

# Australia

## Transfer Pricing Country Profile<sup>1</sup>

October 2025

		SUMMARY	REFERENCE
<b>The Arm's Length Principle</b>			
1	<b>Does your domestic transfer pricing framework<sup>2</sup> make reference to the arm's length principle?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<a href="#">Subdivision 815-B of the <u>Income Tax Assessment Act 1997</u></a> (ITAA 1997)
2	<b>Does your domestic transfer pricing framework give the OECD Transfer Pricing Guidelines any role or status (e.g. legal binding effect, subsidiary application in the absence of domestic legislation, source of interpretation of domestic legislation and/or treaty provisions, other)?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<a href="#">Section 815-135 of the <u>ITAA 1997</u></a>  Revisions made to Australia's taxation laws in 2013, namely in the form of subdivision 815-B of the Income Tax Assessment Act 1997 (ITAA 1997), resulted in closer alignment of Australia's legislation with the application of the arm's length principle as described in the OECD guidelines. The legislation specifically provides that for the purposes of determining the effect the legislation has in relation to an entity, the arm's length conditions should be identified so as best to achieve consistency with the version of the OECD Transfer Pricing Guidelines specified in the legislation.  For years commencing on or after 1 July 2022, Australia's transfer pricing legislation has been amended to specifically refer to the Transfer Pricing

<sup>1</sup> Information in transfer pricing country profiles is provided directly by jurisdictions. By publishing the transfer pricing country profiles on the OECD website, the OECD does not certify the accurateness of the information provided therein. Importantly, transfer pricing country profiles published on the OECD website are made available to stakeholders for information purposes only, and are not intended to be used in substitution to a jurisdiction's legal instruments, jurisprudence, or administrative guidance or practice nor relied on as an accurate and complete description of domestic law.

<sup>2</sup> For purposes of transfer pricing country profiles, the term "domestic transfer pricing framework" refers to a jurisdiction's domestic legislation, regulations, administrative guidance or practice, jurisprudence or governing general principles in the jurisdiction.

		Guidelines for Multinational Enterprises and Tax Administrations, as approved by the Council of the Organisation for Economic Cooperation and Development and last amended on 20 January 2022 (TPG).	
3	<b>Does your domestic transfer pricing framework provide for a definition of related parties applicable for transfer pricing purposes? If so, please provide the definition contained under your domestic transfer pricing framework.</b>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Australia's transfer pricing legislation does not provide a definition of related parties. Australia's transfer pricing legislation is applicable if an entity gets a tax benefit in Australia from non-arm's length conditions, where those conditions satisfy a cross-border test, regardless of whether there is common voting control or ownership of capital or distribution rights. Arm's length conditions are defined as those that might be expected to operate between independent entities dealing wholly independently with one another in comparable circumstances.</p> <p>However, a definition of international related parties is used for the purposes of the Australian local file of the Country-by-Country report.</p> <p>For the purposes of the Australian local file, international related parties are persons who are not dealing wholly independently with one another in their commercial or financial relations and whose dealings or relations can be subject to Subdivision 815-B of the ITAA 1997 or the associated enterprises article of a relevant double tax agreement.</p>	<a href="#">ATO webpage IRP and IRPD</a>

## Transfer Pricing Methods

4	<b>Does your domestic transfer pricing framework provide for transfer pricing methods to be used in respect of transactions between related parties?</b>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>If affirmative, please check those provided for in your legislation:</p> <table border="1"> <thead> <tr> <th>CUP</th><th>Resale Price</th><th>Cost Plus</th><th>TNMM</th><th>Profit Split</th><th>Other (If so, please describe)</th></tr> </thead> <tbody> <tr> <td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> </tbody> </table> <p>Australia's legislation does not specify any particular method to be used in respect of transactions between related parties. Subsection 815-125(2) of the ITAA 1997 states that "<i>in identifying the arm's length conditions, use the method, or the combination of methods, that is the most appropriate and reliable, having regard to all relevant factors</i>".</p>	CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (If so, please describe)	<input type="checkbox"/>	<a href="#">Subdivision 815-B of the ITAA 1997</a>					
CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (If so, please describe)										
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>										

		The paragraph notes that possible methods include the methods set out in the documents referenced in section 815-135 of the ITAA 1997, i.e. specifically referenced TPG (refer to question 2). Therefore, the possible methods include the methods set out in the specifically referenced TPG.	
5	<b>Which criterion is provided for in your domestic transfer pricing framework for the application of transfer pricing methods?</b>	<p>Please check all that apply:</p> <p><input type="checkbox"/> Hierarchy of methods</p> <p><input checked="" type="checkbox"/> Most appropriate method</p> <p><input type="checkbox"/> Other (<i>if so, please explain</i>)</p> <p>Australia seeks to adopt the method that is the most appropriate and reliable or best suited to the circumstances of each particular case. Subsection 815-125(2) of the ITAA 1997 states:</p> <p><i>"In identifying the arm's length conditions, use the method, or the combination of methods, that is the most appropriate and reliable, having regard to all relevant factors, including the following:</i></p> <p class="list-item-type-a"><i>a) the respective strengths and weaknesses of the possible methods in their application to the actual conditions;</i></p> <p class="list-item-type-a"><i>b) the circumstances, including the functions performed, assets used and risks borne by the entities;</i></p> <p class="list-item-type-a"><i>c) the availability of reliable information required to apply a particular method;</i></p> <p class="list-item-type-a"><i>d) the degree of comparability between the actual circumstances and the comparable circumstances, including the reliability of any adjustments to eliminate the effect of material differences between those circumstances."</i></p> <p>As noted in Question 2, Australia's legislation specifically provides that for the purposes of determining the effect the legislation has in relation to an entity, the arm's length conditions should be identified so as best to achieve consistency with the specifically referenced TPG.</p>	<a href="#">Subdivision 815-B of the ITAA 1997</a>
6	<b>Does your domestic transfer pricing framework contain specific guidance on commodity transactions?</b>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed.</p>	

	<p><input type="checkbox"/> Domestic transfer pricing framework provides for the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>)</p> <p><input checked="" type="checkbox"/> No</p>	
	Australia's legislation does not provide specific guidance on commodity transactions.	

## Comparability Analysis

7	<p><b>Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?</b></p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Subsection 815-125(3) of ITAA 1997 states:</p> <p><i>"In identifying comparable circumstances for the purpose of this section, regard must be had to all relevant factors, including the following:</i></p> <ul style="list-style-type: none"> <li><i>(a) the functions performed, assets used and risks borne by the entities;</i></li> <li><i>(b) the characteristics of any property or services transferred;</i></li> <li><i>(c) the terms of any relevant contracts between the entities;</i></li> <li><i>(d) the economic circumstances;</i></li> <li><i>(e) the business strategies of the entities".</i></li> </ul> <p>As noted in Question 2, Australia's legislation specifically provides that for the purposes of determining the effect the legislation has in relation to an entity, the arm's length conditions should be identified so as best to achieve consistency with the specifically referenced TPG.</p>	<p><a href="#">Subdivision 815-B of the ITAA 1997</a></p>
8	<p><b>Is there a preference in your jurisdiction for domestic comparables over foreign comparables?</b></p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>All things being equal, the Australian Tax Office (ATO) prefers to use domestic comparables where the Australian entity is the tested party as these would generally provide closer comparability especially in terms of economic circumstances. However, this all depends on the particular facts and circumstances and the availability of reliable data.</p>	

9	<p><b>Does your domestic transfer pricing framework permit the use of secret comparables for transfer pricing assessment purposes?</b></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
		<p>The domestic transfer pricing framework does not explicitly permit or prohibit the use of secret comparables.</p>	
10	<p><b>Does your domestic transfer pricing framework allow or require the use of an arm's length range and/or statistical measure (e.g. the interquartile range or other percentiles) for determining arm's length remuneration?</b></p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p><a href="#">Subsection 815-125 (2) of the <u>ITAA 1997</u></a></p>
11	<p><b>Are comparability adjustments required under your domestic transfer pricing framework?</b></p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p><a href="#">Subsection 815-125 (4) of the <u>ITAA 1997</u></a></p>
		<p>The legislation provides in subsection 815-125(4) ITAA 1997 that where there are material differences between actual and comparable circumstances, it will be sufficient for the purposes of comparability if reasonably accurate adjustments can be made to eliminate the effect of the difference.</p> <p>As noted in Question 2, Australia's legislation specifically provides that for the purposes of determining the effect the legislation has in relation to an entity, the arm's length conditions should be identified so as best to achieve consistency with the specifically referenced TPG.</p>	

## Intangible Property

12	<p><b>Does your domestic transfer pricing framework contain guidance specific to the pricing of controlled transactions involving intangibles?</b></p>	<input type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VI of the TPG? <input type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below) <input checked="" type="checkbox"/> No	
		<p>There is no specific guidance in Australia's transfer pricing legislation in respect to the pricing of controlled transactions involving intangibles.</p>	

		<p>However, as noted in Question 2, Australia's legislation specifically provides that for the purposes of determining the effect the legislation has in relation to an entity, the arm's length conditions should be identified so as best to achieve consistency with the specifically referenced TPG.</p> <p>As such, guidance contained in the TPG relating to the arm's length conditions of intangible assets may be relevant.</p>	
13	<b>Are there any other rules outside your transfer pricing framework that are relevant for the pricing of controlled transactions involving intangibles?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>Australia's domestic legislation does not specifically provide for transfer pricing rules or special measures regarding pricing of controlled transactions involving intangibles.</p>
<b>Hard-to-Value Intangibles<sup>3</sup></b>			
14	<b>Does your domestic transfer pricing framework contain guidance specific to hard-to-value intangibles (HTVI)?<sup>4</sup></b>	<input type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow the guidance on HTVI in Chapter VI of the TPG? <input type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below) <input checked="" type="checkbox"/> No	<p>Australia's domestic legislation does not specifically provide for transfer pricing rules or special measures regarding hard-to-value intangibles.</p> <p>However, as noted in Question 2, Australia's legislation specifically provides that for the purposes of determining the effect the legislation has in relation to an entity, the arm's length conditions should be identified so as best to achieve consistency with the specifically referenced TPG.</p> <p>As such, guidance contained in the TPG relating to the arm's length conditions of hard-to-value intangible may be relevant.</p>

<sup>3</sup> Please note that questions in this section are imported from the HTVI questionnaire and integrated into this TPCP to centralise all jurisdiction-related transfer pricing information.

<sup>4</sup> In the case of jurisdictions that do not apply the HTVI approach (i.e. they responded "no" to question 14), it is not necessary to respond to the remaining questions in the HTVI section and these questions will not be published as part of jurisdiction's transfer pricing country profile.

## Intra-group Services

23	<p><b>Does your domestic transfer pricing framework provide guidance specific to intra-group services transactions?</b></p> <p><input type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VII of the TPG?</p> <p style="margin-left: 20px;"><input type="checkbox"/> Yes</p> <p style="margin-left: 20px;"><input type="checkbox"/> No (please provide further explanations below)</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> No</p>	<p>Australia's domestic transfer pricing legislation does not include specific guidance on intra-group services transactions.</p> <p>However, as noted in Question 2, Australia's legislation specifically provides that for the purposes of determining the effect the legislation has in relation to an entity, the arm's length conditions should be identified so as best to achieve consistency with the specifically referenced TPG.</p> <p>As such, guidance contained in the TPG relating to the arm's length conditions of services may be relevant.</p>	
24	<p><b>Does your domestic transfer pricing framework provide for or allow the application of a simplified approach for low value-adding intra-group services?</b></p> <p><input checked="" type="checkbox"/> Yes. If so, does it follow (largely follow) the low value-adding services approach in Chapter VII?</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Yes</p> <p style="margin-left: 20px;"><input type="checkbox"/> No (please provide further explanations below)</p> <p style="margin-left: 20px;"><input type="checkbox"/> No</p>	<p>Australia's transfer pricing rules are contained in legislation and the Commissioner of Taxation in Australia does not have the power to waive the operation of the underlying statutory test. However, the Commissioner may communicate how audit resources will be sensibly applied as a result of the ATO's assessment of risk in relation to tax law compliance issues.</p> <p>Australia has a number of transfer pricing simplification measures that are subject to various thresholds. The simplification measures do not constitute literal 'safe harbours' to the extent that they do not waive the application of the underlying statutory test. Intra-group services is one of the seven available simplified transfer pricing record keeping options. Guidance material for taxpayers in respect of how the simplification administrative measures can be utilised is published by the Commissioner in a Practical Compliance Guideline (PCG).</p>	<p><a href="#">Practical Compliance Guideline PCG 2017/2</a> Simplified transfer pricing record-keeping options</p>

25	<p><b>Are there any other rules outside your transfer pricing framework for pricing intragroup services?</b></p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Australia's domestic legislation does not provide specific transfer pricing rules regarding intragroup services. However, as noted in Question 2, Australia's legislation specifically provides that for the purposes of determining the effect the legislation has in relation to an entity, the arm's length conditions should be identified so as best to achieve consistency with the specifically referenced TPG.</p>	
<b>Financial Transactions</b>			
26	<p><b>Does your domestic transfer pricing framework provide guidance specific to financial transactions?</b></p>	<p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter X of the TPG?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input type="checkbox"/> No</p> <p>Australia's domestic transfer pricing legislation does not provide specific guidance on financial transactions.</p> <p>However, as noted in Question 2, Australia's legislation specifically provides that for the purposes of determining the effect the legislation has in relation to an entity, the arm's length conditions should be identified so as best to achieve consistency with the specifically referenced TPG. We note that this version of the TPG introduced Chapter X.</p> <p>The ATO has published guidance material on how the Commissioner will sensibly prioritise the allocation of compliance resources based on the ATO's assessment of risk in relation to tax law compliance issues. PCG 2017/4 provides guidance on how ATO resources will be prioritised in relation to transfer pricing of financial transactions.</p>	<p><a href="#">Division 815 of the ITAA 1997</a></p> <p><a href="#">Practical Compliance Guideline PCG 2017/4</a> - ATO compliance approach to taxation issues associated with cross-border related party financing arrangements and related transactions</p>
27	<p><b>Are there any other rules outside your transfer pricing framework that are relevant for the tax treatment of financial transactions? (e.g. whether your jurisdiction has implemented the measures in BEPS Action 4 to limit interest deductions)</b></p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>In 2024, Australia passed legislation that updated and strengthened the existing thin capitalisation rules contained in Division 820 of the ITAA 1997 as part of an</p>	<p>Divisions <a href="#">230</a>, <a href="#">820</a> and <a href="#">974</a> of the <a href="#">ITAA 1997</a></p>

	<p><i>and other financial payments or any similar rules)</i></p> <p>initiative to align more closely with the guidance in BEPS Action 4. The amendments introduced new thin capitalisation earnings-based tests for a certain class of entities, replacing the existing asset-based rules for those entities. The amendments also established a new arm's length debt test, in the form of a third-party debt test. Furthermore, as part of these amendments and consistent with Chapter 9 of the OECD's BEPS Action 4 Report, Australia adopted supplementary debt deduction creation rules that disallow debt deductions to the extent that they are incurred in relation to debt creation schemes that lack genuine commercial justification.</p> <p>Australia's income tax rules (outside transfer pricing rules) contain a number of additional provisions that are relevant for the tax treatment of financial transactions (including financial transactions with no cross-border component) such as Division 230 and Division 974 of the ITAA 1997.</p>
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Cost Contribution Arrangements	
28	<p><b>Does your jurisdiction allow cost contribution arrangements?</b></p> <p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VIII of the TPG?</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No (please provide further explanations below)</p> <p><input type="checkbox"/> No</p> <p>Australia's domestic transfer pricing legislation does not provide specific guidance on cost contribution arrangements.</p> <p>However, as noted in Question 2, Australia's legislation specifically provides that for the purposes of determining the effect the legislation has in relation to an entity, the arm's length conditions should be identified so as best to achieve consistency with the specifically referenced TPG.</p> <p>As such, guidance contained in the TPG relating to the arm's length conditions of cost contributions arrangements may be relevant.</p>

## Transfer Pricing Documentation

29	<p><b>Does your domestic transfer pricing framework require the taxpayer to prepare transfer pricing documentation?</b></p>	<p><input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No</p> <p><i>If affirmative, please check all that apply:</i></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return)</li> <li><input type="checkbox"/> Other (specify):</li> </ul>	<p><u><a href="#">Subsection 262A(1) of the Income Tax Assessment Act 1936</a></u> (ITAA 1936)</p> <p>Sections <u><a href="#">284-250</a></u> and <u><a href="#">284-255</a></u> of Schedule 1 to the <u><a href="#">Taxation Administration Act 1953</a></u> (TAA 1953)</p> <p><u><a href="#">Subdivision 815-E of the ITAA 1997</a></u></p>
		<p>Australia's domestic law obliges every taxpayer that carries on a business to keep records that record and explain all transactions and other acts engaged in by the taxpayer that are relevant for tax purposes. This includes transactions and other acts subject to the self-assessment regime, including the transfer pricing rules.</p> <p>Under Subdivision 815-E of the ITAA 1997, country-by-country reporting entities are required to lodge the three statements recommended by the OECD Action 13 report; i.e. country-by-country report, master file and Australian local file. These lodgment obligations are limited to entities that are in scope of CbC reporting; i.e. entities that belong to groups with over AUD 1 billion in annual global income. Country-by-country reporting entities are required to disclose the level of transfer pricing documentation that has been prepared for international related-party transactions.</p> <p>Per Subdivision 284-E of Schedule 1 to the Tax Administration Act 1953 (TAA 1953), taxpayers that do not prepare transfer pricing documentation prior to lodging their income tax return are not able to demonstrate they took a reasonably arguable position that they did not obtain transfer pricing benefit as a result of non-arm's length conditions for the purposes of any relevant penalties that may apply.</p>	
30	<p><b>Please briefly explain the relevant requirements related to each transfer pricing documentation requirement (i.e. timing for</b></p>	<p>Australia's CbC reporting provisions are contained in Subdivision 815-E of the ITAA 1997. All CbC reporting statements, including the master file, the Australian local file, and the CbC report, must be lodged within 12 months after the end of the reporting period to which they relate. The statements need to be lodged electronically in an XML Schema format and in English. Australia is a</p>	<p><u><a href="#">Subdivision 815-E of the ITAA 1997</a></u></p>

	<b>preparation or submission, languages, etc.)</b>	<p>signatory to the Multilateral Competent Authority Agreement enabling the exchange of CbC reports (excluding the master file and Australian local file) with tax authorities of other signatory jurisdictions.</p> <p>Additionally, taxpayers may on a voluntary basis prepare transfer pricing documentation to substantiate their compliance with the arm's length principle (including details of comparables and transfer pricing policies) beyond the minimum statutory requirements.</p>	
31	<b>Does your domestic transfer pricing framework provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?</b>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<a href="#">Division 286</a> of Schedule 1 to the <a href="#">TAA 1953</a>
32	<b>Does your domestic transfer pricing framework provide for exemption from transfer pricing documentation obligations?</b>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	<a href="#">ATO webpage CbC reporting guidance</a> under the heading 'Exemptions (including administrative relief)'
<b>Administrative Approaches to Avoiding and Resolving Disputes</b>			
33	<b>Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?</b>	<p>Please check those that apply:</p> <p><input checked="" type="checkbox"/> Rulings</p> <p><input checked="" type="checkbox"/> Enhanced engagement or cooperative compliance programmes</p> <p><input checked="" type="checkbox"/> Advance Pricing Agreements (APA)</p>	<p><a href="#">Division 357</a> and <a href="#">Division 358</a> of Schedule 1 of the <a href="#">TAA 1953</a></p> <p>The Commissioner can enter into an unilateral APA by virtue of sections 1-7 of the <a href="#">ITAA 1997</a></p>

	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Unilateral APAs</li> <li><input checked="" type="checkbox"/> Bilateral APAs</li> <li><input checked="" type="checkbox"/> Multilateral APAs</li> <li><input checked="" type="checkbox"/> International Compliance Assurance Programme (ICAP)</li> <li><input checked="" type="checkbox"/> Mutual Agreement Procedures</li> <li><input checked="" type="checkbox"/> Other (<i>please specify</i>):</li> </ul> <p>Australia has an APA programme in place. For more information on the administration of the APA programme please refer to Practice Statement Law Administration PS LA 2015/4 Advanced Pricing Arrangements.</p> <p>Australia signed up to ICAP since the programme commencement and participated in a number of MNE reviews.</p> <p>For more information on Australia's administration of MAPs, please refer to Australia's MAP profile.</p> <p>Additionally, Australia has public guidance and assurance programmes, including the justified trust programme in place across certain taxpayer populations where assurance levels are assessed by the ATO and are provided to the taxpayer.</p> <p>Further, taxpayers may seek to object, review or appeal if dissatisfied with a taxation decision as defined in Part IVC of the TAA 1953. A "taxation decision" for these purposes includes an income tax assessment.</p>	<p>An authorised Competent Authority can enter into a bilateral or multilateral APA under the MAP Article of the relevant tax treaty</p> <p><a href="#">Practice Statement Law Administration PS LA 2015/4 Advanced Pricing Arrangements</a></p> <p><a href="#">Australia's MAP Profile</a></p> <p><a href="#">Part IVC of the TAA 1953</a></p> <p><a href="#">ATO webpage "Large business justified trust"</a></p>
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### Simplified and Streamlined Approach for Baseline Marketing and Distribution Activities

34	<p><b>Does your domestic transfer pricing framework allow the application of the simplified and streamlined approach for baseline marketing and distribution activities in the relevant Annex of Chapter IV of the TPG?</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Yes</li> <li><input checked="" type="checkbox"/> No</li> <li><input type="checkbox"/> Other (please elaborate)</li> </ul>
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35	<p><b>If your domestic transfer pricing framework allows the application of the simplified and streamlined approach, how is it implemented?</b></p>	<p><input type="checkbox"/> In-scope tested parties resident within the jurisdiction can elect to apply the simplified and streamlined approach (i.e. safe harbour)</p> <p><input type="checkbox"/> In-scope tested parties resident within the jurisdiction are required to follow the simplified and streamlined approach for in-scope qualified transactions and tax administrations are allowed to impose the application of the simplified and streamlined approach to in-scope qualified transactions of tested parties resident within their jurisdiction (i.e. rule)</p> <p><input checked="" type="checkbox"/> N/A</p>	
36	<p><b>If your domestic transfer pricing framework allows the application of the simplified and streamlined approach, what is the operating expense to sales (OES) upper bound chosen by your jurisdiction regarding scoping criterion 13.b?</b></p>	<p><input type="checkbox"/> 20%</p> <p><input type="checkbox"/> 30%</p> <p><input type="checkbox"/> Other (please specify)</p> <p><input checked="" type="checkbox"/> N/A</p>	
37	<p><b>Does your jurisdiction respect the outcome of the application of the simplified and streamlined approach by a covered jurisdiction in line with the Inclusive Framework political commitment?</b></p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Australia was part of the Inclusive Framework political commitment regarding the application of the optional simplified and streamlined approach by a covered jurisdiction available for implementation as of 1 January 2025. As of May 2025, rules have not yet been implemented regarding the application of the simplified and streamlined approach by a covered jurisdiction.</p>	
38	<p><b>If your domestic transfer pricing framework allows the application of the simplified and streamlined approach for resident in-scope tested parties, does your jurisdiction respect the outcome of the application of such approach by another jurisdiction that is not a covered jurisdiction?</b></p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	

## Safe Harbours and Other Simplification Measures

39	<p><b>Does your jurisdiction provide for any safe harbours or other simplification measures in respect of certain industries, types of taxpayers, or types of transactions (not listed in other sections of this questionnaire)?</b></p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Australia's income tax system, including its transfer pricing rules, works on a self-assessment basis. The Commissioner of Taxation in Australia does not have a general power to waive the operation of the underlying statutory test. However, the Commissioner's 'general power of administration' can be applied to inform the Commissioner's approach to compliance.</p> <p>Australia has a number of transfer pricing simplification measures that are subject to various thresholds. The simplification measures do not constitute literal 'safe harbours' to the extent that they do not waive the application of the underlying statutory test, but they do communicate how ATO resources will be sensibly prioritised as a result of the ATO's assessment of risk in relation to tax law compliance issues. There are seven available simplified transfer pricing keeping options where various thresholds are met relating to:</p> <ul style="list-style-type: none"> <li>• small taxpayers</li> <li>• distributors</li> <li>• low value adding intra-group services</li> <li>• low-level inbound loans</li> <li>• materiality</li> <li>• technical services</li> <li>• low-level outbound loans.</li> </ul> <p>Further detail is available in Practical Compliance Guideline PCG 2017/2 Simplified Transfer Pricing Record Keeping Options.</p>	<p><a href="#">Practical Compliance Guideline PCG 2017/2 - Simplified Transfer Pricing Record Keeping Options</a></p>
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## Other Legislative Aspects or Administrative Procedures

40	<p><b>Does your domestic transfer pricing framework allow downward corresponding adjustments in the absence of a mutual agreement procedure (e.g. unilateral corresponding adjustments)?</b></p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Australia's statutory provisions only substitute arm's length conditions for the actual conditions that operate between a taxpayer and another entity when the taxpayer obtains a transfer pricing benefit due to the difference between the actual conditions and the arm's length conditions. However, the Commissioner may</p>	
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		amend an assessment to provide relief from double taxation where profits are adjusted by a treaty partner in accordance with a double taxation agreement.	
41	<b>Does your domestic transfer pricing framework allow or require taxpayers to make year-end adjustments?</b>	<input checked="" type="checkbox"/> Yes. Year-end adjustments are required. <input type="checkbox"/> Yes. Year-end adjustments are allowed. <input type="checkbox"/> No	
		Australia's income tax system, including its transfer pricing rules, works on a self-assessment basis. Australia's statutory provisions require the substitution of arm's length conditions for the actual conditions that operate between a taxpayer and another entity when the taxpayer obtains a transfer pricing benefit due to the difference between the actual conditions and the arm's length conditions. Therefore, there is a requirement that a taxpayer make an upward year-end adjustment if relevant in determining their taxable income. Australia's statutory provisions do not permit a taxpayer to make a downward adjustment. However, as noted in Question 40, the Commissioner may amend an assessment to provide relief from double taxation where profits are adjusted by a treaty partner in accordance with a double taxation agreement.	
42	<b>Does your domestic transfer pricing framework provide for secondary adjustments?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

### Attribution of Profits to Permanent Establishments

43	<b>Which version of Article 7 of the OECD Model Tax Convention on Income and on Capital do your tax treaties contain?</b>	<input checked="" type="checkbox"/> Article 7 as it read before 2010. <input checked="" type="checkbox"/> If so, please indicate in how many treaties: 46	
		<input type="checkbox"/> Article 7 as it reads after 2010. <input type="checkbox"/> If so, please indicate in how many treaties: <input type="checkbox"/> Other (please provide additional details)	
44	<b>For tax treaties containing Article 7 as it read before 2010, does your</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (please explain the approach used and which tax treaties are concerned)	

	<b>jurisdiction apply the authorized OECD approach (AOA)?</b>	Australia reserves its right to use the previous version of Article 7 (i.e. the version included in the Model Tax Convention immediately before the 2010 update of the Model Tax Convention).	
45	<b>Does your domestic transfer pricing framework contain specific guidance for the attribution of profits to permanent establishments of non-resident entities? If so, please provide a summary of the main features of this guidance.</b>	<p><input type="checkbox"/> Yes, they follow the AOA as described in the 2008 Report on the Attribution of Profits to Permanent Establishments</p> <p><input type="checkbox"/> Yes, they follow the AOA as described in the 2010 Report on the Attribution of Profits to Permanent Establishments</p> <p><input checked="" type="checkbox"/> Yes, they do not follow the AOA (please provide a summary of the main features of these rules)</p> <p><input type="checkbox"/> No</p>	<a href="#">Section 815-235</a> of the <a href="#">ITAA 1997</a>
<b>Other Relevant Information</b>			
46	<b>Other legislative aspects or administrative procedures regarding transfer pricing</b>	N/A	
47	<b>Other relevant information (e.g. whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire)</b>	N/A	

For more information, please visit: <https://www.oecd.org/en/topics/sub-issues/transfer-pricing/transfer-pricing-country-profiles.html>