New consolidated entity disclosure statement

Clarifying amendments apply in the second year of the new statement

As part of its broader reforms in relation to multinational tax, the Federal Government made legislative changes to the *Corporations Act 2001* to require **all public companies** (listed and unlisted) reporting under Chapter 2M of the Act to include a new "consolidated entity disclosure statement" in financial reports for annual reporting periods beginning on or after 1 July 2023. Subsequently, legislative changes in 2024 **amend** the requirements applying for periods ending on or after **30 June 2025**.

The statement includes details of all consolidated entities as at the end of the financial year, including names, ownership interests, place of incorporation and tax residency. However, where consolidated financial statements are not required to be prepared, the statement only requires a statement to that effect (i.e. no detail of subsidiaries would be provided).

The directors' declaration that forms part of the financial report must include a statement about whether, in the directors' opinion, the consolidated entity disclosure statement is **true and correct**. In addition, for listed public companies, the chief executive officer and chief financial officer must include a statement in their declaration to the directors that the consolidated entity disclosure statement is true and correct.

The statement is **subject to audit** as part of the audit of the financial report.

As we enter the second year of compliance, entities should respond to recent legislative changes clarifying the tax residency disclosures, and fine tune the information in the statement.

"Recent legislative changes clarify the tax residency requirements in the recently introduced statement"

Alison White
Lead Partner
Accounting & Corporate Reporting

Background

On its election to government in 2022, the Federal Government began implementing its multinational tax policy. This policy included "introducing transparency measures including reporting requirements on tax information, beneficial ownership, tax haven exposure and government tenders".

The October 2022 Federal Budget included an announcement that "public companies (both listed and unlisted) would disclose information on the number of subsidiaries and their country of tax domicile".

Treasury consulted on draft legislation to implement the measure in March 2023 and the measure was subsequently included in *Treasury Laws Amendment (Making Multinationals Pay Their Fair Share – Integrity and Transparency) Bill 2023*. After some delay, this Bill was passed by Parliament on 27 March 2024 and received Royal Assent on 8 April 2024.

The new requirements apply to financial years commencing on or after 1 July 2023.

In 2024, further amendments to the Corporations Act 2001 in *Treasury Laws Amendment (Fairer for Families and Farmers and Other Measures) Act 2024* passed Parliament providing some clarification of the tax residency disclosures to be included in the consolidated entity disclosure statement. The amendments received Royal Assent in December 2024 and apply for annual reporting periods beginning on or after 1 July 2024. Changes to this publication resulting from these amendments, and additional guidance issued by ASIC and the Auditing & Assurance Standards Board (AUASB,) are marked with a blue bar in the left-hand margin.

What are the requirements?

General requirements

The amendments require public companies reporting under Chapter 2M of the *Corporations Act 2001* that are required to prepare consolidated financial statements to include the following information in their consolidated entity disclosure statement about each entity that is part of the consolidated entity (i.e. the parent entity and each of its subsidiaries) at the end of the financial year:

- The entity's name
- Whether the entity is a body corporate, partnership or trust
- Whether the entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity
- Where the entity was incorporated or formed (if the entity is a body corporate)
- Where the entity is a body corporate with share capital, the percentage of the entity's issued share capital held directly or indirectly, by the public company
- Whether the entity was an Australian resident (see below)
- A list of each foreign jurisdiction in which the entity was a resident for the purposes of the law of the foreign jurisdiction relating to foreign income tax.

Where a public company is not required to prepare consolidated financial statements, a consolidated entity disclosure statement is still required, but it would only make a statement that the entity is not required to prepare consolidated financial statements (rather than including the above information about each entity that is consolidated).

The statement is required even if consolidated financial statements are not prepared

The directors' declaration is required to include a statement about whether, in the directors' opinion, the consolidated entity disclosure statement is true and correct. In addition, for listed public companies, the chief executive officer (CEO) and chief financial officer (CFO) must include a statement in their declaration to the directors that the consolidated entity disclosure statement is true and correct.

As the consolidated entity disclosure statement forms part of the financial report, it is subject to audit as part of the normal requirements for financial reports under the *Corporations Act 2001*.

Determining tax residency

For the purposes of the statement, the legislation prescribes that an entity is an Australian resident if it is:

- An Australian resident within the meaning of the *Income Tax Assessment Act 1997* at that time
- A partnership with at least one member that is an Australian resident within the meaning of the *Income Tax Assessment Act 1997* at that time
- A "resident trust estate" within the meaning of Division 6 of Part III of the *Income Tax Assessment Act 1936*[1] in relation to the year of income that corresponds to the financial year

In addition, the explanatory memorandum accompanying the December 2024 amendments provides the following guidance:

- An entity included in the statement that is not an Australian tax resident and which is established and operates in a foreign jurisdiction lacking a corporate tax system (e.g. the Cayman Islands) should not list the foreign jurisdiction in the statement
- An entity that is an Australian tax resident under Australian tax law and foreign resident under the law of one or more foreign jurisdictions would include details of both the Australian and all foreign jurisdictions in the statement.

Interpretative guidance

Minister's statement

Dr Andrew Leigh, Assistant Minister for Competition, Charities and Treasury and Assistant Minister for Employment issued a media release ('Minister's media release') on 5 July 2024, explaining the Government's expectations in relation to the consolidated entity disclosure statement.

The Minister's media release explains that the consolidated entity disclosure statement is a tax transparency measure and outlines expectations on the preparation and audit of the statement, including:

Government expectations focus on tax transparency

- The consolidated entity disclosure statement must disclose all subsidiaries "regardless of size or materiality"
- The reporting and auditing requirements for the consolidated entity disclosure statement "are intended to apply a higher standard than for the listing of material entities in a company's financial statements"
- Auditors are expected to provide their view "without regard to materiality"
- The consolidated entity disclosure statement is a "separate part of a company's financial report"
- Tax residency can be determined in accordance with the Commissioner of Taxation's existing public guidance, and where this is applied in good faith, entities may declare the residency is true and correct for the purposes of the consolidated entity disclosure statement[2].

[1] A trust estate is a "resident trust estate" if a trustee of the trust estate was a resident at any time during the income year, or the central management and control of the trust estate was in Australia at any time during the income year.

[2] This statement was made before the December 2024 amendments were made to provide additional requirements and guidance on determining tax residency.

ASIC guidance

ASIC Information Sheet 284 *Public companies to include a consolidated entity disclosure statement in their annual financial report* provides guidance for preparers of financial reports to ensure the consolidated entity disclosure statement complies with the requirements of the Corporations Act and is consistent with the policy intent of the legislation.

The Information Sheet includes the following guidance:

Separate statement

The consolidated entity disclosure statement is a separate statement and does not form part of the notes to the financial statements, and so cannot be combined with the note on controlled entities required by Australian Accounting Standards.

Tax residency

Tax residence is a principle that is determined under the domestic tax rules of a country, and is relevant when considering how business income is taxed.

Treasury's media release confirms that entities that determine tax residency in good faith and in accordance with the Commissioner of Taxations' public guidance, may declare that the tax residence status of a subsidiary is true and correct for the purposes of the statement.

Directors' declaration

The directors' declaration must state whether, in the directors' opinion, the consolidated entity disclosure statement is "true and correct". "True and correct" is a higher reporting requirement than under a true and fair or fair presentation framework for directors and executives.

Materiality

The consolidated entity disclosure statement is not part of a true and fair or fair presentation framework and the materiality provisions of Australian Accounting Standards do not apply. All controlled entities must be included in the statement and entities cannot be excluded because of materiality (and so would include, e.g. newly acquired 'shelf' companies, dormant companies and other entities excluded from the company's consolidation process on the basis of materiality).

Audit requirements

Section 307 of the *Corporations Act 2001* implies that the auditor will obtain reasonable assurance that the consolidated entity disclosure statement and the opinion of the directors in the directors' declaration that the statement is true and correct are not misstated.

AUASB guidance

Auditing and Assurance Standards Board (AUASB) AUASB Bulletin *Audit Implications of the Consolidated Entity Disclosure Statement* provides information about the reporting requirements and audit requirements related to the consolidated entity disclosure statement. The Bulletin includes example audit procedures and auditor's report.

Of relevance to preparers of consolidated entity disclosure statements, the Bulletin:

- Confirms the view (as expressed in the ASIC Information Sheet noted above) that "true and correct" is a higher reporting requirement than would be case under a true and fair view or fair presentation framework
- Explains that the auditor should assess the consolidated entity disclosure statement on the basis of qualitative materiality given the statement is a tax transparency measure
- Provides examples of disclosures in the consolidated entity disclosure statement that would be quantitively material, including newly acquired 'shelf' companies and dormant companies and tax residency disclosures.

Further guidance

Appendix A sets out frequently asked questions and Appendix B provides an illustrative example of the consolidated entity disclosure statement.

Ensuring compliance

"True and correct" certification

The requirement for the directors (and in the case of listed entities, the CEO and CFO) to certify that the consolidated entity disclosure statement is "true and correct" requires a significant response from the directors and management.

An entity's tax return must also be certified as "true and correct" when lodged (as required for some time). However:

- The "true and correct" certification requirement is in the context of tax returns in Australia and does not otherwise arise in financial reporting
- The requirement for the consolidated entity statement to be "true and correct" is different from the requirement for the financial statements and notes to give a "true and fair view" of the entity's financial position and financial performance.

As confirmed by the Minister's media release, the "true and correct" concept is considered a higher standard than a "true and fair view" or "fair presentation framework" and requires a high level of precision.

It is important that an appropriate governance structure is in place by the directors and management to ensure the "true and correct" certification is made on the basis of appropriate due process.

It is imperative that appropriate documentation and evidence is centrally in place to meet audit requirements and possible regulatory scrutiny. In addition to providing additional comfort to the directors (and the CEO/CFO for listed companies) in making the "true and correct" statement, it also minimises potential time and cost pressures in the year end close process.

Conclusion

The requirements, guidance and developing practices around the consolidated entity disclosure statement continue to require a level of diligence to ensure compliance and to meet tax transparency goals.

APPENDIX A: FREQUENTLY ASKED QUESTIONS

Summary of FAQs in this appendix

1. General requirements

1.1. What entities are considered public companies under the *Corporations Act 2001?*

The *Corporations Act 2001* defines a "public company" as "a company other than a proprietary company or CCIV" (the latter being a corporate collective investment vehicle). Therefore, all companies will be public companies unless they are a proprietary company (which have "proprietary" in their name) or are a CCIV (a special type of company that is akin to a managed investment scheme).

The status of a company can also be determined by searching for the company's name on the ASIC Connect website (search in "Organisation & Business Names").

Only public companies reporting under Chapter 2M of the *Corporations Act* 2001 are required to prepare a consolidated entity disclosure statement. Therefore, public companies reporting under other frameworks (e.g. registered charities reporting under the *Australian Charities and Not-for-profits Commission Act 2012)* are not required to prepare a consolidated entity disclosure statement.

Other types of entities captured by the reporting requirements of Chapter 2M of the *Corporations Act 2001* are not required to include a consolidated entity disclosure statement in the financial report. For example, disclosing entities that are not companies, registrable superannuation entities and registered managed investment schemes.

1.2. Where in the financial report should the consolidated entity disclosure statement be located?

The legislation states that a financial report for a public company consists of (s.295(1), *Corporations Act 2001*):

- The financial statements for the year
- The notes to the financial statements
- The consolidated entity disclosure statement
- The directors' declaration about the statements and notes.

Furthermore, the directors' declaration is required to include a statement that the consolidated entity disclosure statement is "true and correct" (rather than "true and fair" as is required in relation to the financial statements and notes).

As confirmed by the Minister's media release and ASIC guidance, the consolidated entity disclosure statement is presented as a separate statement.

We suggest the statement is presented as the last section of the financial report, after the notes to the financial statements (but before the auditor's report). This avoids extending the length of the financial statements and notes and clearly separates tax transparency disclosures from financial reporting information.

1.3. Is a consolidated entity disclosure statement required if a public company does not prepare consolidated financial statements?

Yes, although the contents of the consolidated entity disclosure statement are different to those applying where consolidated financial statements must be prepared.

An entity may not be required to prepare consolidated financial statements because it does not have any subsidiaries or is eligible for the exemptions from consolidation in AASB 10 *Consolidated Financial Statements.* In this case, the consolidated entity disclosure statement simply contains a statement that the entity is not required by Australian Accounting Standards to prepare consolidated financial statements (s.295(3A)(2), *Corporations Act 2001*). That statement is effectively the consolidated entity disclosure statement for the purposes of the legislation. Example wording is set out below:

Illustrative disclosure where consolidated financial statements are not required

Consolidated entity disclosure statement as at *[reporting date]*

Subsection 295(3A)(a) of the *Corporations Act 2001* does not apply to the company as the company is not required to prepare consolidated financial statements under Australian Accounting Standards.

1.4. If a public company voluntarily prepares consolidated financial statements, what form should the consolidated entity disclosure statement take?

The requirement to provide the prescribed details about the members of the consolidated entity only arises "if the accounting standards **require** the public company to prepare financial statements in relation to the consolidated entity" (s.295(3A)(a), *Corporations Act 2001*, emphasis added).

Therefore, a public company that voluntarily prepares consolidated financial statements (or is required to prepare consolidated financial statements by another reporting mandate such as a shareholders' agreement), is only required to make a statement that the entity is not required to prepare consolidated financial statements (but has chosen to do so).

However, the company could choose to provide information about the entities that have been consolidated in addition to the statement to meet the requirements of the *Corporations Act 2001*. Example of how this can be addressed is set out below:

Illustrative disclosure where consolidated financial statements voluntarily prepared

Consolidated entity disclosure statement as at *[reporting date]*

Subsection 295(3A)(a) of the *Corporations Act 2001* does not apply to the company as the company is not required to prepare consolidated financial statements by Australian Accounting Standards. However, the entity has prepared consolidated financial statements because *[explain reason why consolidated financial statements are being prepared, e.g. prepared voluntarily, in accordance with a shareholders' agreement, or under other legislation or regulation]* and the directors provide the following information about the entities consolidated in the consolidated financial statements on a voluntary basis:

[insert details similar to those in Appendix B]

Where voluntary information is included, the presentation of that information and the subsequent impacts on the directors' declaration and auditor's report should be carefully considered.

Practice in this area may develop over time or be subject to regulatory interpretation.

2. Specific requirements

2.1. Is comparative information required?

No. The requirement is to provide information about each entity that was part of the consolidated entity as at the end of the financial year (s.295(3A)(a), *Corporations Act 2001*).

An entity could choose to provide comparative information, but this may possibly raise legislative compliance and assurance concerns.

2.2. Are there any requirements to disclose changes in the group that have occurred during the financial year?

No. Because the requirement is to provide information about the entities that are part of the consolidated group "as at the end of the financial year" (s.295(3A)(a), *Corporations Act 2001*), only entities that are consolidated at that point in time need to be listed.

2.3. Do all consolidated entities need to be included in the consolidated entity disclosure statement, even if they are dormant or clearly immaterial?

s 295(3A)(a) of the *Corporations Act 2001* provides that the disclosures in (i) – (vii) must be made for *"each entity that was, at the end of the financial year, part of the consolidated entity"*. Whether or not this includes dormant or immaterial entities is unclear, particularly noting that certain subsidiaries may not be consolidated on a line-by-line basis because doing so is not material in the context of the overall consolidated financial statements.

However, the Explanatory Memorandum to the *Treasury Laws Amendment (Making Multinationals Pay Their Fair Share – Integrity and Transparency) Bill 2023* provides the following guidance in respect of the purpose of the disclosures (at paragraph 1.5):

> *"The intent is that increased public disclosures will lead to enhanced scrutiny on companies' arrangements, including how they structure their subsidiaries and operate in different jurisdictions, including for tax purposes. From a tax perspective, the expectation is that more information in the public domain will help to encourage behavioural change in terms of how companies view their tax obligations, including their approach to tax governance practices, decision making around aggressive tax planning strategies and potential simplification of group structures."*

Furthermore, the Minister's media release explains that public companies preparing their consolidated entity disclosure statement should "disclose all their subsidiaries, regardless of size or materiality". The ASIC guidance and AUASB guidance also confirm this view.

Responding to the intent of the legislation and regulatory expectations, we recommend companies include subsidiaries forming part of holding and other structures, regardless of size, materiality and status (dormant, newly incorporated, etc).

2.4. Does the requirement to provide information about trusts, partnerships and joint ventures only apply to those types of entities that are consolidated in the financial statements?

The legislative requirement around trusts, partnerships and joint ventures (JVs) is reproduced below (s.295(3A)(a)(iii), *Corporations Act 2001*):

> *"whether, at that time, the entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity"*

This wording clearly links the entity being a trustee, partner or JV participant of entities "within the consolidated entity". Accordingly, this requirement is limited to trustees, partners and participants of trusts, partnerships and joint ventures respectively that are consolidated in the consolidated financial statements. For example, this may arise where two or more entities in the consolidated group are partners in a partnership that is controlled, and so consolidated, in the consolidated financial statements.

There is no requirement to provide details in relation to trusts, partnerships and joint ventures that are accounted for as investments in joint ventures, associates or financial instruments in the consolidated financial statements. In other words, as these entities are not consolidated in the consolidated financial statements, the consolidated entity disclosure statement does not need to include details of these interests.

Where no entities in the group have interests in trusts, partnerships or joint ventures that are consolidated in the consolidated financial statements, a blanket statement may be included in the consolidated entity disclosure statement. Example wording is set out below:

Illustrative disclosure where there are no consolidated trusts, partnerships or joint ventures

Consolidated entity disclosure statement as at *[reporting date]*
[Include details per Appendix B]

There are no trusts, partnerships or joint ventures within the consolidated entity. Accordingly, none of the above entities was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

2.5. Are the names of the consolidated trusts, partnerships and joint ventures required to be disclosed for an entity that is a trustee, partner or participant?

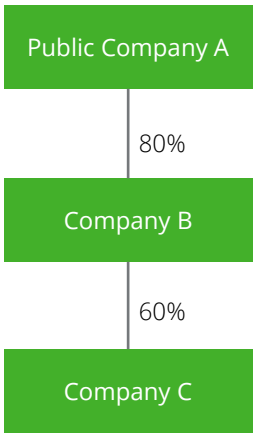
No. Technically, the only requirement is to provide an analysis of which group members are a trustee, partner or JV participant in consolidated trusts, partnerships and joint ventures. However, a company could choose to provide additional information in the statement so that the group structure is clear to readers.

The consolidated trusts, partnerships and joint ventures themselves are also separately listed in the consolidated entity disclosure statement as they are also part of the consolidated entity. There is no explicit requirement to note which entities in the group are the trustee, partners or participants for each of those entities.

2.6. What interest is shown in the statement for bodies corporate that have indirect non-controlling interests?

Where there are indirect non-controlling interests it is unclear whether the interest disclosed should be an economic interest or voting interest.

Consider the example structure below:



In these circumstances, the percentage shown in the consolidated entity disclosure statement of Public Company A in respect of Company C could be:

- A 48% economic interest
- A 60% direct voting interest.

We recommend more information is provided where these structures exist. This might be a footnote to the relevant column in the consolidated entity disclosure statement, or an explanation in the basis of preparation. Entities could also choose to disclose both measures if considered necessary.

3. Tax-related questions

3.1. If a company is an Australian resident, does that mean that it cannot also be a foreign resident?

Under Australian tax law, a company is generally either an Australian resident or a foreign resident. However, it is possible that a company may be an Australian resident under Australian law and may also be a resident of a foreign jurisdiction under the law of that foreign jurisdiction.

The legislation requires the reporting entity to disclose whether an entity included in the statement is an Australian tax resident. Where that entity has multiple tax residencies, for example, it may be an Australian tax resident as well as a resident of a foreign jurisdiction (or multiple foreign jurisdictions), it should disclose that it is an Australian resident and also disclose its foreign tax residencies.

3.2. Is residency information required for consolidated trusts and partnerships?

Yes.

The original legislation referenced the "Australian resident" and "foreign resident" concepts within the meaning of the *Income Tax Assessment Act 1997* which ultimately only contemplates "a person" or "a company" – without referencing trusts and partnerships.

The December 2024 amendments clarify how the residency of partnerships and trusts are to be determined for the purposes of the consolidated entity disclosure statement:

- A partnership included in the statement would be listed as having Australian tax residency if at least one member of the partnership is an Australian resident
- A trust included in the statement would be considered an Australian resident where the trust is a 'resident trust estate' for the purposes of Australian tax law.

For more information, see Determining tax residency on page 3.

3.3. What if a member of the consolidated entity is formed in a jurisdiction that does not have a tax residency concept?

There may be difficulties with disclosure in respect of tax haven incorporated entities, due to the words in the *Corporations Act 2001* requiring disclosure of "a list of each foreign jurisdiction (if any) in which the entity was, at that time, a resident for the purposes of the law of the foreign jurisdiction relating to foreign income tax (within the meaning of the *Income Tax Assessment Act 1997*) ". It may be that under the relevant law operating in the tax haven, there is no local law that relates to foreign income tax.

The explanatory memorandum accompanying the December 2024 amendments provides guidance that entities included in the statement that are not an Australian tax resident and which are established and operate in a foreign jurisdiction lacking a corporate tax system (e.g. the Cayman Islands) should not list the foreign jurisdiction in the statement.

In these circumstances, entities may wish to provide additional explanation about the operation of the foreign law so that readers understand the tax circumstances of those entities.

3.4. Are there any special considerations in relation to tax-consolidated groups?

Not necessarily. A company must be an Australian resident in order to be eligible to join a tax-consolidated group and this residency would be disclosed for the entity. In some cases, such entities may also be residents of a foreign jurisdiction under foreign tax law and that foreign residency would also be disclosed for the entity.

Notwithstanding this, entities may choose to present additional information about the members of the tax-consolidated group, i.e. indicating the members of the tax consolidated group by way of footnote.

We have provided illustrative disclosure of this approach in Appendix B.

3.5. What is the impact of an entity operating a permanent establishment in a foreign jurisdiction?

An entity operating a branch or a permanent establishment in another jurisdiction is not usually seen as being a resident of the other jurisdiction.

However, whether such an entity is a resident of the other jurisdiction is a matter to be determined under the law of that jurisdiction.

3.6. What impacts do double tax agreements have on the disclosures?

In some cases, where an entity may be subject to tax in two jurisdictions, the taxing authority is determined by a double tax agreement. This may have the practical effect of the entity being equivalent to being a resident of the 'tie breaker' jurisdiction.

The requirement of the legislation is to disclose "a list of each foreign jurisdiction in which the entity was … a resident for the purposes of the law of the foreign jurisdiction relating to foreign income tax". Therefore, the relevant question is whether the entity is a resident, not whether the entity is subject to taxation, of a foreign jurisdiction.

Accordingly, where an entity is a resident under the law of a jurisdiction, that jurisdiction should be disclosed in the consolidated entity disclosure statement, even if there is no tax obligation arising due to a double tax agreement.

3.7. How should entities be described where their classification or treatment for Australian tax purposes differs from their legal characterisation?

There are instances where an entity may have a classification or treatment for Australian tax purposes that differs from its legal characterisation. For example, public trading trusts are public unit trusts that are trading trusts, which lodge a company tax return and use a company tax file number.

The question then arises whether these entities are described as trusts (following the legal form) or a body corporate (following the tax characterisation) in the consolidated entity disclosure statement.

Similarly, certain entities that meet the conditions in Division 830 of the *Income Tax Assessment Act 1997* may be legal form companies (such as United States Limited Liability Companies) but are treated as partnerships from an Australian tax perspective.

Given the requirement arises from the *Corporations Act 2001*, we believe that the legal nature of the entity should be included in the consolidated entity disclosure statement. However, it would be good practice to include a description of the tax treatment to meet the overall objectives of the legislation, such as by way of a footnote.

4. Other considerations

4.1. Where a separate statement is presented, can the information currently disclosed about group members in the financial statements be removed?

No. Where the entity presents a consolidated entity disclosure statement outside of the financial statements and notes[3], there will be a need to at least partially duplicate the information in the notes to the financial statements.

This is because:

- Information about subsidiaries is required to be disclosed by AASB 12 *Disclosure of Interests in Other Entities*, including information about the composition of the group and specific information about subsidiaries with material non-controlling interests
- Comparative information is included in the notes to the financial statements, where relevant and as required by AASB 101 *Presentation of Financial Statements*, whereas comparative information is not required in the consolidated entity disclosure statement
- For entities applying *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, information about parties to the deed of cross guarantee must be included in the notes to the consolidated financial statements in order to comply with the conditions of the instrument. In addition, details of parties added, removed or subject to a notice of disposal during the financial year are required to be disclosed (and this information would not be included in the consolidated entity disclosure statement as it is a 'point in time' statement)
- Entities with tax-consolidated groups within their group structure generally also indicate which entities are members of the tax-consolidated group in the notes to the financial statements.

[3] See *'1.2. Where in the financial report should the consolidated entity disclosure statement be located?'* on page 7 for more information.

Deloitte.

APPENDIX B: EXAMPLE CONSOLIDATED ENTITY DISCLOSURE STATEMENT

International GAAP Holdings Limited

Consolidated entity disclosure statement as at 30 June 202X

		Bodies corporate		Tax residency	
Entity name	**Entity type**	**Place formed or incorporated**	**% of share capital held (i)**	**Australian tax resident**	**Foreign jurisdictions**
International GAAP Holdings Limited	Body corporate	Australia	N/A	Yes (v)	N/A
Subone Limited (ii)	Body corporate	Australia	90%	Yes	N/A
Subtwo Limited (ii)	Body corporate	Australia	45%	Yes	N/A
Subthree Limited	Body corporate	Australia	100%	Yes (v)	N/A
Subfour Limited	Body corporate	B Land	70%	No	Jurisdiction B
Subfive LLC	Body corporate	C Land	100%	No	N/A (vi)
Subsix Limited (iii)	Body corporate	A Land	80%	Yes	N/A
Subseven Limited	Body corporate	Australia	100%	Yes (v)	N/A
C Plus Limited (iv)	Body corporate	Australia	45%	Yes	N/A
Subsidiary A Limited	Body corporate	Australia	80%	Yes	N/A
Subsidiary B Limited (iv)	Body corporate	B Land	90%	Yes	Jurisdiction B
Partnership A	Partnership	N/A	N/A	No	Jurisdiction B & D
AGAAP Trust	Trust (vii)	N/A	N/A	Yes	N/A
B Joint Venture Limited	Body corporate	Australia	95%	Yes	N/A

(i) Represents the economic interest in the entity as consolidated in the consolidated financial statements.
(ii) Participant in the B Joint Venture[4] which is consolidated in the consolidated financial statements.
(iii) Trustee of the AGAAP Trust[4] which is consolidated in the consolidated financial statements.
(iv) C Plus Limited and Subsidiary B Limited are partners in Partnership A[4] which is consolidated in the consolidated financial statements. Subsidiary B Limited has multiple tax residencies and discloses 'yes' as being an Australian tax resident as well as listing a foreign jurisdiction, Jurisdiction B
(v) This entity is part of a tax-consolidated group under Australian taxation law, for which International GAAP Holdings Limited is the head entity[5].
(vi) Subfive LLC is incorporated in *[Jurisdiction C]*. Under the law of *[Jurisdiction C]* there is no relevant law relating to foreign income tax[6].
(vii) AGAAP Trust was formed as a Trust under Australian law. However, the trust is classified as a public trading trust under Australian tax law and is taxed as a company.

[4] The name of the entity is not required. See '*2.5. Are the names of the consolidated trusts, partnerships and joint ventures required to be disclosed for an entity that is a trustee, partner or participant?*' on page 10 for more information.
[5] This disclosure is not mandatory. See '*3.4. Are there any special considerations in relation to tax-consolidated groups?*' on page 12 for more information.
[6] The explanatory memorandum accompanying *Treasury Laws Amendment (Fairer for Families and Farmers and Other Measures) Act 2024* explains the following: "In some circumstances, the concept of tax residency may not apply to a reporting entity's subsidiary – for example, where the subsidiary is not an Australian resident and there is no corporate tax system in the foreign jurisdiction in which the subsidiary is established and operates. An example is where the subsidiary is not an Australian resident, and is established and operated in the Cayman Islands. In these circumstances, the reporting entity should state that the subsidiary is not an Australian resident under subsection 295(3B) of the Corporations Act, and also not list the relevant foreign jurisdiction for the purposes of subparagraphs 295(3A)(a)(vi) and (vii) of the Corporations Act."

Deloitte.

Basis of preparation

The consolidated entity disclosure statement has been prepared in accordance with subsection 295(3A)(a) of the *Corporations Act 2001*. The entities listed in the statement are International GAAP Holding Limited and all the entities it controls in accordance with AASB 10 *Consolidated Financial Statements.*

The percentage of share capital disclosed for bodies corporate included in the statement represents the *[economic interest consolidated in the consolidated financial statements / voting interest controlled by International GAAP Holdings Limited either directly or indirectly]*[7].

An entity is reported in the consolidated entity disclosure statement as being tax resident in Australia if it is:

- An Australian resident within the meaning of the *Income Tax Assessment Act 1997 at that time*
- A partnership at least one member of which is an Australian resident (within the meaning of the *Income Tax Assessment Act 1997) at that time*
- A resident trust estate (within the meaning of Division 6 of Part III of the *Income Tax Assessment Act 1936*) in relation to the year of income (within the meaning of that Act) that corresponds to the financial year.

[In relation to the tax residency information included in the statement, judgement may be required in the determination of the residency of the entities listed.] In developing the disclosures in the statement, the directors determined tax residency considering the following sources of information: *[describe source of information used to support the determination of tax residency]*.

[7] Where the relevant interests have been footnoted in the statement itself, this statement need not be repeated in the basis of preparation.

Deloitte.

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