



## MEMO

To: Board of Directors  
From: Company Secretary  
Subject: **ANNUAL INVESTMENT INCOME REPORT**

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The Australian Tax Office (“ATO”) requires that all investment bodies (which includes public companies and financial institutions) must report to the ATO annually in relation to dividends paid on shares, interest earned on accounts, etc, by lodging an Annual Investment Income Report (“AIIR”).

### Reporting Obligations

An investment body is obliged to:

- accept and record Tax File Number (“TFN”) or Australian Business Number (“ABN”) quotations, and claims for exemption from quoting, where provided by investors
- report to the ATO quotations of TFNs/ABNs made in a given quarter in a quarterly TFN/ABN report
- correct TFNs/ABNs and/or action investor ‘deemed not to have quoted’ cases on advice from the ATO
- withhold and pay amounts to the ATO from investment income payments made to investors who have chosen not to quote either their TFN, ABN or claim an exemption, and
- provide to the ATO annually an AIIR.

### When an AIIR is Required

An AIIR is required:

- if the total amount of income paid or credited to the investment is \$1 or more and the total number of investments accepted by the investment body during the year is 10 or more; or
- in respect of any investment from which an amount has been withheld because a TFN, ABN or exemption was not quoted, or where non-resident withholding has occurred.



Note: in the case of a public company that has accepted less than 10 investments and has paid \$1 or more in income there is no obligation to lodge an AIIR, except where withholding has occurred, but a *Dividend and Interest Schedule* (ATO Form No. NAT 8030) is required which forms part of the company tax return.

### **Format of AIIR**

Investment bodies are required to provide the ATO with an AIIR containing details of:

- investment income paid to the accounts of or on behalf of investors
- any tax withheld from these accounts
- TFNs and ABNs quoted against investments.

The ATO generally requires reporting/lodgement of the AIIR electronically or by spreadsheet, and provides the specifications/template for this – available on their website [www.ato.gov.au/annualinvestmentincomereport](http://www.ato.gov.au/annualinvestmentincomereport) – and advises details about lodging the report electronically.

Investment bodies must provide an AIIR to the ATO within 4 months after the end of the financial year to which it relates, that is, by 31 October for most companies.

If there is no income to report on investments in a given financial year, there is still an administrative requirement for the investment body to lodge a nil report. This way the ATO can keep a record that the investment body has advised their situation and the ATO will not need to contact them again regarding the AIIR for that financial year.

### **How AIIR Information is Used**

The TFN system is designed to detect non-disclosure of income and to enable the ATO to match the details of income disclosed in a taxpayer's income tax return with details received from other sources. These sources include employers reporting employment income and investment bodies reporting investment income. The purpose of the AIIR is to facilitate the matching process for investment income. For income matching purposes, the information which the investment body supplies in the AIIR needs to mirror the information which the investors provide in their tax return. When an AIIR is received, the investor's identity is matched to client records held by the ATO. This is done by using the TFN or ABN and name supplied by the investor or, if no TFN or ABN is supplied, by identity matching using the investor name supplied in the AIIR.

If an incorrect TFN or ABN is supplied in the AIIR, the ATO will contact the investor, using the address supplied by the investment body, and advise them to correct their TFN or ABN with their investment body.



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**DISCLAIMER**

*The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.*

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