

**BUSINESS**

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**Australian Government**

**Australian Taxation Office**

# Interposed entity election 2006

Election form and explanatory notes for 1 July 2005 – 30 June 2006



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# EXPLANATORY NOTES FOR THE INTERPOSED ENTITY ELECTION 2006

## WHEN TO USE THE INTERPOSED ENTITY ELECTION 2006

The trustee(s), company or partners must use the *Interposed entity election 2006* to make an interposed entity election in accordance with section 272-85 of Schedule 2F to the *Income Tax Assessment Act 1936* (ITAA 1936) specifying a day in the 2004–05 or 2005–06 income year.

## CONDITIONS FOR MAKING AN INTERPOSED ENTITY ELECTION

### Where specifying the 2005–06 income year

To make an interposed entity election specifying a day in the 2005–06 income year, the trust, company or partnership must pass the family control test in section 272-87 of Schedule 2F to ITAA 1936 at the end of that income year (see subsection 272-85(4) of Schedule 2F to ITAA 1936). However, the interposed entity election will only be in force from the later of the specified day or the earliest time (the **election commencement time**) in the 2005–06 income year from which the trust, company or partnership passes the family control test continuously until the end of that income year (see subsection 272-85(6) of Schedule 2F to ITAA 1936).

#### NOTE

An interposed entity election is irrevocable.

The trustee(s), company or partners may make more than one interposed entity election in accordance with section 272-85 of Schedule 2F to ITAA 1936 that the trust, company or partnership is to be included in the family group of the individual specified in a family trust election, provided all the interposed entity elections are in relation to the family group of the same individual and that individual is specified in each family trust election (see subsection 272-85(7) of Schedule 2F to ITAA 1936). They must complete a separate *Interposed entity election 2006* for each interposed entity election specifying a day in the 2005–06 income year.

### Where specifying the 2004–05 income year

For the 2005–06 and later income year trustee(s), a company or partners are able to make interposed entity elections specifying an earlier income year provided certain conditions are met. Generally these conditions require that from the beginning of the specified income year until 30 June of the income year immediately preceding that in which the election is made:

- the company, partnership or trust passes the family control test in section 272-87 of Schedule 2F to ITAA 1936, and
- any conferral of present entitlement to, or any actual distributions of, income or capital during that period have been made on or to the individual specified in the family trust election by reference to which the interposed entity election is made or members of that individual's family group (see subsection 272-85(4A) of Schedule 2F to ITAA 1936).

As subsection 272-85(4A) of Schedule 2F to ITAA 1936 applies to elections specifying the 2004–05 year or a later income year, trustees, companies and partners using the *Interposed entity election 2006* to make an interposed entity election can specify the 2004–05 income year provided the above conditions are met.

## HOW TO COMPLETE THE INTERPOSED ENTITY ELECTION 2006

Answer items **1** to **9** in the *Interposed entity election 2006*. The trustee(s), company or partners must provide **all** the information required for an interposed entity election specifying a day in the 2004–05 or 2005–06 income year to be made in accordance with section 272-85 of Schedule 2F to ITAA 1936.

#### NOTE

Make sure to write either **2005** or **2006** as appropriate in the '**income year specified**' box at item **5** of the *Interposed entity election 2006*.

Although it is not an offence not to quote a tax file number (TFN), any TFN required in this form is information which the Commissioner requires within the meaning of subsection 272-85(3) of Schedule 2F to ITAA 1936. If a TFN of a person or entity is required on the *Interposed entity election 2006* and the relevant person or entity does not have a TFN, print **X** in the box provided.

Every trustee of the trust (in the case of a trust), the company public officer (in the case of a company) or every partner of the partnership (in the case of a partnership) must sign and date the *Interposed entity election 2006* at the time the interposed entity election is made. If a trustee or partner is a company, the company public officer must sign for that corporate trustee or partner.



Please print neatly in BLOCK LETTERS with a black or blue ballpoint pen only.

Tax file number (TFN)   
of the trust, company or partnership

You must provide all the information required by this form to ensure that an interposed entity election specifying a day in the 2004–05 or 2005–06 income year is made in accordance with section 272–85 of Schedule 2F to the *Income Tax Assessment Act 1936* (ITAA 1936).  
If there is not enough space on the form to properly answer any item or if an item requires further information to be provided, attach a separate sheet of paper with the additional information.

## Interposed entity election specifying a day in the 2004–05 or 2005–06 income year

### 1 Full name and current postal address (including country – if outside Australia) of the trust, company or partnership for which the interposed entity election is made (interposed entity). In the case of a company, also provide the Australian company number (ACN) or Australian registered body number (ARBN).

Full name of the interposed entity (trust, company or partnership)   
 ACN/ARBN\*   
\* Cross out whichever is not applicable

Current postal address of the interposed entity   
  
Suburb or town  State  Postcode   
Country – if not Australia

### 2 If the name and/or the postal address for the trust, company, or partnership identified in item 1 above has changed since its last tax return (if any) was lodged, print it exactly as shown on the last notice of assessment or the last tax return lodged.

Full name of the interposed entity (trust, company or partnership) as shown on last notice of assessment or last tax return lodged

Postal address of the interposed entity as shown on last notice of assessment or last tax return lodged   
  
Suburb or town  State  Postcode   
Country – if not Australia

### 3a If the interposed entity is a trust, was the central management and control of the trust outside Australia at any time during the period from the election commencement time (see items 5 and 6) until the time the election is made (relevant period)? Print Y for yes or N for no.

If you printed Y, specify the time(s) at which central management and control was outside Australia. Full period

Print F in the box if the central management and control of the trust was outside Australia at all times during the relevant period OR specify the time(s) during the relevant period at which central management and control of the trust was outside Australia.

If more than one time period is to be specified, attach a separate sheet of paper with details of the additional time periods in relation to this sub-item.

from  Day Month Year  to  Day Month Year

### 3b If the interposed entity is a company, was the company a non-resident for tax purposes at any time during the period from the election commencement time (see items 5 and 6) until the time the election is made (relevant period)? Print Y for yes or N for no.

If you printed Y, specify the time(s) at which the company was a non-resident for tax purposes. Full period

Print F in the box if the company was a non-resident for tax purposes at all times during the relevant period OR specify the time(s) during the relevant period at which the company was a non-resident for tax purposes.

If more than one time period is to be specified, attach a separate sheet of paper with details of the additional time periods.

from  Day Month Year  to  Day Month Year

**4 If the interposed entity is a trust or partnership, provide the full name, TFN, current postal address and residency details of every trustee of the trust or partner of the partnership respectively during the period from the election commencement time (see items 5 and 6) until the time the election is made (relevant period).**

**Where any trustee or partner is a company, the ACN or ARBN of each such trustee or partner is also required.**

If there were more than two trustees of the trust or partners of the partnership during the relevant period, attach a separate sheet of paper with all the information required for each additional trustee or partner.

TFN of trustee or partner

OR

Print **X** in the box if the trustee or partner does not have a TFN.

**If the trustee or partner is an individual**

Title – for example, Mr, Mrs, Ms, Miss

Surname or family name

Given names

**If the trustee or partner is a company**

Name

ACN/ARBN\* \*Cross out whichever is not applicable.

**Current postal address of the trustee or partner**

<input type="text"/>
<input type="text"/>
Suburb or town
State <input type="text"/> Postcode <input type="text"/>
Country – if not Australia

At any time during the relevant period was the trustee or partner a non-resident for tax purposes?  Print **Y** for yes or **N** for no.

If you printed **Y**, specify the time(s) at which the trustee or partner was a non-resident for tax purposes.

Print **F** in the box if the trustee or partner was a non-resident for tax purposes at all times during the relevant period **OR**  Full period

specify the time(s) during the relevant period at which the trustee or partner was a non-resident for tax purposes.

Day Month Year to Day Month Year

If more than one time period is to be specified, attach a separate sheet of paper with details of the additional time periods in relation to the trustee or partner.

TFN of trustee or partner

OR

Print **X** in the box if the trustee or partner does not have a TFN.

**If the trustee or partner is an individual**

Title – for example, Mr, Mrs, Ms, Miss

Surname or family name

Given names

**If the trustee or partner is a company**

Name

ACN/ARBN\* \*Cross out whichever is not applicable.

**Current postal address of the trustee or partner**

<input type="text"/>
<input type="text"/>
Suburb or town
State <input type="text"/> Postcode <input type="text"/>
Country – if not Australia

At any time during the relevant period was the trustee or partner a non-resident for tax purposes?  Print **Y** for yes or **N** for no.

If you printed **Y**, specify the time(s) at which the trustee or partner was a non-resident for tax purposes.

Print **F** in the box if the trustee or partner was a non-resident for tax purposes at all times during the relevant period **OR**  Full period

specify the time(s) during the relevant period at which the trustee or partner was a non-resident for tax purposes.

Day Month Year to Day Month Year

If more than one time period is to be specified, attach a separate sheet of paper with details of the additional time periods in relation to the trustee or partner.

**5 Write 2006 or 2005 for the income year specified for the purposes of the interposed entity election. Also write the day specified in the relevant year for the purposes of the election. If the specified income year does not end on 30 June, state the substituted accounting period for that income year.**

**Note:** The election has not been made unless a day is specified at this item.

Income year specified  Day specified Day Month Year from Day Month Year to Day Month Year Substituted accounting period

**6 The election commencement time for the interposed entity election.**

Day	Month	Year

**Note:** Only complete this item if specifying the 2005–06 income year and if the family control test in section 272-87 of Schedule 2F to ITAA 1936 has NOT been satisfied at all times during the 2005–06 income year from the day specified in item 5. In these circumstances, the election commencement time will be the later of the earliest time from which the family control test was passed continuously until the end of the 2005–06 income year and the beginning of the day specified in item 5.

**7 Full name, TFN and current postal address (including country – if outside Australia) of the family trust in respect of which the interposed entity election in this form is made.**

TFN of the family trust  **OR**  Print **X** in the box if the family trust does not have a TFN.

Full name of the family trust

Current postal address of the family trust

Suburb or town  State  Postcode

Country – if not Australia

**Note:** If an interposed entity election is made in respect of more than one family trust in accordance with subsection 272-85(7) of Schedule 2F to ITAA 1936 from a day in the 2004–05 or 2005–06 income year, a separate *Interposed entity election 2006* must be completed for each election in respect of each family trust.

**8 The income year specified in the family trust election for the trust identified in item 7 which specifies the individual identified in item 9 AND the election commencement time for that election. If the family trust's specified income year does not end on 30 June, state the substituted accounting period for that income year.**

Income year specified in the family trust election

Election commencement time for the family trust election

Substituted accounting period of the family trust from  to

**Note:** The specified income year AND the election commencement time shown here must correspond exactly to the details provided in items 5 and 6 of Section A of the relevant *Family trust election and/or family trust revocation* that has been lodged or given to the Commissioner for the family trust identified in item 7. If no date was specified at item 6 of Section A of the relevant *Family trust election and/or family trust revocation*, leave the election commencement time box at this item blank.

**9 Full name, TFN, date of birth and current address of principal place of residence (including country – if outside Australia) of the individual (specified individual) whose family group is taken into account in relation to the family trust election for the trust identified in items 7 and 8, and in whose family group the interposed entity is electing to be included.**

TFN of the specified individual  **OR**  Print **X** in the box if the specified individual does not have a TFN.

Date of birth of the specified individual

Full name of the specified individual

Title – for example, Mr, Mrs, Ms, Miss

Surname or family name  Given names

Current address of principal place of residence of the specified individual

Suburb or town  State  Postcode

Country – if not Australia

**Declaration:**

**I/We** declare that all the information required has been provided on this form and any attachments to this form, and that the information provided is true and correct in every detail, and that the trustee(s)/company/partners is/are making an interposed entity election specifying a day in the 2004–05 or 2005–06 income year, the details of which are set out above, for the purposes of section 272-85 of Schedule 2F to ITAA 1936 and that the trustee(s)/company/partners is/are able to make the election in accordance with that section.

**Full name of the trustee(s)/the company public officer/the partners at the time the election is made.**

**Note:** If the election is being made for a trust or partnership, the name of the trustee or partner must be written exactly as it appears at item 4.

**If an individual**

Title – for example, Mr, Mrs, Ms, Miss

Surname or family name

Given names

**If an individual**

Title – for example, Mr, Mrs, Ms, Miss

Surname or family name

Given names

**If the trustee or partner is a company**

Name





**If the trustee or partner is a company**

Name





Signature of the trustee/company public officer/partner or, if the trustee or partner is a company, the signature of the public officer of the corporate trustee/partner

Signature of the trustee/company public officer/partner or, if the trustee or partner is a company, the signature of the public officer of the corporate trustee/partner

Date declaration made

Day	Month	Year

Date declaration made

Day	Month	Year

If there are more than two trustees of the trust or partners of the partnership at the time the election is made, attach a separate sheet of paper with the above details and signature for each additional trustee or partner.

**For more information see *Explanatory notes for the interposed entity election 2006* on the inside front cover.**

**Hours taken to prepare and complete this form**  (See notes below)

The Tax Office is committed to reducing the costs of complying with taxation obligations.

By completing this item you will help us to monitor these costs as closely as possible.

When completing this item the trust, company or partnership should consider the time, rounded up to the nearest hour spent:

- reading the instructions
- collecting the necessary information to complete this form
- making any necessary calculations, and/or
- actually completing this form.

**Notes:**

1. The answer should reflect the time both your business and tax agent spent preparing and completing this form. This includes the time spent by any other person whose assistance was obtained, such as an employee of the business.
2. If this form is lodged with the 2005–06 tax return, the answer should be included in the time box provided in the tax return.