



Australian Government
**Department of Industry,
Innovation and Science**

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Automotive Transformation Scheme

**Customer Guideline 4 – Registration in the National
Interest**

2015

Contents

Contents	2
List of shortened terms	4
Glossary	4
1. Introduction	6
2. Application deadline	6
3. Applying in the national interest	6
4. Expiry of registration in the national interest	8
5. Advice on completing the application for registration in the national interest	8
6. Privacy and confidentiality	9
7. How to submit the application	9
Part A – Applicant Details	10
A1 Entity registration details	10
A1.1 Full name of the entity applying for registration (in the case of groups, the principal applicant’s details).....	10
A1.2 Applicant business registration details.....	10
A1.3 Trust or responsible entity details.....	10
A2 Core business.....	10
A3 Information from last financial year.....	10
A6 Primary contact.....	10
A6.5 External entity details.....	11
A6.6 Letter of authorisation.....	11
Part B – Type of registration	11
B1 Is the applicant registered for the ATS?.....	11
B2 What type of registration is the applicant applying for?.....	11
B3 Is the applicant in an eligible start-up period?.....	12
Part C – Other group applicant details	12
Part D – Information for national interest applicants	13
Part E – Information for MVPs	13
Part F – Information for ACPs	14
Part G – Information for AMTPs	14
Part H – Information for ASPs	15
Part I –Business Plan	15
How the object of the Act will be met.....	16
Economic Sustainability.....	16
Improved environmental outcomes.....	17
Development of workforce skills.....	17
Part J – Forecast sales, production and investment for MVPs	19
J1 Sales and production values.....	19
Sales value.....	19

	Production value.....	19
J2	Plant and equipment investment.....	21
J3	Research and Development investment.....	22
	Research and development (excluding contracted and offshore R&D)	22
	Contracted research and development (excluding offshore R&D).....	23
	Offshore research and development.....	23
Part K – Forecast sales and investment for ACPs, AMTPs and ASPs.....		25
K1	Sales and plant and equipment investment.....	25
	Sales value	25
	Plant and equipment investment.....	25
K2	Research and development investment	27
	Research and development (excluding contracted and offshore R&D)	28
	Contracted research and development (excluding offshore R&D).....	29
	Offshore research and development.....	29
Part L – Fit and proper person		31
Part M – Declaration and signature.....		31
Attachment A - Fact sheet: related companies.....		32
	When may a group of companies seek registration as a single entity?.....	32
	How do you determine whether all companies within a group are related companies?	32
	When is a company a holding company of another company?.....	32
	When is a company a subsidiary of another company?	32
	A subsidiary of a holding company of another company will be related to that other company.	33
Attachment B - Substantiation guidelines for registration		34

List of shortened terms

Term	Description
the Scheme	Automotive Transformation Scheme
ACP	A person registered as a Automotive Component Producer under the Scheme
AMTP	A person registered as a Automotive Machine Tools or Automotive Tooling Producer under the Scheme
ASP	A person registered as a Automotive Service Provider under the Scheme
ATS	Automotive Transformation Scheme
MVP	A person registered as a Motor Vehicle Producer under the Scheme
non-MVP	A person registered as a Automotive Component Producer, Automotive Machine Tools or Automotive Tooling Producer, or Automotive Service Provider under the Scheme
P&E	Plant and equipment
R&D	Research and development
the Act	The <i>Automotive Transformation Scheme Act 2009</i>
the Regulations	The <i>Automotive Transformation Scheme Regulations 2010</i>
the Order	The <i>Automotive Transformation Scheme Order 2010</i>

Glossary

Term	Description
ATS stage	ATS Stage 1 means the period beginning on 1 January 2011 and ending on 31 December 2015, and the first three months of 2016. ATS Stage 2 means the period beginning on 1 January 2016 and ending on 31 December 2020, and the first three months of 2021.
ATS year	A year identified below for which eligible investments or eligible production may be claimed by an ATS participant: ATS Year 1: 1 January 2011 – 31 December 2011 ATS Year 2: 1 January 2012 – 31 December 2012 ATS Year 3: 1 January 2013 – 31 December 2013 ATS Year 4: 1 January 2014 – 31 December 2014 ATS Year 5: 1 January 2015 – 31 December 2015

Term	Description
	ATS Year 6: 1 January 2016 – 31 December 2016
	ATS Year 7: 1 January 2017 – 31 December 2017
	ATS Year 8: 1 January 2018 – 31 December 2018
	ATS Year 9: 1 January 2019 – 31 December 2019
	ATS Year 10: 1 January 2020 – 31 December 2020
MVP modulation rate	The modulation rate for a quarter for MVPs is used to modulate an amount, in relation to an MVP, to ensure that the funding for the relevant ATS year and relevant ATS stage is not exceeded, and is worked out in accordance with division 3.2 of the <i>Automotive Transformation Scheme Order 2010</i> .
non-MVP modulation rate	The modulation rate for a quarter for ACPs, AMTPs and ASPs is used to modulate an amount, in relation to a non-MVP, to ensure that the funding for the relevant ATS year and ATS stage is not exceeded, and is worked out in accordance with division 3.4 of the <i>Automotive Transformation Scheme Order 2010</i> .
Principal Entity	<p>For a single applicant, this term has the same meaning as ‘applicant’.</p> <p>For a group of related bodies corporate applying for permission to seek registration as an ATS participant as if the group were a single person, the principal applicant is that member of the group which will receive the assistance on behalf of the group and is to act as the nominated contact person under subregulation 2.9(2)(e) of the <i>Automotive Transformation Scheme Regulations 2010</i>.</p>
third quarter	The three month period commencing on 1 July of an ATS year.

1. Introduction

The object of the Automotive Transformation Scheme (the Scheme) is to encourage competitive investment and innovation in the Australian automotive industry and place it on an economically sustainable footing. The object is to be achieved in a way that improves environmental outcomes and promotes the development of workforce skills.

The objective of these guidelines is to aid applicants in completing an *ATS Application for Registration in the National Interest* form. A person that is unable to meet the annual production requirements for registration as a Motor Vehicle Producer (MVP), Automotive Component Producer (ACP), Automotive Machine Tool Producer (AMTP) or Automotive Service Provider (ASP) must complete an *ATS Application for Registration in the National Interest* form to seek the Minister's permission to apply for registration on the grounds that the registration would be in the national interest.

Many references are made to the *Automotive Transformation Scheme Regulations 2010* (the Regulations) in these guidelines, and it is strongly recommended that applicants download a copy of the *Automotive Transformation Scheme Regulations 2010* from the AusIndustry web site to obtain a full understanding of the requirements for registration and participation in the Scheme.

Applicants must also be aware of the *Automotive Transformation Scheme Act 2009* (the Act), and the *Automotive Transformation Scheme Order 2010* (the Order). These documents are available at the [ATS page](#) at business.gov.au.

2. Application deadline

Applicants must seek and obtain permission from the Minister to apply for registration in the national interest **before** 1 January of the ATS year for which registration is sought. If the Minister grants permission for an ATS registration, the application for registration will be processed within sixty days unless AusIndustry requests further information to substantiate the claims in the application.

If an applicant is preparing to seek permission from the Minister to apply for registration in the national interest, they should allow sufficient time firstly, for the Minister to determine whether the application is in the national interest, and secondly, if permission to apply is granted, for the application to be reviewed by AusIndustry.

3. Applying in the national interest

Regulation 2.8 of the *Automotive Transformation Scheme Regulations 2010* allows the Minister to give permission to apply for registration as an ATS participant on the basis that the registration would be in the national interest.

If the Minister is satisfied that, subject to the person meeting all the registration requirements other than the normal eligibility requirements set out in subregulation 2.8(3) of the *Automotive Transformation Scheme Regulations 2010*, it would be in the national interest for the person to be so registered, the Minister may, by notice in writing, give that permission.

In determining whether to grant permission under this regulation for a person to apply on the basis of the national interest, subregulation 2.8(4) of the *Automotive Transformation Scheme Regulations 2010* requires the Minister to have regard to the following matters:

- whether the person would have been able to comply with the normal threshold eligibility requirements but for circumstances beyond the person's control such as a natural disaster, an industrial accident or an industrial dispute;

- whether the registration of the person would significantly enhance the competitiveness of the Australian automotive industry;
- whether the registration of the person would provide significant benefits either to the Australian automotive industry or to the Australian economy;
- whether the registration of the person would introduce significant innovations in the Australian automotive industry;
- whether the registration of the person would generate significant employment or investment opportunities in the Australian automotive industry;
- whether the registration of the person would have significant strategic, regional or environmental impacts;
- whether the registration of the person would significantly improve environmental outcomes; and
- whether the registration of the person would significantly promote the development of workforce skills.

The applicant must attach to the completed application form a clear statement describing why registration of the applicant in the Scheme would be in the national interest that includes a summary of the above considerations.

To assist the Minister in determining whether to give the permission, the person must produce, within a specified period:

- any information or documents considered likely to be relevant to the consideration of the application for that permission
- a business plan of a kind that will, if the Minister grants the approval to apply for registration, be required to be produced to the Secretary under subregulation 2.12(3) of the *Automotive Transformation Scheme Regulations 2010*.

Subregulation 2.12(3) of the *Automotive Transformation Scheme Regulations 2010* requires, as a condition of registration, the business plan to contain:

- details of the strategies that will enable the applicant to carry on sustainable operations in the Australian automotive industry for a five year period starting on 1 January of the year of registration;
- operational plans, details of financial commitment and controls, financial projections and assumptions on which forecasts are based;
- details about how the applicant will meet the object of the Act, particularly economic sustainability, in a way that will improve environmental outcomes and promote the development of workforce skills;
- current employment data including the number of employees and total manufacturing employees; and
- any such other particulars as are required by the form in respect of the period of periods specified in the form.

If the Minister grants a person permission to apply for registration, subregulation 2.8(6) of the *Automotive Transformation Scheme Regulations 2010* requires the Minister to set out the conditions to which the permission, and any subsequent registration, is subject. For the avoidance of doubt, conditions determined by the Minister under subregulation 2.8(6) of the *Automotive Transformation Scheme Regulations 2010* are additional to any other requirements of the Regulations.

If the Minister grants a person permission to apply for registration, regulation 2.15 of the *Automotive Transformation Scheme Regulations 2010* requires AusIndustry to be satisfied:

- that the applicant has provided the information and documents (if any) required by the approved form;
- that the applicant can comply with the relevant document retention obligations set out in regulation 2.26;
- where the applicant is a natural person - that the applicant is a fit and proper person;
- where the applicant is a company - that the company is a fit and proper person;
- where the applicant is a company - that each of the directors, and each officer or shareholder who is in a position to influence the management of the company, is a fit and proper person; and
- that registering the applicant would, as required by subregulation 2.2 (2), further the object of the Act.

AusIndustry will complete the process within sixty days of that permission being granted, unless AusIndustry requests further information to substantiate the claims in the application.

4. Expiry of registration in the national interest

If permission to apply for registration as an ATS participant on the basis that the registration would be in the national interest is granted, the registration ends on 31 December of the second ATS year following the registration unless the participant is able to comply with the conditions set out in regulations 2.4(1)(a) or (b); regulations 2.5(1)(a) or (b); regulations 2.6(1) (a) or (b); and regulations 2.7(1)(a) or (b) of the *Automotive Transformation Scheme Regulations 2010*. If the ATS participant does not meet those conditions, another application may be lodged under regulation 2.8 of the *Automotive Transformation Scheme Regulations 2010*. If the ATS participant is able to comply with those conditions prior to 31 December of the second ATS year following the registration, the registration ends on 31 March 2021 unless it is deregistered under regulation 2.28 of the *Automotive Transformation Scheme Regulations 2010*.

5. Advice on completing the application for registration in the national interest

Applicants must nominate whether they are applying for registration in the scheme in order to receive assistance as a Motor Vehicle Producer (MVP), Automotive Component Producer (ACP), Automotive Machine Tool Producer (AMTP) or Automotive Service Provider (ASP). The respective registration types and the eligibility requirements of registration are described in regulations 2.4 to 2.7 of the *Automotive Transformation Scheme Regulations 2010*.

Applicants must also nominate whether they are applying for registration as an individual or as a group entity. Regulations 2.9, 2.10 and 2.11 of the *Automotive Transformation Scheme Regulations 2010* describe the requirements for group applicants. Documentation must be provided to substantiate that the application is made by a group of related bodies corporate within the meaning of sections 9 and 50 of the *Corporations Act 2001*.

Applicants that are in an eligible start-up period as defined in regulation 1.5 of the *Automotive Transformation Scheme Regulations 2010* must provide evidence on when they entered into a financial commitment to carry on business as an MVP, ACP, AMTP or ASP for the first time and provide information to substantiate the eligible start-up investment amount (Refer to Section B3 of the form).

In determining any values for the purposes of the Scheme, applicants should use accrual accounting methods in accordance with the accounting standards made by the Australian

Accounting Standards Board and all values should be provided net of GST. Values should be whole numbers in Australian dollars.

Applicants must be able to provide any documentation requested to substantiate their eligibility and the business plan. Failure to either meet eligibility requirements or to provide this information may lead to the application being refused. Attachment B provides guidance on what may be considered as appropriate documentation to substantiate claims made in an *ATS Application for Registration in the National Interest* form.

6. Privacy and confidentiality

The confidentiality of information provided to AusIndustry, a division of the Department of Industry, Innovation and Science (the Department), by applicants for the Scheme is protected by the relevant provisions and penalties of the *Automotive Transformation Scheme Act 2009*, the *Automotive Transformation Scheme Regulations 2010*, the *Public Service Act 1999*, the *Public Service Regulations*, the *Privacy Act 1988*, the *Crimes Act 1914*, the *Criminal Code* and general law.

Subregulation 6.5(1) of the *Automotive Transformation Scheme Regulations 2010* allows the Minister to publish the following information about the ATS participant or a person who was an ATS participant:

- (a) that the person is, or was, an ATS participant and the period of the person's participation in the Scheme;
- (b) the amount of assistance paid to the person in an ATS year.

Subregulation 6.5(2) of the *Automotive Transformation Scheme Regulations 2010* requires the Minister to publish a notice that the Minister has given a person named in the notice permission to:

- a) apply for registration as an ATS participant; or
- b) continue registration as an ATS participant;

on the basis that the registration would be in the national interest.

Detailed confidential information contained in applications may be disclosed for audit purposes to contractors engaged by the Department and to other Commonwealth agencies for audit, reporting and law enforcement purposes. Further, the Department may release confidential information if it obtains the applicant's consent or is required or permitted by law to do so. This could happen, for example, if the Department is required to respond to a resolution of the Parliament, or the order of a court.

7. How to submit the application

The *ATS Application for Registration in the National Interest* form can be sent by email to ats@industry.gov.au or by post to:

Automotive Section
AusIndustry
GPO Box 85
Melbourne VIC 3001

A hard copy may also be left at any AusIndustry office during business hours. To locate an office near you go to the [contact us](#) page at business.gov.au.

Part A – Applicant Details

A1 Entity registration details

A1.1 Full name of the entity applying for registration (in the case of groups, the principal applicant's details)

Enter the full name of the applicant. For groups, enter the details of the principal entity.

An applicant can be either a natural person or a registered business entity, and the legal name of the person or the full registered name of the applicant entity should be entered. If applying as a trustee on behalf of a trust please enter the full name in the following format: *Company XXX within its own capacity and as trustee of the XXX Trust*.

The trading name should only be completed if the applicant trades or operates under a different name to the registered name.

A1.2 Applicant business registration details

Enter the registered business name or incorporated trustee name. Other information required is the Australian Company Number (ACN), date of incorporation, country of incorporation, Australian Business Number (ABN) and ABN branch number if applicable, and whether the applicant is registered for GST.

A1.3 Trust or responsible entity details

This section is to be completed by an applicant that is applying for registration on behalf of a trust.

A2 Core business

A list of Australian and New Zealand Standard Industry Classification (ANZSIC) descriptions and corresponding code has been included at Appendix 1 to the *ATS Application for Registration in the National Interest* form. Please use this list to identify the principal business activity of the applicant entity and enter the relevant code in this field.

A3 Information from last financial year

Enter details from the last completed financial year. The data entered in the number of full-time employees (including part-time equivalents) field should include working directors, partners and proprietors as well as all full-time, part-time and casual employees on the payroll at the last pay period of the relevant financial year. The work time of part-time and casual employees should be accumulated to generate a *person years* figure.

The number of consultants entered should include all consultants that are employed as a full time employee on a contractual basis. Please do NOT include contractors such as cleaners etc that are *contracted* to perform certain functions.

A6 Primary contact

The primary contact person details that are entered in this section must be a contact person employed by the principal applicant who is responsible for all dealings with AusIndustry in relation

to the Scheme and who is authorised to provide any further information requested by AusIndustry on behalf of the principal applicant. If representing a group of companies, the person must be approved by all group members to respond on their behalf.

A6.5 External entity details

If the applicant wishes to nominate an external entity (for example, a consultant) to act on their behalf, this question must be completed.

A6.6 Letter of authorisation

If the applicant has nominated an external entity (for example, a consultant) to act on their behalf, AusIndustry requires a letter from the applicant stating the external entity's details and in what capacity they allow the external entity to act.

Part B – Type of registration

B1 Is the applicant registered for the ATS?

A person may only have one current registration under the Scheme as an MVP, ACP, AMTP or ASP. If the applicant applies for another registration under the Scheme, and the Secretary grants the later application, then the current registration will cease to have effect.

If an applicant is a member of a group of related bodies corporate that is registered as an ATS participant, the person must not be registered as an individual ATS participant while the person remains a member of the group and the group is an ATS participant.

If an applicant is registered as an individual (single) participant under the Scheme, a group of related bodies corporate must not be registered as an ATS participant while the ATS participant is registered individually.

B2 What type of registration is the applicant applying for?

The applicant must nominate the type of registration that they are applying for and whether they are applying as an individual (single) participant or as a group participant.

If the applicant is applying as a single participant, Part L of the form 'fit and proper person' details, must be completed.

If the applicant is applying as a group participant, Part C of the form, including the 'fit and proper person' details, must be completed for each member of the group as well as the principal applicant (whose details are provided in Part A).

When applying for registration, applicants must be able to substantiate the information provided in this form and provide any further documentation that may be requested by AusIndustry.

B3 Is the applicant in an eligible start-up period?

This section is to be completed by an applicant that has not previously carried on business as an MVP, ACP, AMTP or ASP and has entered into a financial commitment to carry on business as an MVP, ACP, AMTP or ASP.

A person applying for registration in an eligible start-up period must be able to provide evidence that it has entered into a financial commitment to carry on business as an MVP, ACP, AMTP or ASP for the first time. The date of this commitment is to be entered at **B3.1**.

A later date on which it is agreed that the production of goods or delivery of services is expected to commence is to be entered at **B3.2**.

The *total eligible start-up investment amount* to be entered at **B3.3** means the total investment expenditure incurred by the applicant on the acquisition of land, buildings, structure, plant, equipment, materials or other assets for carrying on business as an MVP, ACP, AMTP or ASP.

The applicant must provide a clear breakdown of the total investment expenditure with amounts and dates, as well as financial statements and other documentation, as evidence of the investment it has incurred to date for the purpose of carrying on eligible production in Australia for the first time.

At section **B3.4** the applicant must nominate whether the information is to be forwarded to AusIndustry as an email attachment to ats@industry.gov.au or by post to

Automotive Section
AusIndustry
GPO Box 85
Melbourne VIC 3001

A hard copy may also be left at any AusIndustry office during business hours. To locate an office near you go to the [contact us](#) page at business.gov.au.

This information is mandatory and is required for the purpose of determining eligibility for registration. If the application is successful, the total amount of substantiated investment is used by AusIndustry for the purpose of calculating the sales based cap for the payment of assistance (regulation 3.11 of the *Automotive Transformation Scheme Regulations 2010*). Refer to Attachment B, Substantiation Guidelines for further details.

Part C – Other group applicant details

A **Part C** must be completed by each member of the group (other than the principal applicant whose details are provided in Part A) applying, under Division 2.3 of the of the *Automotive Transformation Scheme Regulations 2010*, for permission to seek registration as an ATS participant as if the group were a single person.

Documentation must be provided to substantiate the application is made by a group of related bodies corporate within the meaning of sections 9 and 50 of the *Corporations Act 2001*. For information regarding the relationships between entities please consult the Fact Sheet at Attachment A.

Please note that if the applicant is applying for registration on behalf of a group of related bodies, the application must be filled out as if the group were a single entity. It should be expected that AusIndustry will request to see a breakdown of the sales, production and investment figures in the business plan corresponding to each group member and these should be readily available on request.

In considering an application for registration AusIndustry must be satisfied that all ATS applicants satisfy the Fit & Proper Person criteria described in regulation 2.16 of the *Automotive Transformation Scheme Regulations 2010*.

Regulation 2.16 of the *Automotive Transformation Scheme Regulations 2010* requires that the company, as well as all directors and officers or shareholders in a position to influence the management of the company, is a fit and proper person. These requirements are tested for the Principal Applicant entity at Part K of the *ATS Application for Registration* form. For all other members of an application for a group registration, these requirements are tested at Part C of the *ATS Application for Registration* form.

Please note that if an applicant answers YES to any of these questions, AusIndustry will carry out an assessment as to the eligibility of this entity for registration and review the applicant's answers to these questions on a case by case basis. AusIndustry will consider any explanation and documentary evidence provided with the *ATS Application for Registration* form and in subsequent correspondence in its decision making.

Part D – Information for national interest applicants

The applicant must attach to the completed application form a clear statement describing why registration of the applicant in the Scheme would be in the national interest that includes a summary of the requirements in subregulation 2.8(4) of the of the *Automotive Transformation Scheme Regulations 2010* that the Minister must consider. In particular, the benefits to the Australian automotive industry and to the Australian economy should be addressed. A hard copy of the attachment must accompany the completed and signed application form when it is lodged.

In addition, details must be provided against the relevant criteria in the body of the form (which are listed under the heading *Applying for Registration in the National Interest* in Part D of the form). Complete all relevant questions. Additional information may be requested to substantiate the applicant's claims in Part D of the form.

Part E – Information for MVPs

The eligibility criteria for general ATS registration relate to production levels and production values. Whilst these criteria are not applicable for applicants registering in the national interest, the levels of production, the value of that production and investment activities is relevant to the consideration of the request for registration as an applicant in the national interest. Further, the information in the application is subject to examination by AusIndustry in its compliance activities and is used in the calculation of modulation rates.

If the person is applying for registration on behalf of a group of related bodies, Part E must be completed as if the group were a single entity. It should be expected that AusIndustry will request

to see a breakdown of forecast sales, production and investment figures corresponding to each group member and these should be readily available on request.

It is recommended that before completing the forecast sales, production and investment figures at Part J for MVPs, applicants refer to the Regulations for the meanings of:

- production of motor vehicles and engines (regulation 1.6 of the of the *Automotive Transformation Scheme Regulations 2010*);
- eligible production (regulations 1.16, 1.24 of the of the *Automotive Transformation Scheme Regulations 2010*); and
- eligible investment (regulation 1.15, 1.17, 1.20 of the of the *Automotive Transformation Scheme Regulations 2010*).

Applicants must be able to provide relevant documentation to substantiate the content in Part I.

Part F – Information for ACPs

The eligibility criteria for registration relate to production levels and production values. Whilst these criteria are not applicable for applicants registering in the national interest, the levels of production, the value of that production and investment activities is relevant to the consideration of the request for registration as an applicant in the national interest. Further, the information in the application is subject to examination by AusIndustry in its compliance activities and is used in the calculation of modulation rates.

If the person is applying for registration on behalf of a group of related bodies, Part F must be completed as if the group were a single entity. It should be expected that AusIndustry will request to see a breakdown of the sales, production and investment figures in the business plan corresponding to each group member and these should be readily available on request.

It is recommended that applicants refer to the Regulations for the meaning of eligible investment (regulations 1.15, 1.17, 1.20 of the *Automotive Transformation Scheme Regulations 2010*) in the context of the Scheme before completing the business plan at Part J. Applicants must be able to provide relevant documentation to substantiate the content in Part I.

Part G – Information for AMTPs

The eligibility criteria for registration relate to production levels and production values. Whilst these criteria are not applicable for applicants registering in the national interest, the levels of production, the value of that production and investment activities is relevant to the consideration of the request for registration as an applicant in the national interest. Further, the information in the application is subject to examination by AusIndustry in its compliance activities and is used in the calculation of modulation rates.

If the person is applying for registration on behalf of a group of related bodies, Part D must be completed as if the group were a single entity. It should be expected that AusIndustry will request to see a breakdown of the sales, production and investment figures in the business plan corresponding to each group member and these should be readily available on request.

It is recommended that applicants refer to the Regulations for the meaning of eligible investment (regulations 1.15, 1.17, 1.20 of the *Automotive Transformation Scheme Regulations 2010*) in the

context of the Scheme before completing the business plan at Part J. Applicants must be able to provide relevant documentation to substantiate the content in Part I.

Part H – Information for ASPs

The eligibility criteria for registration relate to production levels and production values. Whilst these criteria are not applicable for applicants registering in the national interest, the levels of production, the value of that production and investment activities is relevant to the consideration of the request for registration as an applicant in the national interest. Further, the information in the application is subject to examination by AusIndustry in its compliance activities and is used in the calculation of modulation rates.

If the person is applying for registration on behalf of a group of related bodies, Part D must be completed as if the group were a single entity. It should be expected that AusIndustry will request to see a breakdown of the sales, production and investment figures in the business plan corresponding to each group member and these should be readily available on request.

It is recommended that applicants refer to the Regulations for the meaning of eligible investment (regulations 1.15, 1.17, 1.20 of the *Automotive Transformation Scheme Regulations 2010*) in the context of the Scheme before completing the business plan at Part J. Applicants must be able to provide relevant documentation to substantiate the content in Part I.

Part I –Business Plan

Applicants must also forward a Business Plan to AusIndustry that contains the following:

1. details of the strategies that will enable the applicant to carry on sustainable operations in the Australian automotive industry for a five year period starting on 1 January of the year of registration; and
2. operational plans, details of financial commitment and controls, financial projections and assumptions on which forecasts in Parts F or J are based; and
3. details about how the applicant will meet the object of the Act, particularly economic sustainability, in a way that will improve environmental outcomes and promote the development of workforce skills; and
4. current employment data including the number of total employees and manufacturing employees
5. such other particulars as are required by the form in respect of the period or periods specified in the form.

The Business Plan must support the five year sales and investment forecasts provided in Part I of the application form and address how the applicant will meet the object of the Act. These requirements form part of the formal requirements for the content of the application for registration in regulation 2.12 of the *Automotive Transformation Scheme Regulations 2010*.

The Business Plan can be sent by email or by post with the completed application form containing a signed declaration. It is recommended that the Business Plan is forwarded on the same date as the application form. If the Business Plan is forwarded at a date later than the date that the application form is received then AusIndustry will accept the application for review on the later date.

How the object of the Act will be met

Schedule 1 of the *Automotive Transformation Scheme Order 2010* contains criteria on which ATS participants must report progress in their Third Quarter Business Plan Update (regulation 2.27 of the *Automotive Transformation Scheme Regulations 2010*). It is suggested that the applicant refer to these criteria using three headings:

- Economic Sustainability
- Improved Environmental Outcomes
- Development of workforce skills

when providing details about how the applicant will meet the object of the Act. Examples are provided below for each of these criteria.

Economic Sustainability

1. Innovation

An ATS participant must report against each of the following items:

- (a) Research and development expenditure;
- (b) Capability development
 - (i) participation in change management processes, *for example*:
 - management and leadership
 - performance benchmarking
 - customer relationships
 - supply chain integration
 - quality assurance
 - strength, weakness, opportunity and threat (SWOT) analysis programs
 - financial management systems
 - (ii) participation in government (federal, state or territory) or business programs designed to help businesses develop their strategic capability, *for example*:
 - Enterprise Connect
 - Business Enterprise Centres
 - the Automotive Supplier Excellence Australia (ASEA) Program
 - Automotive Supply Chain Development Program

2. Improved business performance

- (a) improved profitability
- (b) increased value of production
- (c) new customers
- (d) increased sales

- (e) increased productivity
 - (f) other activities resulting in the development of the participant's capability
3. Other activities to be undertaken that would contribute to placing industry on an economically sustainable footing

Improved environmental outcomes

An ATS participant must report against one or more of the following items, the extent to which the ATS participant is improving its environmental outcomes, as demonstrated by, but not limited to:

1. a reduction in the environmental impact of the applicant's manufacturing process, *for example*:
 - more efficient and sustainable energy sources for the manufacturing process
 - recycling measures for waste products
 - environmental upgrades of plant and equipment
 - use of sustainable materials
2. input into the development or manufacture of more environmentally sustainable cars, *for example*:
 - alternative fuels
 - hybrid vehicles
 - reduced greenhouse gas emissions
 - mass reduction, including components
 - environmentally sustainable materials
 - increased fuel efficiency, including fuel management
3. participation in government (federal/state or territory) environmental programs, *for example*:
 - Re-tooling for Climate Change
 - Green Car Innovation Fund
4. compliance with national/international automotive environmental standards
5. other activities resulting in improved environmental outcomes

Development of workforce skills

An ATS participant must report against one or more of the following items, the extent to which the participant is promoting the development of its workforce's skills, as demonstrated by, but not limited to:

1. the number of people within the individual workforce with applicable post-school qualifications, *for example*:
 - Australian Qualification Framework (AQF) Certificate I & II

- AQF Certificate III & IV
 - Trade qualifications
 - Advanced Diploma, Diploma
 - Bachelor Degree
 - Postgraduate/Graduate Diploma
2. the number of apprentices in the workforce
 3. the number of apprentices within the workforce successfully completing their apprenticeships
 4. participation in government (federal, state or territory) or commercial training programs designed to help businesses more effectively train their workforce, for example:
 - the provision of training under the Automotive Training Package or other applicable training package; and
 - registered training providers providing flexible on-the-job recognised training
 5. improved productivity in the workplace
 6. other activities resulting in the development of the workforce

Part J – Forecast sales, production and investment for MVPs

J1 Sales and production values

Sales value

Sales value means:

The sales values for previous quarters should be actual sales figures. Estimates for sales values for all future quarters should be based on business forecasts. The values should be net of GST and all sales taxes. Values should be included for each quarter that a participant expects to receive sales revenue for ATS goods and services.

When providing forecasts with an *ATS Application for Registration* form, the applicant must include actual sales values for the eight quarters preceding the first quarter of the ATS year for which registration is sought. Forecast sales value for all quarters in the five year period starting from quarter 1 of the ATS year for which registration is sought must also be provided.

The sales value will be used to calculate the sales based cap. Under regulation 3.11 of the *Automotive Transformation Scheme Regulations 2010* no participant, other than those in an eligible start-up period, may be permitted to receive assistance exceeding 5 per cent of its sales value for the preceding year. No participants in an eligible start-up period, as defined in regulation 1.5 of the *Automotive Transformation Scheme Regulations 2010*, may be permitted to receive assistance exceeding 15 per cent of its eligible start-up investment.

The following definitions are relevant in completing this part of the business plan:

- meaning of production of goods and provision of services in Australia (regulation 1.6 of the *Automotive Transformation Scheme Regulations 2010*);
- where sale of goods or services is taken to occur (regulation 1.11 of the *Automotive Transformation Scheme Regulations 2010*);
- where sale of goods or services is taken not to occur (regulation 1.12 of the *Automotive Transformation Scheme Regulations 2010*);
- indirect tax (regulation 1.5 of the *Automotive Transformation Scheme Regulations 2010*);
- production value, sales value or investment determined as if transaction at arms' length (regulation 1.28 of the *Automotive Transformation Scheme Regulations 2010*);
- production value or sales value when parties treated as not being arm's length (regulation 1.30 of the *Automotive Transformation Scheme Regulations 2010*); and
- methods for determining value of transactions when parties treated as not being at arm's length (regulation 1.33 of the *Automotive Transformation Scheme Regulations 2010*).

Production value

An MVP may claim the production of motor vehicles, engines and engine components as allowable production. MVPs must report the maximum claimable value for allowable production for each quarter in which they undertake production according to the formula provided in regulation 1.25 of the *Automotive Transformation Scheme Regulations 2010*. (Please do not apply any uplift factor to production value. This uplift factor will be applied by AusIndustry.)

The following definitions under subregulation 1.5(1) of the *Automotive Transformation Scheme Regulations 2010* are relevant in completing the production values in the business plan:

motor vehicle producer means a person who undertakes the production of motor vehicles or engines.

MVP means a person registered as a motor vehicle producer under the Scheme.

Note: Not all motor vehicle producers are eligible for registration as MVPs.

MVP production means in relation to a quarter and to an MVP and means the completion in that quarter by the MVP of the production of:

- motor vehicles; or
- engines; or
- engine components.

motor vehicle means any vehicle (other than a used vehicle):

- that has a gross vehicle weight of not more than 3.5 tonnes; and
- that, if imported, would be classified to:
 - a subheading of heading 8702 or 8703 (other than 8703.10.00) of Schedule 3 of the *Customs Tariff Act 1995* (the Tariff); or
 - subheading 8704.21, 8704.31 or 8704.90 of Schedule 3 of the Tariff.

engine means an engine that:

- is designed to propel a motor vehicle; and
- has been fitted by its producer with a crankshaft;

whether that engine is a dressed or undressed engine, whether it is a short or long engine and whether it is a finished or unfinished engine.

engine components means goods that, if imported, would be classified to Schedule 3 of the Tariff as one of the following:

- parts for engines classified to heading 8409;
- balance shafts, camshafts, crankshafts, plain shaft bearings, flywheels and pulleys classified to heading 8483;
- oil pumps, fuel pumps and water pumps classified to heading 8413;
- starter motors, alternators and ignition equipment classified to heading 8511;
- engine management systems classified to heading 8537 or 9032;
- automatic voltage regulators classified to heading 9032; or
- ignition wiring sets classified to heading 8544.

Production amounts for MVPs are worked out according to Division 2.1 the *Automotive Transformation Scheme Order 2010*. The following regulations are relevant in determining the production value:

- maximum claimable value for allowable production for MVP (regulation 1.25 of the *Automotive Transformation Scheme Regulations 2010*);
- meaning of production of goods and provision of services in Australia (regulation 1.6 of the *Automotive Transformation Scheme Regulations 2010*);
- indirect tax (regulation 1.5 of the *Automotive Transformation Scheme Regulations 2010*);
- production value, sales value or investment determined as if transaction at arms' length (regulation 1.28 of the *Automotive Transformation Scheme Regulations 2010*);
- production value or sales value when parties treated as not being arm's length (regulation 1.30 of the *Automotive Transformation Scheme Regulations 2010*); and

- methods for determining value of transactions when parties treated as not being at arm's length (regulation 1.33 of the *Automotive Transformation Scheme Regulations 2010*).

J2 Plant and equipment investment

An MVP may claim eligible investment in allowable plant and equipment. MVPs must report the maximum claimable value for plant and equipment. Please refer to the formulae provided in regulation 1.18 of the *Automotive Transformation Scheme Regulations 2010* on maximum claimable value for allowable plant and equipment. (Please do not apply any uplift factor to production value. This uplift factor will be applied by AusIndustry.)

Allowable plant and equipment includes all new additions of plant and equipment which are used in Australia for the purposes described in regulation 1.17 of the *Automotive Transformation Scheme Regulations 2010*. Please note that this regulation provides examples where relevant. Under subregulation 1.17(6) of the *Automotive Transformation Scheme Regulations 2010* certain spare and replacement parts may only be included if they are recognised as an asset in accordance with the Australian Accounting Standards.

The following sections are relevant in completing the plant and equipment investment in the forecasts:

- outline of what eligible investment is (regulation 1.15 of the *Automotive Transformation Scheme Regulations 2010*);
- allowable plant and equipment (regulation 1.17 of the *Automotive Transformation Scheme Regulations 2010*);
- maximum claimable value for allowable plant and equipment for MVPs (regulation 1.18 of the *Automotive Transformation Scheme Regulations 2010*);
- when investment is taken to have occurred (regulation 1.26 of the *Automotive Transformation Scheme Regulations 2010*);
- sale of eligible investment by the ATS participant (regulation 1.27 of the *Automotive Transformation Scheme Regulations 2010*);
- production value, sales value or investment determined as if transaction at arms' length (regulation 1.28 of the *Automotive Transformation Scheme Regulations 2010*);
- value of investment in plant and equipment when parties treated as not being at arm's length (regulation 1.32 of the *Automotive Transformation Scheme Regulations 2010*); and
- methods for determining value of transactions when parties treated as not being at arm's length (regulation 1.33 of the *Automotive Transformation Scheme Regulations 2010*).

Allowable plant and equipment may be claimed if it is acquired by operating lease or otherwise.

An *operating lease* means a lease under which the lessor effectively retains substantially all the risks and benefits incident to ownership of the leased asset.

A *finance lease* means a lease under which the lessor effectively transfers to the lessee substantially all the risks and rewards incident to ownership of the leased asset and where legal ownership may or may not eventually be transferred. The effective passing of substantially all the risks and rewards incident to ownership from a lessor to a lessee is normally presumed where both of the following criteria are satisfied:

- the lease is a non-cancellable lease (eg cancellation incurs significant penalty)
- either one or both of the following tests are met:

- the lease term is for 75 per cent or more of the remaining economic life of the leased asset; or
- the present value at the beginning of the lease term of the minimum lease payments equals or exceeds 90 per cent of the fair value of the leased asset at the inception of the lease.

The claimable amounts of investment in allowable plant and equipment that can be included (apportioned to the extent that the plant and equipment is used in automotive related production) are:

- for allowable plant and equipment purchased and capitalised in the participant's accounts:
 - the arm's length purchase price (as per the arm's length guidelines above) plus freight charges, insurance costs, import charges, clearance charges and sales or similar taxes (but exclusive of GST)
 - minus any amount included in the arm's length purchase price to cover installation costs for the plant and equipment that is separately itemised or to cover maintenance costs
- for allowable plant and equipment purchased overseas and imported for use in Australia:
 - the Customs value
- the value of allowable plant and equipment built by the participant as capitalised in the applicant's accounts;
- for allowable plant and equipment leased under a finance lease (leveraged or otherwise):
 - the capital value of the asset shown on the lease agreement (provided the plant and equipment has not been previously owned, leased or used, either in whole or in part by the participant or a company related to the participant). Deposits paid on leased equipment and subsequently reimbursed should be removed from the amount of investment entered for that piece of approved plant and equipment.

J3 Research and Development investment

Research and development (excluding contracted and offshore R&D)

Under regulation 1.21 of the *Automotive Transformation Scheme Regulations 2010*, the amounts of investment in allowable research and development that can be included are:

- labour costs for those persons carrying out eligible research and development activities such as engineers, researchers, and technical staff or persons directly supporting eligible research and development activities such as skilled or un-skilled crafts persons, secretarial and clerical staff, and executive staff involved in the management of scientific or technical aspects of the research and development;

Labour costs include salaries or wages, allowances, bonuses, overtime and penalty rate payments, leave payments (annual, sick, long service), superannuation fund contributions, payroll tax, workers' compensation insurance premiums and the cost of providing any vehicle or other benefits included in the employee's remuneration. It does not include any fringe benefits tax payable in respect of the benefits referred to in the cost of providing any vehicle or other benefits included in the employee's remuneration package;

Leave payments (annual, sick, long service) are to be on an accrued basis with only those expenses incurred during the performance of research and development activity being claimable. For example, if a person transferred from sales to research and development with an accrued long service provision relating to the time that person was in sales, such

an accrued expense would not be claimable as eligible research and development labour expenses;

- training and developing employees involved in directly carrying out or directly supporting eligible research and development activities including costs of graduate development programs, costs of training to use software specifically related to the participant's research and development activity and costs of the employees directly supporting or assisting, or directly involved in the training and development of the employee;
- a person who is under a contract for services with the participant that is brought in to work on a particular research and development activity. The amount payable under the contract to the person for the activity should be used;
- work order material and consumable expenses incurred in conducting the research and development. Plant and equipment purchased for research and development purposes and tested to destruction within 12 months after its purchase is claimable as research and development expenditure provided it is shown in the book of accounts as a consumable (ie. the expenditure is not posted to the asset register).

Contracted research and development (excluding offshore R&D)

Under subregulations 1.21(3) and 1.21(4) of the *Automotive Transformation Scheme Regulations 2010* the amounts of investment in contracted R&D that can be included by MVPs are:

- for Australian-based R&D conducted by another person (other than a Co-operative Research Centre), on behalf of the MVP under a contract with the MVP, the maximum claimable value for allowable R&D, for a quarter is the total amount of claims enforceable by the other person against the MVP, that arise, in that quarter, for any work done in relation to R&D;
- for Australian-based R&D conducted by a Co-operative Research Centre under contract with the MVP, the maximum claimable for allowable R&D, for a quarter is the total amount of contribution made, in that quarter, by the MVP to the Centre in relation to R&D.

Offshore research and development

Under subregulation 1.21(5) of the *Automotive Transformation Scheme Regulations 2010* the amount of investment in offshore R&D that can be included by MVPs is the lesser of:

- 20 per cent of the total of Australian-based R&D conducted by, or on behalf of, the MVP; and
- the sum of each of the following amounts of expenditure that has been recognised, in that quarter in the MVP's accounts, as an expense in accordance with the Australian Accounting Standards, as described in subregulation 1.21(6) of the *Automotive Transformation Scheme Regulations 2010*:
 - labour costs, within the meaning of subregulation 1.23 (1) of the *Automotive Transformation Scheme Regulations 2010*, in respect of employees carrying out, or directly supporting, the research and development;
 - the cost, within the meaning of subregulation 1.23 (2) of the *Automotive Transformation Scheme Regulations 2010*, of training and developing of employees referred to above;
 - if the research and development covers an activity that has been carried out by a person under a contract for services with the MVP, the amount payable, under the contract, to the person for the activity;
 - the cost of acquiring, for the purposes of the research and development, any plant and equipment that is consumed or tested to destruction within 12 months after its acquisition; and

- the cost of purchasing, for the purposes of the research and development, any work order materials.

Please note that under subregulation 1.21(7) of the *Automotive Transformation Scheme Regulations 2010*, the maximum claimable value for this field is 20 per cent of the total of Australian based R&D conducted by the participant and under contract. However, you should include the full amount of your expenditure on offshore R&D during the quarter. AusIndustry will calculate the maximum claimable value for this type of investment.

Part K – Forecast sales and investment for ACPs, AMTPs and ASPs

K1 Sales and plant and equipment investment

Sales value

Sales value means:

- for the sale of goods produced in Australia by the ATS participant - the value of the goods sold reduced by the amount of sales tax payable on those goods; and
- for the sale of services provided in Australia by the ATS participant – the value of the services.

The sales values for previous quarters should be actual sales figures. Estimates for sales values for all future quarters should be based on business forecasts. The values should be net of GST and all sales taxes. Values should be included for each quarter that a participant expects to receive sales revenue for ATS goods and services.

When providing forecasts with an *ATS Application for Registration* form the applicant must include actual sales values for the eight quarters preceding the first quarter of the ATS year for which registration is sought. Forecast sales value for all quarters in the five year period starting from quarter 1 of the ATS year for which registration is sought must also be provided.

The sales value will be used to calculate the sales based cap. Under regulation 3.11 of the *Automotive Transformation Scheme Regulations 2010* no ATS participant, other than those in an eligible start-up period, may be permitted to receive assistance exceeding 5 per cent of its sales value for the preceding year. No participants in an eligible start-up period, as defined in regulation 1.5 of the *Automotive Transformation Scheme Regulations 2010*, may be permitted to receive assistance exceeding 15 per cent of its eligible start-up investment.

The following definitions are relevant in completing this part of the forecasts:

- meaning of production of goods and provision of services in Australia (regulation 1.6 of the *Automotive Transformation Scheme Regulations 2010*);
- where sale of goods or services is taken to occur (regulation 1.11 of the *Automotive Transformation Scheme Regulations 2010*);
- where sale of goods or services is taken not to occur (regulation 1.12 of the *Automotive Transformation Scheme Regulations 2010*);
- indirect tax (regulation 1.5 of the *Automotive Transformation Scheme Regulations 2010*);
- production value, sales value or investment determined as if transaction at arms' length (regulation 1.28 of the *Automotive Transformation Scheme Regulations 2010*);
- production value or sales value when parties treated as not being arm's length (regulation 1.30 of the *Automotive Transformation Scheme Regulations 2010*); and
- methods for determining value of transactions when parties treated as not being at arm's length (regulation 1.33 of the *Automotive Transformation Scheme Regulations 2010*).

Plant and equipment investment

An ACP, AMTP or ASP may claim eligible investment in allowable plant and equipment. ACPs, AMTPs and ASPs must report the maximum claimable value for plant and equipment. Please refer to the formulae provided in regulation 1.19 of the *Automotive Transformation Scheme Regulations 2010* on maximum claimable value for allowable plant and equipment.

Allowable plant and equipment includes all new additions of plant and equipment which is used in Australia for the purposes described in regulation 1.17 of the *Automotive Transformation Scheme Regulations 2010*. Please note that this regulation provides examples where relevant. Under subregulation 1.17(6) of the *Automotive Transformation Scheme Regulations 2010*, certain spare and replacement parts may only be included if they are recognised as an asset in accordance with the Australian Accounting Standards.

The following sections are relevant in completing the plant and equipment investment in the business plan:

- outline of what eligible investment is (regulation 1.15 of the *Automotive Transformation Scheme Regulations 2010*);
- allowable plant and equipment (regulation 1.17 of the *Automotive Transformation Scheme Regulations 2010*);
- maximum claimable value for allowable plant and equipment for ACP, AMTP and ASP (regulation 1.19 of the *Automotive Transformation Scheme Regulations 2010*);
- when investment is taken to have occurred (regulation 1.26 of the *Automotive Transformation Scheme Regulations 2010*);
- sale of eligible investment by the ATS participant (regulation 1.27 of the *Automotive Transformation Scheme Regulations 2010*);
- production value, sales value or investment determined as if transaction at arms' length (regulation 1.28 of the *Automotive Transformation Scheme Regulations 2010*);
- value of investment in plant and equipment when parties treated as not being at arm's length (regulation 1.32 of the *Automotive Transformation Scheme Regulations 2010*); and
- methods for determining value of transactions when parties treated as not being at arm's length (regulation 1.33 of the *Automotive Transformation Scheme Regulations 2010*).

Allowable plant and equipment may be claimed if it is acquired by operating lease or otherwise.

An *operating lease* means a lease under which the lessor effectively retains substantially all the risks and benefits incident to ownership of the leased asset.

A *finance lease* means a lease under which the lessor effectively transfers to the lessee substantially all the risks and rewards incident to ownership of the leased asset and where legal ownership may or may not eventually be transferred. The effective passing of substantially all the risks and rewards incident to ownership from a lessor to a lessee is normally presumed where both of the following criteria are satisfied:

- the lease is a non-cancellable lease (eg cancellation incurs significant penalty);
- either one or both of the following tests are met:
 - the lease term is for 75 per cent or more of the remaining economic life of the leased asset; or
 - the present value at the beginning of the lease term of the minimum lease payments equals or exceeds 90 per cent of the fair value of the leased asset at the inception of the lease.

The claimable amounts of investment in allowable plant and equipment that can be included (apportioned to the extent that the plant and equipment is used in automotive related production) are:

- for allowable plant and equipment purchased and capitalised in the participant's accounts:

- the arm's length purchase price (as per the arm's length guidelines above) plus freight charges, insurance costs, import charges, clearance charges and sales or similar taxes (but exclusive of GST)
- minus any amount included in the arm's length purchase price to cover installation costs for the plant and equipment that is separately itemised or to cover maintenance costs
- for allowable plant and equipment purchased overseas and imported for use in Australia:
 - the Customs value
- the value of allowable plant and equipment built by the participant as capitalised in the applicant's accounts:
- for allowable plant and equipment leased under a finance lease (leveraged or otherwise):
 - the capital value of the asset shown on the lease agreement (provided the plant and equipment has not been previously owned, leased or used, either in whole or in part by the participant or a company related to the participant). Deposits paid on leased equipment and subsequently reimbursed should be removed from the amount of investment entered for that piece of approved plant and equipment.

K2 Research and development investment

Eligible investment is investment in allowable research and development. The allowable research and development is only allowed to a given value which is the maximum claimable value for research and development. Please refer to the formula provided in regulation 1.22 of the *Automotive Transformation Scheme Regulations 2010* on maximum claimable value for allowable research and development.

Under regulation 1.20 of the *Automotive Transformation Scheme Regulations 2010* allowable research and development includes activities that are directly related to the design, development, engineering or production of a motor vehicles, engines, engine components, automotive components, automotive machine tools or automotive tooling and activities that are undertaken for the purpose of acquiring new knowledge or creating new or improved materials, products, devices, production processes or services. It also includes:

- basic and strategic research;
- industrial and engineering design;
- production engineering;
- development activities relating to the building and testing of prototypes;
- re-engineering and modification of existing products and processes;
- development and installation of purpose-designed systems for:
 - quality assurance and process control; or
 - materials or movement control;
- obtaining industrial property rights, including:
 - the preparation and lodging of applications and other documents that are required to be lodged, in Australia or elsewhere, for the initial grant or registration of the rights; and
 - the initial grant or registration of the rights, in Australia or elsewhere;
- testing and modification of new production systems (either purpose-built or interchangeable) to achieve repeatability within specified tolerances; and

- activities conducted at the ATS participant's own expense that are aimed at improving a product or process of an engine or component supplier to the ATS participant.

The following sections are relevant in completing the research and development investment in the business plan:

- maximum claimable value for allowable research and development for ACP, AMTP and ASP (regulation 1.22 of the *Automotive Transformation Scheme Regulations 2010*);
- meaning of labour costs and costs of training and development (of the *Automotive Transformation Scheme Regulations 2010*);
- when investment is taken to have occurred (regulation 1.26 of the *Automotive Transformation Scheme Regulations 2010*);
- sale of eligible investment by an ATS participant (regulation 1.27 of the *Automotive Transformation Scheme Regulations 2010*);
- production value, sales value or investment determined as if transaction at arms' length (regulation 1.28 of the *Automotive Transformation Scheme Regulations 2010*);
- value of investment in research and development when parties treated as not being at arm's length (regulation 1.31 of the *Automotive Transformation Scheme Regulations 2010*); and
- methods for determining value of transactions when parties treated as not being at arm's length (regulation 1.33 of the *Automotive Transformation Scheme Regulations 2010*).

Research and development (excluding contracted and offshore R&D)

Under regulation 1.22 of the *Automotive Transformation Scheme Regulations 2010*, the amounts of investment in allowable research and development that can be included by ACPs, AMTPs and ASPs (apportioned to the extent that the research and development is used in automotive related production) are:

- internal labour costs for those persons carrying out eligible research and development activities such as engineers, researchers, and technical staff or persons directly supporting eligible research and development activities such as skilled or un-skilled crafts persons, secretarial and clerical staff, and executive staff involved in the management of scientific or technical aspects of the research and development;

Labour expenses include salaries or wages, allowances, bonuses, overtime and penalty rate payments, leave payments (annual, sick, long service), superannuation fund contributions, payroll tax, workers' compensation insurance premiums and the cost of providing any vehicle or other benefits included in the employee's remuneration. It does not include any fringe benefits tax payable in respect of the benefits referred to in the cost of providing any vehicle or other benefits included in the employee's remuneration;

Leave payments (annual, sick, long service) are to be on an accrued basis with only those expenses incurred during the performance of research and development activity being claimable. For example, if a person transferred from sales to research and development with an accrued long service provision relating to the time that person was in sales, such an accrued expense would not be claimable as eligible research and development labour expenses;

- training and developing employees involved in directly carrying out or directly supporting eligible research and development activities including costs of graduate development programs, costs of training to use software specifically related to the participant's research and development activity and costs of the employees directly supporting or assisting, or directly involved in the training and development of the employee;

- a person who is under a contract for services with the participant that is brought in to work on a particular research and development activity. The amount payable under the contract to the person for the activity should be used; and
- work order material and consumable expenses incurred in conducting the research and development. Plant and equipment purchased for research and development purposes and tested to destruction within 12 months after its purchase is claimable as research and development expenditure provided it is shown in the book of accounts as a consumable (ie. the expenditure is not posted to the asset register).

Contracted research and development (excluding offshore R&D)

Under subregulations 1.22(3) and 1.22(4) of the *Automotive Transformation Scheme Regulations 2010* respectively, the amounts of investment in contracted R&D that can be included by ACPs, AMTPs and ASPs are:

- for Australian-based R&D conducted by another person (other than a Co-operative Research Centre), on behalf of the ACP, AMTP or ASP under contract with the ACP, AMTP or ASP, the maximum claimable value for the allowable R&D, for a quarter, is the total amount of claims enforceable by the other person against the ACP, AMTP or ASP, that arise, in that quarter, for any work done in relation to R&D; and
- for Australian-based R&D conducted by a Co-operative Research Centre, under a contract with the ACP, AMTP or ASP, the maximum claimable value for allowable R&D, for a quarter, is the total amount of contributions made, in that quarter, by the ACP, AMTP or ASP to the Centre in relation to R&D.

Offshore research and development

Under subregulation 1.22(5) of the *Automotive Transformation Scheme Regulations 2010*, the amount of investment in offshore R&D that can be included by an ACP, AMTP or ASP is the lesser of:

- 20 per cent of the total of Australian-based R&D conducted by, or on behalf of the ACP, AMTP or ASP; and
- the sum of each of the following amounts of expenditure that has been recognised, in that quarter in the ACP, AMTP or ASP accounts, as an expense in accordance with the Australian Accounting Standards, as described in subregulation 1.22(6) of the *Automotive Transformation Scheme Regulations 2010*:
 - labour costs, within the meaning of subregulation 1.23(1) of the *Automotive Transformation Scheme Regulations 2010*, in respect of employees carrying out, or directly supporting, the research and development;
 - the cost, within the meaning of subregulation 1.23(2) of the *Automotive Transformation Scheme Regulations 2010*, of training and developing of employees referred to above;
 - if the research and development covers an activity that has been carried out by a person under a contract for services with the ACP, AMTP or ASP, the amount payable, under the contract, to the person for the activity;
 - the cost of acquiring, for the purposes of the research and development, any plant and equipment that is consumed or tested to destruction within 12 months after its acquisition; and

- the cost of purchasing, for the purposes of the research and development, any work order materials.

Please note that under subregulation 1.22(7) of the *Automotive Transformation Scheme Regulations 2010*, the maximum claimable value for this field is 20 per cent of the total of Australian based R&D conducted by the participant and under contract. You should, however, include the full amount of your expenditure on offshore R&D during the quarter. AusIndustry will calculate the maximum claimable value for this type of investment.

Part L – Fit and proper person

In addition to the information supplied for eligibility for registration as an MVP (Part E), an ACP (Part F), an AMTP (Part G) or an ASP (Part H), applicants must complete the requirements for consideration of applications in Division 2.4 of the Regulations. Part L of the form contains a number of questions which must be completed to enable the Secretary to determine whether the principal applicant is a fit and proper person as required by regulation 2.16 of *the Automotive Transformation Scheme Regulations 2010*. These questions must be completed for each additional member of a group application for registration in Part C of the form.

Please note that if an applicant answers *YES* to any of these questions, an assessment as to the eligibility of this entity for ATS registration will be assessed and a review of the applicant's answers to these questions will be conducted on a case by case basis. Any explanation or documentary evidence provided with the *ATS Application for Registration in the National Interest* form and in subsequent correspondence will be considered.

Withholding or failing to provide information during the application process that could influence a decision on whether or not the applicant meets the Fit and Proper Person requirements for registration may be viewed as a misleading statement and may lead to an ATS participant being deregistered from the Scheme.

Part M – Declaration and signature

A series of statements is provided at **M1** which the applicant must agree to by placing a mark in each box. A person who is the authorised primary contact for requests for information from AusIndustry to substantiate claims in the application must complete **M2** and sign the form at **M3**.

The declaration and signature fields must be completed for the application for registration to be accepted.

Attachment A - Fact sheet: related companies

When may a group of companies seek registration as a single entity?

A group of companies can be registered for the ATS as if the group were a single person. Regulations 2.9, 2.10 and 2.11 of the *Automotive Transformation Scheme Regulations 2010* describe the requirements for group applicants. Documentation must be provided to substantiate the application is made by a group of related bodies corporate within the meaning of sections 9 and 50 of the *Corporations Act 2001*.

A group of related bodies corporate means a group of related bodies corporate within the meaning of sections 9 and 50 of the *Corporations Act 2001*.

How do you determine whether all companies within a group are related companies?

A company will be related to another company if:

- it is a holding company of the second company; or
- it is a subsidiary of the second company; or
- it is a subsidiary of a holding company of the second company.

If a company has any of these relationships with another company, then those companies are related.

When is a company a holding company of another company?

A company will be the holding company of any company that is its subsidiary. In order to determine this, it is necessary to apply the *Corporations Law* definition of 'subsidiary' to the other company (see below).

When is a company a subsidiary of another company?

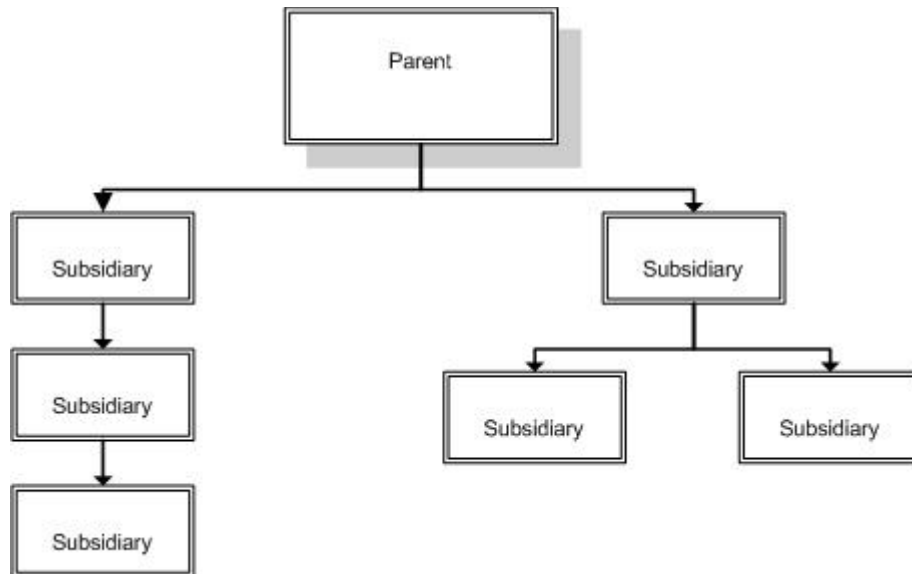
A company is a subsidiary of a second company if:

- the second company controls the composition of the first company's board. A company can control the composition of another company's board if it has the power, either acting alone or with the consent or participation of another person, to appoint or remove more than 50 per cent of the directors of the other company's board; or
- the second company is in a position to cast, or control the casting of, more than one half of the maximum number of votes that might be cast at a general meeting of the first company; or
- the second company holds more than 50 per cent of the issued share capital of the first company (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital - normally preference shares); or
- the first company is a subsidiary of a subsidiary of the second company.

A subsidiary of a holding company of another company will be related to that other company

As a result of this test, companies will be related where they share the same holding company. To determine whether companies are related on this ground it is necessary to discover whether there is any company which itself, (or through a subsidiary), is a holding company of each of those companies. That is, companies will be related if they are subsidiaries of a common holding company.

Figure 1



All companies within the group in Figure 1 are related to each other and may be registered as a

The material in this Fact Sheet is provided for your information only and is not intended as legal or business advice. While every attempt is made to ensure the accuracy of the information, it is suggested that you seek your own professional advice on the relevant provisions of the Automotive Transformation Scheme Act 2009, Automotive Transformation Scheme Regulations 2010 and Automotive Transformation Scheme Order 2010.

Attachment B - Substantiation guidelines for registration

Compliance management under the Scheme will be based on the principles of self assessment, complemented by a post-transaction audit regime designed to assess the integrity of the participants' systems and procedures.

The substantiation guidelines are aimed at assisting in the process of self assessment and should be used in conjunction with the legislation and related guidelines. They are intended to represent the minimum records required to comply with the Act, Regulations and Order. They should not be viewed as constituting, on their own, the entire compliance picture for the Scheme. They will form part of a broader risk management strategy for the Scheme which covers, among other things, record keeping requirements for substantiating claims, audit procedures and other reporting or record keeping procedures for ensuring the integrity of the Scheme's administration. In addition, AusIndustry may publish ATS Notices to update, amend or clarify any information contained in these guidelines.

The guidelines and the legislation complement normal accounting standards set by the Australian Accounting Standards Board as they relate to the recording and treatment of activities as costs. Substantiation will, wherever possible, be based on an applicant's existing accounting systems and record keeping procedures.

The calculation of unmodulated and modulated payments will be undertaken on the basis of information provided by an applicant's application for registration in the Scheme, quarterly returns and third quarter business plan updates. AusIndustry seeks to assist applicants to ascertain for themselves the amounts that may be paid under the Scheme. For further information about the calculation of the three year rolling average, please consult the [Automotive Transformation Scheme Order 2010](#) and the [ATS webpage](#) at business.gov.au.

Substantiation Guidelines will apply to:

Registration: Establishing that the applicant's claims of eligibility for registration in the scheme are valid.

Quarterly Returns: Establishing that an ATS participant's Plant & Equipment investment and Research & Development activities are eligible and that the amount of eligible investment claimed is valid.

Business Plan: The data requested in the *ATS Application for Registration in the National Interest* form and Third Quarter Business Plan Updates will be made up of actual data, applying to previous periods, and forward estimates, applying to future periods. Data relating to previous periods will be used, as part of the three year rolling average, in the calculation of credits issued to participants and is not collected on quarterly returns. Therefore, substantiation guidelines will apply to any Business Plan data that pertains to periods prior to lodgement of the *ATS Application for Registration in the National Interest* form.

Records of evidence are required to be maintained, or created and maintained, to substantiate all information provided under the Scheme. Such records must be kept for **five years** after lodgement of the relevant return, as required by subregulation 2.26(2) of the *Automotive Transformation Scheme Regulations 2010*.

These guidelines are not meant to be too prescriptive, but to provide a general indication of the types of records that AusIndustry may request access to when an audit is undertaken or as part of ongoing monitoring activities. Records which should be kept include commercial documents which provide a record of relevant transactions, or which enable these transactions to be traced and verified through the accounting system. It will also be necessary to keep records of all estimates and calculations made to prepare quarterly returns, together with details of the basis and method used. All methods adopted by participants to record, calculate and substantiate claims must be reasonable, fully justifiable and should be consistently applied in each ATS year unless otherwise authorised by AusIndustry.

Motor Vehicle Producer (MVP)

<p>Application for Registration and Conditions of Registration Requirements of the <i>Automotive Transformation Scheme Regulations 2010</i></p>	<p>Key Provisions of the <i>Automotive Transformation Scheme Regulations 2010</i></p>
<p>2.4(1)(a): In the 12 months preceding the application, the person produced in Australia at least 30,000 motor vehicles or at least 30,000 engines</p> <p>2.4(1)(b): In the 12 months following the application, the person is likely to produce in Australia at least 30,000 motor vehicles or at least 30,000 engines</p> <p>2.4(1)(c): The person has been given permission by the Minister, under regulation 2.8, to apply for registration as an MVP</p> <p>2.21(1): The MVP must produce in Australia, in each ATS year (defined in regulation 1.5), at least 30,000 motor vehicles or at least 30,000 engines</p> <p>2.21(2): If the MVP has been registered following the Minister’s permission, under regulation 2.8, to apply for that registration, or has continuing registration following the Minister’s permission under regulation 2.25, the MVP must comply with the conditions relating to ongoing registration as specified by the Minister</p>	<p>1.5(1): Definition of MVP production</p> <p>1.5(1): Definition of motor vehicle</p> <p>1.5(1): Definition of engine</p> <p>1.6: Meaning of production of goods in Australia</p> <p>1.5(1): Definition of eligible start-up investment amount and eligible start-up period</p> <p>Division 2.4 (regulations 2.12 – 2.19): Formal requirements for, and consideration of, applications for registration</p> <p>2.8(2): The Minister may, by notice in writing, give a person permission to apply for registration as an MVP on the basis that the registration would be in the national interest</p> <p>2.8(6): The Minister must set out the conditions to which the permission, and any subsequent registration, is subject, including conditions relating to the ongoing registration of the person</p> <p>2.21: Condition of MVP registration</p>

<p>Substantiation Requirements – MVP</p>
<p>(1) Details of prior production may be substantiated by reference to production records</p> <p>(2) Production forecasts for prospective registrations may be substantiated by reference to forward orders, forward production schedules, contracts, business plans or other relevant records</p> <p>(3) The conditions to which the Minister has granted permission to apply for registration, and any subsequent registration under regulation 2.8(6) would set substantiation requirements</p> <p>(4) Details of eligible start-up investment amount</p> <p>Invoices and other commercial documentation including books of account and commercial agreements must be available to substantiate investment claimed to have been incurred by the ATS participant on the acquisition of land, buildings, structure, plant, equipment, materials or other assets for carrying on business for the first time.</p>

Automotive Component Producer (ACP)

Application for Registration and Conditions of Registration Requirements of the <i>Automotive Transformation Scheme Regulations 2010</i>	Key Provisions of the <i>Automotive Transformation Scheme Regulations 2010</i>
<p>2.5(1)(a)(i): In the 12 months preceding the application, the person produced in Australia at least one kind of automotive component for use as original equipment in at least 30,000 motor vehicles or in at least 30,000 engines and the production value of such component was at least \$500,000</p> <p>2.5(1)(a)(ii): In the 12 months preceding the application, the production value of the automotive components produced by the person in Australia as original equipment was at least \$500,000 and comprised at least 50% of the production value of all automotive components produced by the person</p> <p>2.5(1)(b)(i): In the 12 months following the application, the person is likely to produce in Australia at least one kind of automotive component for use as original equipment in at least 30,000 motor vehicles or in at least 30,000 engines and the production value of such component will be at least \$500,000</p> <p>2.5(1)(b)(ii): In the 12 months following the application, the production value of the automotive components produced by the person in Australia as original equipment is likely to be at least \$500,000 and to comprise at least 50% of the production value of all automotive components produced by the person</p> <p>2.5(1)(c): The person has been given permission by the Minister, under regulation 2.8, to apply for registration as an ACP</p> <p>2.22(1)(a): The ACP must produce in Australia, in each ATS year (defined in regulation 1.5), at least one kind of automotive component for use as original equipment in at least 30,000 motor vehicles or in at least 30,000 engines and the production value of such component must be at least \$500,000</p> <p>2.22(1)(b): The production value of the automotive components produced in Australia, in each ATS year (defined in regulation 1.5), by the ACP as original equipment must be at least \$500,000 and comprise at least 50% of the production value of all automotive components produced by the ACP</p> <p>2.22(3): If the ACP has been registered following the Minister's permission, under regulation 2.8, to apply for that registration, the ACP must comply with the conditions relating to ongoing registration as specified by the Minister</p>	<p>1.7: Definition of an automotive component</p> <p>1.5(1): Definition of original equipment</p> <p>1.5(1): Definition of motor vehicle</p> <p>1.5(1): Definition of engine</p> <p>1.5(1), 2.5(3) or 2.22(3): Definition of production value in relation to an automotive component</p> <p>1.6: Meaning of production of goods in Australia</p> <p>1.5(1): Definition of eligible start-up investment amount and eligible start-up period</p> <p>Division 2.4 (regulations 2.12 – 2.19): Formal requirements for, and consideration of, applications for registration</p> <p>2.8(2): The Minister may, by notice in writing, give a person permission to apply for registration as an ACP on the basis that the registration would be in the national interest</p> <p>2.8(6): The Minister must set out the conditions to which the permission, and any subsequent registration, is subject, including conditions relating to the ongoing registration of the person</p> <p>2.22: Condition of ACP registration</p>

Substantiation Requirements – ACP

(1) Details of prior production may be substantiated by reference to production records

Invoices and other commercial documentation, including books of account must be maintained, or created and maintained, in accordance with regulation 2.26 of the *Automotive Transformation Scheme Regulations 2010*, to evidence details of:

- relevant sales revenue
- final stage indirect taxes relating to those sales.

(2) Declarations from relevant vehicle producers or engine producers could be used to substantiate the use of the component as original equipment for regulation 2.5(1)(a)(ii) of the *Automotive Transformation Scheme Regulations 2010* or in at least 30,000 vehicles or 30,000 engines for regulation 2.5 (1)(a)(i) of the *Automotive Transformation Scheme Regulations 2010*, during the period concerned.

(3) Production forecasts for prospective registrations may be substantiated by reference to forward orders, forward production schedules, contracts, business plans or other relevant records.

(4) Commercial contracts, other legal agreements or other relevant records may be used to substantiate details of forecast sales.

(5) Declarations from relevant vehicle producers or engine producers could be used to substantiate the proposed use of the component as original equipment for regulation 2.5(1)(b)(ii) of the *Automotive Transformation Scheme Regulations 2010* or in at least 30,000 vehicles or 30,000 engines for regulation 2.5(1)(b)(i) of the *Automotive Transformation Scheme Regulations 2010*, during the period concerned.

(6) The conditions to which the Minister has granted permission to apply for registration, and any subsequent registration under subregulation 2.8(6) of the *Automotive Transformation Scheme Regulations 2010* would set substantiation requirements.

(7) Declarations from relevant vehicle producers or engine producers could be used to substantiate the use of the component as original equipment for regulation 2.22(1)(b) of the *Automotive Transformation Scheme Regulations 2010* or in at least 30,000 vehicles or 30,000 engines for regulation 2.22(1)(a) of the *Automotive Transformation Scheme Regulations 2010* during the period concerned.

(8) Details of eligible start-up investment amount

Invoices and other commercial documentation including books of account and commercial agreements must be available to substantiate investment claimed to have been incurred by the ATS participant on the acquisition of land, buildings, structure, plant, equipment, materials or other assets for carrying on business for the first time

Automotive Machine Tool Producer (AMTP)

Application for Registration and Conditions of Registration Requirements of the <i>Automotive Transformation Scheme Regulations 2010</i>	Key Provisions of the <i>Automotive Transformation Scheme Regulations 2010</i>
<p>2.6(1)(a)(i): In the 12 months preceding the application, the production value of automotive machine tools and automotive machine tooling produced in Australia by the person was at least \$500,000; <u>and</u></p> <p>2.6(1)(a)(ii): In the 12 months preceding the application, at least 50% of that value was for automotive machine tools and automotive machine tooling used to produce original equipment</p> <p>2.6(1)(b)(i): In the 12 months following the application, the production value of automotive machine tools and automotive machine tooling produced in Australia by the person is likely to be at least \$500,000; <u>and</u></p> <p>2.6(1)(b)(ii): In the 12 months following the application, at least 50% of that value is likely to be for automotive machine tools and automotive machine tooling used to produce original equipment</p> <p>2.6(1)(c): The person has been given permission by the Minister, under regulation 2.8, to apply for registration as an AMTP</p> <p>2.23(1)(a): The production value of automotive machine tools and automotive machine tooling produced by the AMTP in Australia, in each ATS year (defined in regulation 1.5), must be at least \$500,000; <u>and</u></p> <p>2.23(1)(b): At least 50% of that production value must have been for automotive machine tools and automotive machine tooling used to produce original equipment</p> <p>2.23(3): If the AMTP has been registered following the Minister's permission, under regulation 2.8, to apply for that registration, the AMTP must comply with the conditions relating to ongoing registration as specified by the Minister</p>	<p>1.5(1), 1.8, 1.10: Definition of automotive machine tools and automotive machine tooling</p> <p>1.5(1): Definition of original equipment</p> <p>1.5(1), 2.6(3) or 2.23(3): Production value in relation to automotive machines tools and automotive machine tooling</p> <p>1.6: Meaning of production of goods in Australia</p> <p>1.5(1): Definition of eligible start-up investment amount and eligible start-up period</p> <p>Division 2.4 (regulations 2.12 – 2.19): Formal requirements for, and consideration of, applications for registration</p> <p>2.8(2): The Minister may, by notice in writing, give a person permission to apply for registration as an AMTP on the basis that the registration would be in the national interest</p> <p>2.8(6): The Minister must set out the conditions to which the permission, and any subsequent registration, is subject, including conditions relating to the ongoing registration of the person</p> <p>2.23: Condition of AMTP registration</p>

Substantiation Requirements – AMTP

- (1) Details of prior production may be substantiated by reference to production records
- (2) Invoices and other commercial documentation, including books of account must be maintained, or created and maintained, in accordance with regulation 2.26, to evidence details of:
 - Relevant sales revenue
 - Final stage indirect taxes relating to those sales
- (3) Production forecasts for prospective registrations may be substantiated by reference to forward orders, forward production schedules, contracts, business plans or other relevant records
- (4) Commercial contracts, other legal agreements or other relevant records may be used to substantiate details of forecast sales.
- (5) Declarations from relevant producers could be used to substantiate the use or proposed use of the automotive machine tools and automatic tooling as original equipment during the period concerned.
- (6) The conditions to which the Minister has granted permission to apply for registration, and any subsequent registration under subregulation 2.8(6) would set substantiation requirements.
- (7) Details of eligible start-up investment amount

Invoices and other commercial documentation including books of account and commercial agreements must be available to substantiate investment claimed to have been incurred by the ATS participant on the acquisition of land, buildings, structure, plant, equipment, materials or other assets for carrying on business for the first time

Automotive Service Provider (ASP)

Application for Registration and Conditions of Registration Requirements of the <i>Automotive Transformation Scheme Regulations 2010</i>	Key Provisions of the <i>Automotive Transformation Scheme Regulations 2010</i>
<p>2.7(1)(a)(i): In the 12 months preceding the application, the production value of automotive services provided by the person in Australia was at least \$500,000; <u>and</u></p> <p>2.7(1)(a)(ii): In the 12 months preceding the application, at least 50% of that production value was for services related to the production of motor vehicles or original equipment</p> <p>2.7(1)(b)(i): In the 12 months following the application, the production value of automotive services proposed to be provided by the person in Australia is likely to be at least \$500,000; <u>and</u></p> <p>2.7(1)(b)(ii): In the 12 months preceding the application, at least 50% of that production value is likely to be for services related to the production of motor vehicles or original equipment</p> <p>2.7(1)(c): The person has been given permission by the Minister, under regulation 2.8, to apply for registration as an ASP</p> <p>2.24(1)(a): The production value of automotive services provided by the ASP in Australia, in each period required under regulation 34, must be at least \$500,000; <u>and</u></p> <p>2.24(1)(b): At least 50% of that production value must have been for services related to the production of motor vehicles or original equipment</p> <p>2.24(3): If the ASP has been registered following the Minister's permission, under regulation 2.8, to apply for that registration, the ASP must comply with the conditions relating to ongoing registration as specified by the Minister</p>	<p>1.5(1): Definition of original equipment</p> <p>15(1), 1.9: Definition of automotive services</p> <p>1.5(1): Definition of services</p> <p>1.5(1): Definition of motor vehicle</p> <p>1.5(1), 2.7(3) or 2.24(3): Production value in relation to automotive services</p> <p>1.6(7): Meaning of provision of services in Australia</p> <p>Division 2.4 (regulations 2.12 – 2.19): Formal requirements for, and consideration of, applications for registration</p> <p>2.8(2): The Minister may, by notice in writing, give a person permission to apply for registration as an ASP on the basis that the registration would be in the national interest</p> <p>2.8(6): The Minister must set out the conditions to which the permission, and any subsequent registration, is subject, including conditions relating to the ongoing registration of the person</p> <p>2.24: Condition of ASP registration</p>

Substantiation Requirements – ASP

(1) Details of prior automotive services provided may be substantiated by reference to service delivery records.

(2) Invoices and other commercial documentation, including books of account must be maintained, or created and maintained, in accordance with regulation 2.26 of the *Automotive Transformation Scheme Regulations 2010*, to evidence details of:

- relevant sales revenue
- final stage indirect taxes relating to those sales

(3) Declarations from relevant producers could be used to demonstrate that the services related to or will relate to the production of motor vehicles or original equipment during the period concerned.

(4) Production forecasts for prospective registrations may be substantiated by reference to forward orders, forward production schedules, contracts, business plans or other relevant records

(5) Commercial contracts, other legal agreements or other relevant records may be used to substantiate details of forecast sales.

(6) The conditions to which the Minister has granted permission to apply for registration, and any subsequent registration under subregulation 2.8(6) of the *Automotive Transformation Scheme Regulations 2010* would set substantiation requirements.

(7) Details of eligible start-up investment amount

Invoices and other commercial documentation including books of account and commercial agreements must be available to substantiate investment claimed to have been incurred by the ATS participant on the acquisition of land, buildings, structure, plant, equipment, materials or other assets for carrying on business for the first time