


JTR/PFE-TOP100 -

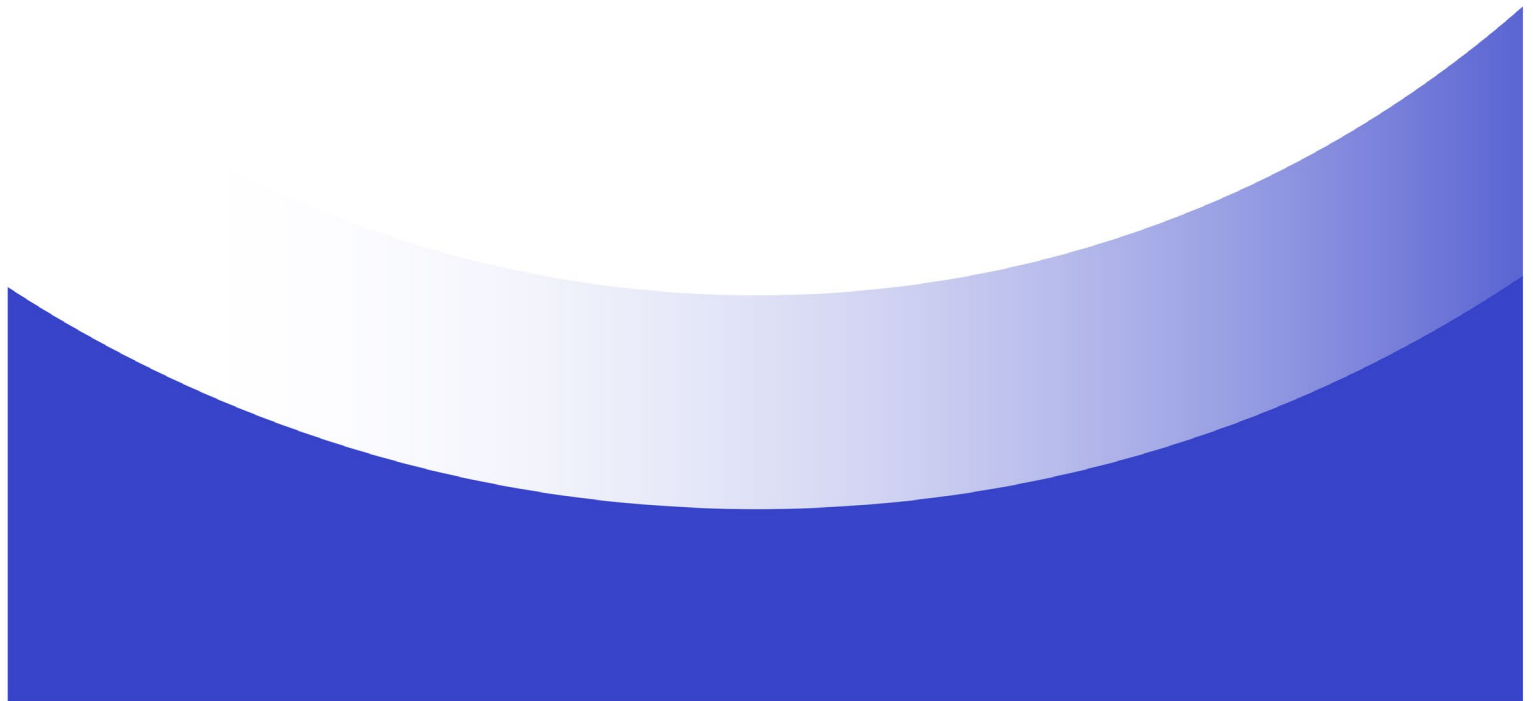
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Australian Government
Australian Taxation Office

Future GST engagement after initial GST assurance review

Top 100 justified trust program
Goods and services tax
3 July 2024





We acknowledge the Traditional Owners and Custodians of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to them, their cultures, and Elders past and present.

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Our commitment to you

If you rely on this document, you have the protections that apply to Guidance – see [How our advice and guidance protects you](#). To the extent that this document outlines a compliance approach, and you apply that approach in good faith to your own circumstances, the Commissioner will act in accordance with that approach.

Background and overview

The Top 100 GST assurance program seeks to provide assurance, through the justified trust methodology, that the Top 100 population is reporting and paying the right amount of GST in Australia. Under this program, we will complete an initial top 100 GST assurance review (**initial review**) for each Top 100 taxpayer. The review will generally focus on the last complete financial year.

Once a taxpayer has completed their initial review, it is intended that the program will provide a tailored assurance approach that seeks to leverage, as far as possible, from previous assurance activities.

Future engagement approach for taxpayers with overall high assurance

Once a taxpayer has obtained overall high assurance¹, it is intended that the taxpayer will be reviewed on a periodic basis at least once every 4 years, taking a monitoring and maintenance stance during the intervening 3 years.

Taxpayers are expected to proactively engage with us and make disclosures of material business changes, changes in GST positions taken, and any new or significant transactions. A list of the types of disclosures we expect to be disclosed on a real time basis is set out at [Appendix A](#).

We will monitor the taxpayer's GST disclosures and outcomes during the intervening 3 years. We will use our data and analytics capability to safeguard against non-disclosure or non-compliance. This can

¹ A taxpayer is not considered to have obtained overall high assurance where the taxpayer has obtained high assurance in respect of a division or business segment which does not meet the minimum sufficient coverage requirements with respect to the whole economic group. The discussion of sufficient coverage in the [GST Governance, Data Testing and Transaction Testing Guide](#) identifies that sufficient coverage is not only achieved where there is at least 75% of GST throughput, but also using additional criteria based on the case team's knowledge of the taxpayer's business operations and industry. We consider that at least 75% coverage of the GST throughput of the economic group represents sufficient coverage. The additional criteria require case teams to consider including within the scope of the assurance review any entities or business divisions that may pose a GST risk, even if the largest GST reporter provides at least 75% coverage of GST throughput. It is also important to consider entities or divisions that contain GST risks communicated to the market in public advice and guidance, such as Taxpayer Alerts, Practical Compliance Guidelines, and public rulings. If a taxpayer attains high assurance in respect of a division or business segment which does not meet the minimum sufficient coverage requirements, we will need to engage with the taxpayer in an assurance review or reviews over other divisions or business segments to obtain sufficient coverage over the whole economic group before confirming that we can apply the general approach for taxpayers at overall high assurance.

include profiling, and analysis of disclosures and other information collected through the income tax pre-lodgment compliance review (**PCR**).

Further information on what pre-lodgment disclosures we expect from taxpayers and how we will action these is available in [Top 100 Pre-lodgment disclosure framework](#).

Where GST governance was rated at provisional Stage 2 in the initial review, we will follow up to understand what actions have been taken by the taxpayer to address the provisional rating during the intervening 3 years.

As a result of our monitoring approach, we may also conduct targeted assurance activities during the intervening 3 years.

The nature of these targeted assurance activities may involve asking GST questions in the income tax PCR, or the commencement of a review or an audit to address specific GST risks.

Refresh review

It is anticipated we will seek to refresh our understanding and evidence base to enable us to reaffirm our confidence that the taxpayer continues to report and pay the right amount of GST. In ordinary circumstances, it is expected that the refresh GST assurance review (**refresh review**) will require less resource investment by taxpayers and the ATO as existing information, evidence and knowledge are able to be leveraged.

The refresh review will generally cover the fourth financial year after the financial year that was subject to the initial review.

For example, if the tax periods covered by the initial review ended on 30 June 2018, we will not conduct a refresh review for the tax periods between 1 July 2018 to 30 June 2021. The refresh review will cover the tax periods 1 July 2021 to 30 June 2022.

In the refresh review, we will seek to refresh our understanding and evidence base to enable us to reaffirm our confidence that the taxpayer continues to report and pay the right amount of GST. The refresh review will apply the full justified trust methodology.

We may conduct the refresh review earlier if:

- there are changes that may significantly impact correct recording, collating and reporting of GST impacted transactions (including significant changes to business or governance systems)
- there is a risk of significant incorrect GST reporting or payment or both
- there is a significant transaction (such as a merger or acquisition) involving significant GST risks
- we have reason to consider that our trust should no longer be maintained, or
- there are efficiencies to conduct the refresh review together with the income tax PCR (we will work with taxpayers to understand the impact of such alignment on their resourcing).

We have published further guidance to assist taxpayers who are undertaking a GST refresh review – see [Top 100 GST refresh review](#).

Future engagement approach for taxpayers with overall medium or low assurance

Taxpayers who have attained an overall medium or low assurance in their initial review will have a tailored GST engagement after the initial review.

Overall medium assurance taxpayers

Taxpayers who have attained an overall medium level of assurance² will be subject to a GST assurance review at least once every 4 financial years, with the possibility of an earlier refresh review.

We may conduct targeted assurance activities during the intervening 3 years to address areas of concern identified in the initial review or where the initial review was limited in scope or in both instances.³

Where GST governance was rated at Stage 1 or provisional Stage 2 in the initial review, we will follow up to understand what actions have been taken by the taxpayer to address the governance design gaps or the provisional rating during the intervening 3 years.

Similar to overall high assurance taxpayers, overall medium assurance taxpayers will be expected to make relevant disclosures to the ATO during the intervening 3 years. We will also take a monitoring stance to safeguard against any non-disclosure or non-compliance.

The refresh review will apply the justified trust methodology.

Where the initial review contains recommended steps for the taxpayer to address (**client next actions**), we will also review whether those steps have been taken in the refresh review.

The circumstances relevant to the ATO's decision to conduct an earlier refresh review for an overall high assurance taxpayer equally apply to an overall medium assurance taxpayer.

Further targeted assurance activities in the form of reviews or audits may also occur during the intervening 3 years as a result of our monitoring approach.

² If a taxpayer attains medium assurance in respect of a division or business segment which does not meet the minimum sufficient coverage requirements, we will need to engage with the taxpayer in an assurance review or reviews over other divisions or business segments in order to obtain sufficient coverage over the whole of the economic group before confirming that we can apply the general approach for taxpayers at overall medium assurance.

³ Some of the earlier GST assurance reviews may be limited in scope as they had commenced prior to the finalisation of [the GST Governance, Data Testing and Transaction Testing Guide](#), and the GST analytical tool methodology.

Overall low assurance taxpayers

We will comprehensively and intensively review overall low assurance taxpayers through an annual comprehensive justified trust GST assurance review.

A comprehensive justified trust assurance review will involve a whole-of-business approach and apply the 4 focus areas of justified trust. Where there are governance design gaps or client next actions or both identified in the initial review, we will follow up in the next comprehensive review to understand what actions have been taken by the taxpayer to address the gaps or recommendations or both. Where there are other specific issues of concern, we will seek to work with the taxpayer to improve the assurance ratings in the next comprehensive review. We are more likely to use specific reviews or audits or both to progress issues of concern which are assigned a red flag rating.

Appendix A

We expect the following to be disclosed on a real time basis (as relevant):

- significant or new transactions
- material business changes including changes to various streams of economic activity and how they are treated for GST purposes
- changes that may impact correct recording, collating and reporting GST impacted transactions (including changes to business systems and material changes to the design of the tax governance framework)
- outcomes of independent operational effectiveness testing of the tax governance framework completed
- change of GST treatments or positions that have previously been assured
- details of any new tax risks flagged to market
- details in relation to industry-specific disclosures (for example, for financial suppliers, GST (or input tax credit) recovery across the entity and other relevant disclosures), and
- disclosure issues or errors relating to information reported in the business activity statement that should be corrected.

References

[Pre-lodgment disclosure framework](#)

[Top 100 GST refresh review](#)

[GST Governance, Data Testing and Transaction Testing Guide](#)

ATO references

BSL: ISP

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