-B or under section 160ZZO, ITAA 1936	\$	\$ b fwd
		<input type="text"/>
<u>Adjustment</u>		
Start with rollover adjustments that increase the ACA	<input type="text"/>	
Subtract rollover adjustments that decrease the ACA	<input type="text"/>	
Add the net amount if positive/subtract if negative	<input type="text"/>	<input type="text"/>
Entry ACA adjusted result after step 3A		<input type="text"/>

Step 4: Subtract certain distributions and certain undistributed profits (section 705-95, ITAA 1997)

	\$	\$ b fwd
Subtract all of the following		<input type="text"/>
A Distributions from profits that did not accrue to group	<input type="text"/>	
B Distributions from profits that accrued to the group to the extent that those profits recouped losses of any sort that accrued to the group before the JT	<input type="text"/>	<input type="text"/>
Formation rule Do not count subsequent distributions of profits adjusted at ACA step 4 for the entity below that actually made the profits from which the first distribution up the chain was made (just count in the first entity making the profit): section 705-155, ITAA 1997		
Entry ACA result after step 4		<input type="text"/>

Step 5: Subtract unused losses that accrued to the group (section 705-100, ITAA 1997)

	\$	\$ b fwd
Subtract all unused losses of any sort that accrued to the group (including losses that cannot be transferred to the head company) before the JT	<input type="text"/>	<input type="text"/>
<i>/ess</i> those amounts to the extent that they reduced the undistributed profits from an earlier year that would otherwise have been included in the step 3 amount (to avoid double counting)	<input type="text"/>	<input type="text"/>
Entry ACA result after step 5		<input type="text"/>

Step 6: Subtract for tax benefit from transferred losses not accrued to group (section 705-110, ITAA 1997)

	\$	\$	\$ b fwd
Transferred losses of any sort that did not accrue to the group	<input type="text"/>		<input type="text"/>
<i>/ess</i> those losses to the extent that their transfer has been cancelled	<input type="text"/>	<input type="text"/>	
Multiply by the general company tax rate		<input type="text" value="30%"/>	<input type="text"/>
Entry ACA result after step 6			<input type="text"/>

Step 7: Subtract inherited deductions (section 705-115, ITAA 1997)

	(<i>other than</i> deductions where expenditure becomes part of, or reduces the cost of the relevant asset or is precluded from becoming part of the cost of the asset because of section 110-40, ITAA 1997, or where the expenditure reduced the amount of step 3 undistributed frankable owned profits)	\$	\$	\$
				b fwd
J	<i>Owned deductions</i> (if deduction was instead a profit, how much could have been distributed to group as a profit that accrued to the group)		<input type="text"/>	
	<i>Acquired deductions</i> (balance of the inherited deductions)	<input type="text"/>		
K	<i>Multiply acquired deductions by general company tax rate</i>	<input type="text" value="30%"/>	<input type="text"/>	
	Subtract the sum of J and K			<input type="text"/>
	Entry ACA result after step 7			<input type="text"/>

Step 8: Entry ACA result (section 705-60, ITAA 1997)

	\$
ACA equals result after step 7 or nil, whichever is greater	<input type="text"/>