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**Deloitte Tax Newsletter for  
Japanese companies**

First issue, 19 March 2020

Dear Reader,

The Japanese Services Group (“JSG”), Deloitte Australia, is pleased to launch a new tax newsletter for Japanese clients in Australia, which aims to briefly outline some recent tax developments we consider important for Japanese owned organizations to be aware of. We hope our tax newsletter will provide you with relevant content that can be used for updates, tax compliance and communication with your head office in Japan.

Should you have any questions, please feel free to contact members of JSG listed on the last page.

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### Deloitte Tax News - Update on the ATO’s Justified Trust program for the Top 1,000 entities

The Top 1,000 program aims to obtain a level of justified trust that the largest 1,000 public and multinational companies and superannuation funds are reporting the right amount of income tax. The ATO applies their justified trust methodology, via a “Streamlined Assurance Review” (SAR) which rates the taxpayer against four metrics: Tax risk management and guidance, the treatment of new and significant transaction, tax risks flagged to the market and the difference between accounting and tax results.

At the time of writing, the ATO completed ~70% of the first round SARs. The ATO will also commence a second round of SAR-style reviews, the “Next Action” program, in 2020. Some of the ATO’s key findings are outlined in our [Deloitte Tax Insights article](#).

We have been advised that several Japanese companies recently received advance notice from the ATO that it will soon commence a SAR and were provided with detailed requests for information (RFIs). The ATO has released a list of typical questions in a Top 1,000 review, which can be found [here](#).

### Major tax related updates and news for Japanese companies

#### Corporate and international tax

##### i) Expanded definition of Significant Global Entity (“SGE”)

On 12 February 2020, the Government introduced legislation into Parliament which will extend the definition of a Significant Global Entity (SGE) and introduce a new concept of a Country-by-Country Reporting entity (CbCRE). The legislation was previously released as an exposure draft in November 2019. The final legislation is broadly similar in objective to the earlier versions; however, Treasury has made some changes to attempt to make the legislation clearer and work more effectively, particularly around the CbCRE definitions.

A significant change from the previous exposure draft to the final legislation is a one-year delay on its application, which will now apply to income years or periods starting on or after 1 July 2019. For details, please see our [Deloitte Tax Insights article](#).

## ii) ATO guidance on Principal Purpose Test

Following global discussions on BEPS Action 6 for prevention of treaty abuse, the ATO has released a draft Law Administration Practice Statement ("PSLA") which deals with administering general anti-abuse rules, such as a principal or main purposes test in treaties. As outlined in [Deloitte Tax Insights article](#), the PSLA provides useful indicators of the document requests and the framing questions that could be expected from the ATO in respect of the tests.

## iii) Recent update on superannuation guarantee amnesty

Legislation to provide for a Superannuation Guarantee amnesty has now passed through both Houses of Parliament. This provides a six-month window for companies to report and 'catch up' on underpayments of historical Australian superannuation contributions. This would be an opportunity to avoid significant penalties and avoid non-deductibility of superannuation remediation amounts. Further details can be found in this [Deloitte tax@hand article](#).

## Transfer Pricing

### i) ATO's Taxpayer Alert ("TA") on intangible-related issues

On 22 January 2020, the ATO released TA 2020/1 which highlights its increased focus on intangible-related issues and outlines its approach to arrangements considered to be higher risk. The ATO also indicates that its concerns extend beyond the specific arrangements/transactions including cost contribution arrangements (CCA) and less traditional forms of intangible assets, such as online databases of know-how. Further details are available in this [Deloitte tax@hand article](#).

### ii) ATO's draft guidance regarding thin capitalization 'arm's length debt test'

On 28 August 2019, the ATO released a draft Practical Compliance Guideline on its risk assessment framework and compliance approach on the application of the arm's length debt test for thin capitalization purposes. The details can be found in our [Deloitte Tax Insights article](#).

## Australian tax compliance deadlines in next three months

Please find below a listing of upcoming major tax compliance deadlines due in next three months (March to May 2020). Please note that the list of selected key dates below is not comprehensive and is for reference only.

Year	Month	Day	Tax Compliance Due
2020	Mar	31	Lodge tax return for companies and super funds with 30 June year end and total income of more than \$2 million in the latest year lodged (excluding large/medium taxpayers), unless the return was due earlier. Payment for companies and super funds in this category is also due by this date.
	May	28	Pay Fringe benefits tax annual return if lodging electronically (Please note that if tax agents lodge electronically, lodgement due of 2020 Fringe benefits tax annual return is 25 June, while payment (if required) is due 28 May).

Reference: Due dates announced in website of [Australian Taxation Office](#)

Best regards,

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