

Practice Workpapers Series

Section K: CHECKLISTS – INCOME TAX

K9: Division 7A Checklist

How to use this document:
This checklist is designed to assist in the determination and assessment of tax related issues and information required.

Disclaimer

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DIVISION 7A CHECKLIST

Name of Client:

Tax File Number:

Australian Business Number (ABN):

Note: The checklist is to be completed by where the private company taxpayers or trusts who have effected financial transactions with current shareholders and / or corporate beneficiaries – in the guise of loans, debt forgiveness or payment to a shareholder.

For Companies OR Corporate Limited Partnerships ONLY	Y	N	N/A
<ul style="list-style-type: none"> Is there a company in the group that is a private company or is there a corporate limited partnership or is a foreign private company? <p>If yes, please provide further details including a legal organgram if necessary.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Did the company or corporate Limited Partnership lend money, provide security, make a payment, allow the private use of its assets or forgive a debt to a shareholder or an associate of a shareholder during the year? If so, 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Has the amount been repaid by the date the return was lodged or due to be lodged, whichever was earlier? <p>If so, please provide further details, including terms and conditions.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> If not, is the transaction a loan made to another company made in the ordinary course of business, or in the course of winding up a company by a liquidator, or made as a result of a marriage breakdown?: <p>If so, please provide further details, including terms and conditions.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> If not, has the loan been made under a written agreement executed before the date the return was lodged detailing: 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Minimum loan repayments? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> The interest rate? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Term of the loan (if the loan was not properly secured, the term must be 7 years or less. If the loan is properly secured, the term can be 25 years or less)? <p>If so, please provide further details, including terms and conditions.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> With regards to prior year transactions and loans, are any transactions and agreements dated pre 4 December 1997? <p>If so, please provide further details.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> With regards to prior year transactions and loans, have the terms and conditions of the loan been met in the current year? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> If not, please provide further details and reasons. 			
<ul style="list-style-type: none"> If the Company has made more than one loan to an entity, has the loans be amalgamated into one loan? <p>If so, has the minimum repayment been calculated and made prior to year end?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DIVISION 7A CHECKLIST

Trusts ONLY	Y	N	N/A
<ul style="list-style-type: none"> Does the trust deed provide for a corporate beneficiary? <p>If so, please provide further information.</p>			
<ul style="list-style-type: none"> Have the trust made any loans from trusts to shareholders of a corporate beneficiary? <p>If so, please provide further information.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Is a private company presently entitled to trust income of a trust estate at year end and has that income has not been paid to the company? <p>If so, please provide further details.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Has the trustee distributed trust income to a shareholder (or their associate) of the company in the form of a payment, loan or forgiven debt? <p>If so, please provide further details.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Has the unpaid present entitlement not been paid to the company by the date the return is lodged or the date the return was due to be lodged (whichever is earlier)? <p>If no, please provide reasons why this was not done.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>