



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

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Automotive Transformation Scheme

Customer Guideline 7 – Transfer of Registration

2015

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List of shortened terms

Term	Description
ACP	A person registered as an Automotive Component Producer under the Scheme
AMTP	A person registered as an Automotive Machine Tool or Tooling Producer under the Scheme
ASP	A person registered as an Automotive Service Provider under the Scheme
ATS	The Automotive Transformation Scheme
MVP	A person registered as a Motor Vehicle Producer under the Scheme
non-MVP	A person registered as an Automotive Component Producer, Automotive Machine Tool 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 Order	The <i>Automotive Transformation Scheme Order 2010</i>
the Regulations	The <i>Automotive Transformation Scheme Regulations 2010</i>
the Scheme	The Automotive Transformation Scheme

Glossary

Term	Description
ACP	A person registered as an Automotive Component Producer under the Scheme
AMTP	A person registered as an Automotive Machine Tool or Tooling Producer under the Scheme
ASP	A person registered as an Automotive Service Provider under the Scheme
ATS	The Automotive Transformation Scheme
MVP	A person registered as a Motor Vehicle Producer under the Scheme
non-MVP	A person registered as an Automotive Component Producer, Automotive Machine Tool or Automotive Tooling Producer, or Automotive Service Provider under the Scheme
P&E	Plant and equipment
Principal Entity	For a single applicant, this term has the same meaning as ‘applicant’.

Term	Description
	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 paragraph 2.9(2)(e) of the <i>Automotive Transformation Scheme Regulations 2010</i> .
R&D	Research and development
the Act	The <i>Automotive Transformation Scheme Act 2009</i>
the Order	The <i>Automotive Transformation Scheme Order 2010</i>
the Regulations	The <i>Automotive Transformation Scheme Regulations 2010</i>
the Scheme	The Automotive Transformation Scheme
Transferee	A person to whom the business is transferred is referred as the transferee. The transferee must not be an ATS participant.
Transferor	An ATS participant who transfers their business to another person is referred to as the transferor.

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 (transferees) in completing an *ATS Application for Transfer of Registration* form.

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](#), by visiting business.gov.au 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](#)), which are available from business.gov.au.

Under regulations 2.29 to 2.33 of the *Automotive Transformation Scheme Regulations 2010*, a person who is not an ATS participant and to whom an ATS participant has transferred their business may apply for a transfer of registration.

Under regulations 2.34 to 2.36 of the *Automotive Transformation Scheme Regulations 2010* an ATS participant may apply for investment undertaken by another person to be treated as eligible investment of that participant.

2 Transfer of registration

Transfers of registration under the Scheme relate to the transfer of the business of an ATS participant to another person. A transfer of registration is not permitted except in accordance with regulation 2.30 of the *Automotive Transformation Scheme Regulations 2010*.

Under subregulation 2.30(2) of the *Automotive Transformation Scheme Regulations 2010*, an ATS participant who transfers their business to another person is referred to as the **transferor**.

Under subregulation 2.30(2) of the *Automotive Transformation Scheme Regulations 2010*, the person to whom the business is transferred is referred to as the **transferee**. The transferee must not be an ATS participant.

3 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.

4 How to submit the application

An *ATS Application for Transfer of Registration* 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](#) (see *Appendix 1*) during business hours.

4.1 Who may apply?

Under subregulation 2.30(2) of the *Automotive Transformation Scheme Regulations 2010*, it is the **transferee** who may make an application for a transfer of registration.

Under regulation 2.29 of the *Automotive Transformation Scheme Regulations 2010*, a *business*, of a transferor, includes a part of the business of a transferor for which the whole of the eligible investment in relation to the production of goods and provision of services in Australia was undertaken.

4.2 How is an application made?

Under subregulation 2.30(3) of the *Automotive Transformation Scheme Regulations 2010*, an application for a transfer of registration must:

- be in writing;
- be in an approved form;
- be accompanied by such documentation (if any) as the form requires;
- be signed in the manner indicated in the form; and
- include the following:
 - details of the relationship (if any) between the transferor and the transferee;
 - a business case for the transfer of the business;
 - a business plan incorporating the transferred business in accordance with subregulation 2.12 (3) of the *Automotive Transformation Scheme Regulations 2010*; and
 - the date, or proposed date, of effect of the transfer of the business.

Under subregulation 2.30(4) of the *Automotive Transformation Scheme Regulations 2010*, an application for a transfer of registration may be approved, with or without conditions, or refused.

4.3 When can an application be refused?

Under subregulation 2.30(5) of the *Automotive Transformation Scheme Regulations 2010*, an application for a transfer of registration must not be approved if any of the following applies:

- the business transferred does not include the whole of the eligible investment undertaken by the transferor;
- there are reasonable grounds for believing that the primary purpose of the transfer of the business is to create eligibility for a payment of assistance under the Scheme;
- the amount of assistance to which the transferee would be entitled in respect of eligible investment incurred by the transferor before the transfer would be more than the amount of assistance to which the transferor would have been entitled if the business had not been transferred;
- AusIndustry is not satisfied that the transferee is able to meet the requirements set out in subregulation 2.15(2) of the *Automotive Transformation Scheme Regulations 2010*;
- AusIndustry is not satisfied that the transferee is able to comply with the conditions of registration set out in regulations 2.20 to 2.27 of the *Automotive Transformation Scheme Regulations 2010*.

If an application for a transfer of registration has been refused AusIndustry will inform the transferee, in writing, that the transfer is refused and provide reasons for that refusal.

4.3.1 What requirements under subregulation 2.15(2) must be met?

The requirements a transferee must be able to meet are set out in subregulation 2.15(2) of the *Automotive Transformation Scheme Regulations 2010* are:

- that the applicant is eligible to apply for that registration;
- that the applicant has provided the information and documents required by the approved form;
- that the applicant can comply with the relevant document retention obligations set out in regulation 2.26 of the *Automotive Transformation Scheme Regulations 2010*;
- 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 set out in subsection 3(1) of the *Automotive Transformation Scheme Act 2009*.

4.4 What conditions of registration under regulations 2.20 to 2.27 must be met?

Under the Scheme there are certain conditions of registration that must be met by all participants, including transferees, and conditions of registration that pertain to the respective types of registration (MVPs, ACPs, AMTPs and ASPs). There may also be further conditions that must be met by ATS participants who have been granted permission by the Minister to apply for registration, or to continue registration, in the national interest.

Under regulation 2.20 of the *Automotive Transformation Scheme Regulations 2010* all ATS participants must comply with the requirements of the Act and the Scheme.

Under regulation 2.26 of the *Automotive Transformation Scheme Regulations 2010* all ATS participants must maintain, or create and maintain, documents that evidence all the particulars contained in each quarterly return provided by the ATS participant. Under subregulation 2.26(2) of the *Automotive Transformation Scheme Regulations 2010* the documents must be maintained by the ATS participant for five years after the lodging of the return concerned.

Under regulation 6.4 of the *Automotive Transformation Scheme Regulations 2010* a person who was an ATS participant must continue to maintain the quarterly return documents mentioned in regulation 2.26 of

the *Automotive Transformation Scheme Regulations 2010* in accordance with the requirements of that regulation.

Subregulation 2.12(3) of the *Automotive Transformation Scheme Regulations 2010* requires all applicants for registration under the Scheme to provide a Business Plan that must include:

- 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 Automotive Transformation Scheme Act 2009, particularly economic sustainability, in a way that will improve environmental outcomes and promote the development of workforce skills; and
- such other particulars as are required by the form in respect of the period or periods specified in the form.

Other particulars required by the relevant form include:

- five year forecasts of sales, production, plant and equipment investment, and research and development investment.

Regulation 2.27 of the *Automotive Transformation Scheme Regulations 2010* requires all ATS participants to provide a Business Plan Update within 45 days after the end of the third quarter of each ATS year.

4.4.1 Conditions of registration that must be met by MVPs

Subregulation 2.21(1) of the *Automotive Transformation Scheme Regulations 2010* requires MVPs to produce in Australia, in each ATS year following the ATS year in which the person's registration takes effect, at least 30,000 motor vehicles or at least 30,000 engines.

4.4.2 Conditions of registration that must be met by ACPs

Subregulation 2.22(1) of the *Automotive Transformation Scheme Regulations 2010* requires that:

- an ACP produce in Australia of 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 that the production value of the component be at least \$500,000; or
- the production value of the automotive components produced in Australia by the ACP as original equipment to be at least \$500,000 and comprise at least 50 per cent of the production value of all automotive components produced by the ACP.

4.4.3 Conditions of registration that must be met by AMTPs

Subregulation 2.23(1) of the *Automotive Transformation Scheme Regulations 2010* requires that:

- the production value of the automotive machine tools and automotive tooling produced by the AMTP in Australia to be at least \$500,000; and
- at least 50 per cent of that production value must have been for automotive machine tools and automotive tooling used to produce original equipment.

4.4.4 Conditions of registration that must be met by ASPs

Subregulation 2.23(1) of the *Automotive Transformation Scheme Regulations 2010* requires that:

- the production value of the automotive services provided by that ASP in Australia to be at least \$500,000; and
- at least 50 per cent of that production value must have been for services related to the production of motor vehicles or original equipment.

4.4.5 Minister's conditions of registration that must be met by participants registered or continuing registration in the national interest

Under subregulation 2.8(6) of the *Automotive Transformation Scheme Regulations 2010*, a person who has been granted permission by the Minister to apply for registration in the national interest must meet the conditions to which the ongoing registration of the ATS participant is subject.

Under subregulation 2.25(6) of the *Automotive Transformation Scheme Regulations 2010*, a person who has been granted permission by the Minister to continue registration in the national interest must meet the conditions to which the ongoing registration of the ATS participant is subject.

Any conditions set by the Minister are additional to any other requirements under the *Automotive Transformation Scheme Regulations 2010*.

4.5 Further information

Under regulation 2.31 of the *Automotive Transformation Scheme Regulations 2010*, AusIndustry may seek further information before being able to make a decision. The types of information that may be requested include:

- copies of contracts relating to the transfer;
- copies of accounting records that substantiate the investment was eligible investment when originally claimed by the transferor;
- copies of records relating to R&D activities substantiate the investment was allowable R&D investment when originally claimed by the transferor; and
- copies of accounting records that substantiate the relevant transactions;

If the transferee fails or refuses, within the period specified, either to provide the further information or a reasonable explanation as to why it cannot be so provided, the transferee is taken, at the end of that period, to have withdrawn the application under subregulation 2.31(2) of the *Automotive Transformation Scheme Regulations 2010*.

4.6 Effect of transfer of registration

Under subregulation 2.32(1) of the *Automotive Transformation Scheme Regulations 2010*, the transferor ceases to have any eligibility under the Scheme in relation to eligible investment upon approval of a transfer of registration.

Under subregulation 2.32(2) of the *Automotive Transformation Scheme Regulations 2010*:

- any eligible investment undertaken by the transferor in the quarter in which the transfer takes place before the transfer of the business is taken to have been undertaken by the transferee; and
- anything done by the transferor before the transfer of registration for the purposes of the Scheme (including any quarterly return) is taken to have been done by the transferee; and
- anything:

- that has not been done before the transfer of registration by the transferor for the purpose of making a quarterly return for a payment of assistance; and
- that could, but for the transfer of registration, have been done by the transferor on or after the day on which registration was transferred;

may be done by the transferee.

For clarity, under subregulation 2.32(3) of the *Automotive Transformation Scheme Regulations 2010*:

- any investment by a transferor or a transferee that was not eligible investment in the quarter in which the transfer took place before the transfer of the registration, does not, by reason of the transfer, become eligible investment; and
- consideration paid by a transferee for the transfer of the business, or for any anticipated entitlement under the Scheme, is not eligible investment; and
- immediately after the transfer of registration, a transferee is in an eligible start-up period for the purpose of the sales-based cap in subregulation 3.11(2) only if the transferor was in an eligible start-up period immediately before the time of the transfer of registration.

4.7 Effect of transfer on sales-based cap

Under subregulation 3.11(1) of the *Automotive Transformation Scheme Regulations 2010*, no participant, other than those in an eligible start-up period, may receive assistance exceeding 5 per cent of the sales value of their goods and services for the previous year.

Under subregulation 2.33(1) of the *Automotive Transformation Scheme Regulations 2010*, the total sales value for a transferee for the year preceding the ATS year in which the transfer was approved (the **relevant year**) is taken to be the sum of:

- the sales value of the business of the transferor for the relevant year; and
- the total sales value (if any) of the business of the transferee for the relevant year.

Under subregulation 3.11(2) of the *Automotive Transformation Scheme Regulations 2010*, no participant in an eligible start-up period, may receive assistance exceeding 15 per cent of their eligible start-up investment amount.

Under subregulation 1.5(1) of the *Automotive Transformation Scheme Regulations 2010*, an **eligible start-up investment amount** means the total expenditure on investment incurred by the ATS participant on the acquisition of land, buildings, structure, plant, equipment, materials or other assets for carrying on business as an MVP, ACP, AMTP or ASP for the first time.

Under subregulation 1.5(1) of the *Automotive Transformation Scheme Regulations 2010*, an **eligible start-up period** means the period that:

- starts on the day the ATS participant first enters into a financial commitment to carry on business as an MVP, ACP, AMTP or ASP not having previously carried on business as an MVP, ACP, AMTP or ASP; and
- ends on the day 12 months after the ATS participant first begins production of goods or delivery of services.

Under subregulation 2.33(2) of the *Automotive Transformation Scheme Regulations 2010*, the total of the eligible start-up investment amount for the transferee for the ATS year in which the registration is transferred (the **relevant year**) is taken to be the sum of:

- the eligible start-up investment amount of the transferor for the relevant year; and
- the eligible start-up investment amount (if any) of the transferee for the relevant year.

5 ATS Application for Transfer of Registration form questions

5.1 Part A – ATS Participant (Transferor) details

Hard Copy Form	Part Reference
<i>ATS Application for Transfer of Registration form</i>	Part A1

Enter the full name, ATS registration number and ATS registration category of the transferor as registered under the Scheme. For group participants, enter the details of the principal entity.

5.2 Part B – Applicant (Transferee) details

Hard Copy Form	Part Reference
<i>ATS Quarterly Return form</i>	Part B1

B1.1 Full name of the entity applying for registration (in the case of groups, the principal applicant's details)

Enter the full name of the transferor. For group participants, enter the details of the principal entity.

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 participant trades or operates under a different name to the registered name

B1.2 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.

B1.3 Trust or responsible entity details

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

B2 Core business

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

B3 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.

B6 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.

B6.5 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.

B6.6 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.

5.3 Part C – Conditions for registration for transferee

Please answer the questions relating to one ATS registration category. This must be the same registration category of the transferor.

If the person is applying for registration on behalf of a group of related bodies, Part C 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 forecast sales, production and investment figures corresponding to each group member and these should be readily available on request.

5.3.1 Where the transferor is an MVP

If the transferor is registered under the Scheme as an MVP, the transferee may apply for a transfer of registration as an MVP if the transferor, in each ATS year following the ATS year in which the person's registration takes effect, produces in Australia at least 30,000 motor vehicles or at least 30,000 engines.

5.3.2 Where the transferor is an ACP

If the transferor is registered under the Scheme as an ACP, the transferee may apply for a transfer of registration as an ACP if the transferor, in each ATS year following the ATS year in which the person's registration takes effect either:

- produces 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 that the production value of the component was at least \$500,000 as required by subparagraph 2.5(1)(a)(i) or 2.5(1)(b)(i) of the Automotive Transformation Scheme Regulations 2010.

(Please note that the phrase, *one kind of automotive component*, is a broader concept than simply one part number. An ACP could meet this condition by supplying the same kind of component for fitment in different makes or models of vehicles (for example, by producing rear view mirrors for different makes of cars). If the *one kind of automotive component* that has been nominated is a *set* of components for one vehicle (for example, five wheels make one set) the number of sets produced will indicate the number of vehicles for which that nominated component is produced);

or

- achieves a production value of the automotive components produced in Australia as original equipment of at least \$500,000 and comprising at least 50 per cent of the production value of all automotive components produced by that ACP as required by subparagraph 2.5(1)(a)(ii) or 2.5(1)(b)(ii) of the Automotive Transformation Scheme Regulations 2010. Under this option, the production value of the automotive components produced in Australia as original equipment may be in respect of one or more components.

The production value of automotive components produced by an ACP is the actual, or likely, total revenue from sales of automotive components (excluding GST) as described in regulation 2.5 of the *Automotive Transformation Scheme Regulations 2010*.

It is recommended that applicants refer to:

- regulation 1.7 of the *Automotive Transformation Scheme Regulations 2010* for the meaning of production of automotive component;
- regulation 1.5 of the *Automotive Transformation Scheme Regulations 2010* for the meaning of original equipment; and
- regulation 1.6 of the *Automotive Transformation Scheme Regulations 2010* for the meaning of motor vehicles and engines.

5.3.3 Where the transferor is an AMTP

If the transferor is registered under the Scheme as an AMTP, the transferee may apply for a transfer of registration as an AMTP if the transferor, in each ATS year following the ATS year in which the person's registration takes effect:

- achieves a production value of automotive machine tools and automotive tooling in Australia of at least \$500,000; and
- at least 50 per cent of that production value must have been for automotive machine tools and automotive tooling used to produce original equipment.

5.3.4 Where the transferor is an ASP

If the transferor is registered under the Scheme as an ASP, the transferee may apply for a transfer of registration as an ASP if the transferor, in each ATS year following the ATS year in which the person's registration takes effect:

- achieves a production value of automotive services provided by that ASP in Australia to be at least \$500,000; and
- at least 50 per cent of that production value must have been for services related to the production of motor vehicles or original equipment.

It is recommended that before completing the forecast sales, production and investment figures at Part E, MVP applicants refer to the Regulations for the meaning of:

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

Applicants must be able to provide relevant documentation to substantiate the content in Parts E or F.

5.4 Part D – Business Plan and other attachments

5.4.1 Business Plan

At **D1** applicants must indicate whether they have provided a Business Plan including details of strategies, operational plans and assumptions to support the five year sales, production and investment forecasts in the Business Plan containing:

- 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 following the current year; and
- operational plans, details of financial commitment and controls, financial projections (see Parts E and F) and assumptions on which forecasts are based; and
- details about how the transferee 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

The Business Plan must support the five year sales and investment forecasts provided in Parts E and F of the form and address how the applicant will meet the object of the Act.

How the object of the Act will be met

Schedule 1 of the Order 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*). When providing details about how the applicant will meet the object of the *Automotive Transformation Scheme Act 2009* it is suggested that the applicant refer to these criteria using three headings (examples are provided below for each of these criteria):

- Economic Sustainability
- Improved Environmental Outcomes
- Development of Workforce Skills.

Economic Sustainability

1. Innovation

- a) Research and development expenditure
 - b) Capability development
 - i. participation in change management processes, *for example*:
 - 1. management and leadership
 - 2. performance benchmarking
 - 3. customer relationships
 - 4. supply chain integration
 - 5. quality assurance
 - 6. strength, weakness, opportunity and threat (SWOT) analysis programs
 - 7. financial management systems
 - ii. participation in government (federal, state or territory) or business programs designed to help businesses develop their strategic capability, *for example*:
 - 1. Enterprise Connect
 - 2. Business Enterprise Centres
 - 3. the Automotive Supplier Excellence Australia (ASEA) Program
 - 4. 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

Examples of strategies to improve environmental outcomes may include, but are not limited to:

- 1. a reduction in the environmental impact of the applicant's manufacturing process, *for example*:
 - a) more efficient and sustainable energy sources for the manufacturing process
 - b) recycling measures for waste products
 - c) environmental upgrades of plant and equipment
 - d) use of sustainable materials
- 2. input into the development or manufacture of more environmentally sustainable cars, *for example*:

- a) alternative fuels
 - b) hybrid vehicles
 - c) reduced greenhouse gas emissions
 - d) mass reduction, including components
 - e) environmentally sustainable materials
 - f) increased fuel efficiency, including fuel management
3. participation in government (federal/state or territory) environmental programs, *for example*:
 - a) Re-tooling for Climate Change
 - b) Green Car Innovation Fund
 4. compliance with national/international automotive environmental standards
 5. other activities resulting in improved environmental outcomes

Development of workforce skills

Examples of strategies to promote the development of workforce skills may include, but are not limited to:

1. the number of people within the individual workforce with applicable post-school qualifications, *for example*:
 - a) Australian Qualification Framework (AQF) Certificate I & II
 - b) AQF Certificate III & IV
 - c) Trade qualifications
 - d) Advanced Diploma, Diploma
 - e) Bachelor Degree
 - f) 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*:
 - a) the provision of training under the Automotive Training Package or other applicable training package; and
 - b) 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

5.4.2 Other documents required by the form

Written business case

Subparagraph 2.30(3)(e)(ii) of the *Automotive Transformation Scheme Regulations 2010* requires applicants to forward a business case for the transfer of the business.

Contractual agreement

Question D2.2 of the *ATS Application for a transfer of Registration* form requires a copy of a signed contractual agreement between the transferee and transferor which includes details of the transfer of assets used for the production of ATS goods and services in Australia.

Transferor statement

Question D2.3 of the *ATS Application for a transfer of Registration* form requires a written statement from the transferor confirming the date, or the proposed date, that the transfer of the business of the ATS participant will take effect. The statement should also include an expected date on which the final ATS Quarterly Return will be lodged by the transferor.

The Business Plan, written business case for the transfer of the business and transferor statement can be sent by email or by post with the completed application form containing a signed declaration. It is recommended that these other documents are forwarded on the same date as the application form. If these other documents are 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.

Please note that an application for a transfer of registration is incomplete and will not be accepted to be reviewed by AusIndustry until these other documents are provided.

5.5 Part E - Forecast sales, production and investment for MVPs

E1 Sales and production values

Sales value

Sales value is the sale of goods or services produced or provided in Australia by an ATS participant. The value of the goods sold must be reduced by the amount of GST and sales tax payable on those goods.

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 the ATS goods and services under the Scheme.

When providing a Business Plan with an *ATS Application for Transfer of 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*).

E2 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 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 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 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.

E3 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 1.21 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, 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
 - 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 MVP (regulation 1.21 of the *Automotive Transformation Scheme Regulations 2010*);
- meaning of labour costs and costs of training and development (regulation 1.23 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 1.21 of the *Automotive Transformation Scheme Regulations 2010*, the amounts of investment in allowable research and development that can be included (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 1.21(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 customer the value for the specified quarter is the total amount of claims enforceable by the other person; and
- for Australian-based R&D conducted by a Co-operative Research Centre, the value for the specified quarter is the total amount of contributions made by the MVP to the Centre.

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% of the total of Australian based R&D conducted by the participant and under contract; 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. 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.

5.6 Part F - Forecast sales and investment for ACPs, AMTPs and ASPs

F1 Sales and plant and equipment investment

Sales value

Sales value is the sale of goods or services produced or provided in Australia by an ATS participant. The value of the goods sold must be reduced by the amount of GST and sales tax payable on those goods.

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 under the Scheme.

When providing a Business Plan 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 participant 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*).

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.

F2 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, 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
 - materials or movement control
- testing and modification of new production systems (either purpose-built or interchangeable) to achieve repeatability within specified tolerances;
- obtaining industrial property rights; 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 (regulation 1.23 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 ledger or 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 customer the value for the specified quarter is the total amount of claims enforceable by the other person; and
- for Australian-based R&D conducted by a Co-operative Research Centre, the value for the specified quarter is the total amount of contributions made by the customer to the Centre.

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% of the total of Australian based R&D conducted by the participant and under contract; 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.

5.7 Part H - Other group applicant details

Part H must be completed by each member of the group (other than the principal applicant whose details are provided in Part B) that is applying for a transfer of registration as an ATS participant as if the group were a single person.

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*. 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 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 a transfer of 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, are fit and proper persons. These requirements are tested for the Principal Applicant entity at Part G of the *ATS Application for a Transfer of Registration* form. For all other members of an application for a group registration, these requirements are tested at Part H of the *ATS Application for a Transfer of 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 ATS 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 a Transfer of Registration* form and in subsequent correspondence in its decision making.

6 What records must be kept?

ATS participants are required under regulation 2.26 of the *Automotive Transformation Scheme Regulations 2010* to maintain, or create and maintain documents that evidence all the particulars contained in each Quarterly Return provided by the participant. These documents are to be retained by the participant for five years after lodgement of the return concerned. *Attachment C* provides guidance on appropriate documentation that may be used to substantiate claims made in Business Plans.

Regulation 6.4 of the *Automotive Transformation Scheme Regulations 2010* imposes a condition on a person who is no longer an ATS participant to retain these records in accordance with regulation 2.26 of the *Automotive Transformation Scheme Regulations 2010*.

ATS participants' records to support claims made under ATS may be subject to an audit by, or on behalf of, AusIndustry.

6.1 Part J – Declaration

A series of statements is provided at **J1** 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 **J2** and sign the form at **J3**.

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

Attachment A - Factsheet: related companies

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

A group of companies can be registered under the Scheme 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?

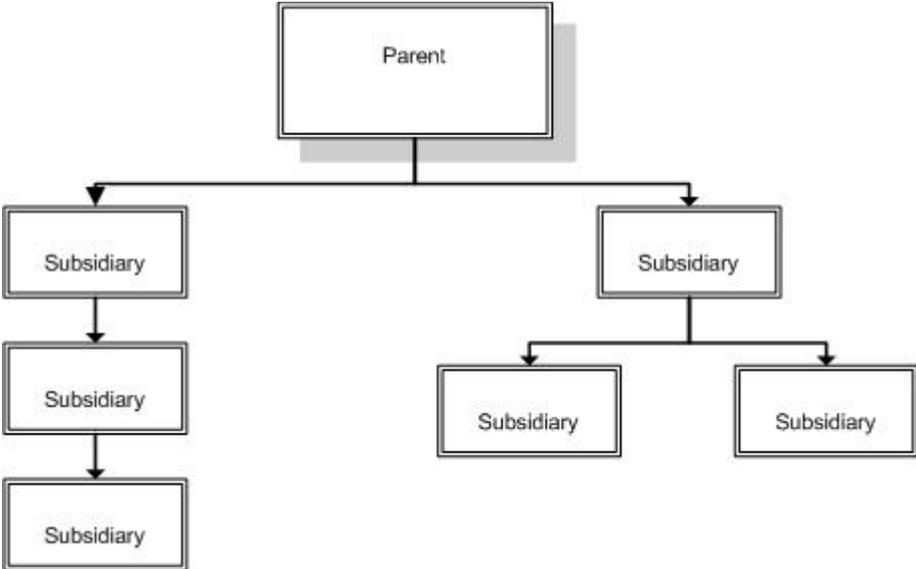
A company is a subsidiary of a second company if:

- 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 group.

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 Business Plans

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 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 under 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 ATS. For further information about the calculation of the three year rolling average, please consult [the Order](#) on the [ATS page](#).

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 and equipment investment and research and development activities are allowable investment and that the amount of eligible investment claimed is valid.

Business Plans: The data requested in the *ATS Application for Registration* form and the *ATS Third Quarter Business Plan Update* form 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* form.

Records of evidence are required to be maintained, or created and maintained, to substantiate all information provided under ATS. 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 intended to be overly prescriptive. Rather, the intention is to provide a general indication of the types of records that AusIndustry may request access to when an audit is conducted 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 ATS 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.

Sales value: substantiation requirements

<p>Reporting requirements (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>3.3(c): Sales value of MVP's ATS goods and services in the quarter</p> <p>3.4(b): Sales value of ACP's ATS goods and services in the quarter</p> <p>3.5(b): Sales value of AMTP's automotive machine tools and automotive tooling in the quarter</p> <p>3.5(c): Sales value of AMTP's automotive services in the quarter</p> <p>3.6(b): Sales value of ASP's automotive services</p>	<p>Key Provisions (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>1.5(1): Definition of sales value</p> <p>1.11 and 1.12: Circumstances in which a sale of goods or services is taken to have occurred, and circumstances in which a sale of goods or services is taken not to have occurred</p> <p>1.28, 1.29, 1.30 and 1.33: Sales value of the goods or services to which the transaction relates had the parties been at arm's length, and in circumstances where the parties had not been at arm's length</p>
<p>Substantiation Requirements</p> <p>(1) Invoices and other commercial documentation, including books of account should be maintained, or created and maintained, in accordance with regulation 2.26 of the <i>Automotive Transformation Scheme Regulations 2010</i>, to evidence details of relevant sales including:</p> <ul style="list-style-type: none"> • Purchaser • Selling price • Indirect taxes • Freight charges, insurance premiums and other selling and distribution costs for automotive components, machine tools and tooling <p>(2) Where a transaction involves a related or associated party, records should be maintained to substantiate all estimates and calculations used to arrive at an arm's length amount, which must be in accordance with regulations 1.28, 1.29, 1.30 and 1.33 of the <i>Automotive Transformation Scheme Regulations 2010</i>.</p>	

Production value for MVPs: substantiation requirements

<p>Reporting requirements (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>3.3(a): particulars of all MVP production achieved by the MVP in that quarter and the production value of that production</p>	<p>Key Provisions (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>Regulations 1.5 and 1.25 of the Automotive Transformation Scheme Regulations 2010: Definition of production value in relation to MVP production</p> <p>Regulations 1.5 and 1.24 of the Automotive Transformation Scheme Regulations 2010: Definition of MVP production and allowable production</p> <p>Subregulation 1.5(1) of the Automotive Transformation Scheme Regulations 2010: Definition of motor vehicle</p> <p>Subregulation 1.5(1) of the Automotive Transformation Scheme Regulations 2010: Definition of engine and engine components</p> <p>Regulation 1.6 of the Automotive Transformation Scheme Regulations 2010: Meaning of production of goods and provision of services in Australia</p> <p>Regulations 1.28, 1.29, 1.30, 1.33 of the Automotive Transformation Scheme Regulations 2010: Production value of the motor vehicles, engines or engine components to which the transaction relates had the parties been at arm's length, and in circumstances where the parties had not been at arm's length</p>
<p>Substantiation Requirements</p> <p>(1) Invoices and other commercial documentation, including books of account should be maintained, or created and maintained, in accordance with regulation 2.26 of the <i>Automotive Transformation Scheme Regulations 2010</i>, to evidence details of relevant sales including:</p> <ul style="list-style-type: none"> • Invoice price of sales • Invoice price of relevant engines & engine components manufactured by another MVP • Purchaser • Indirect taxes • Freight and delivery charges • Insurance charges • Hold Back payments • Discounts provided • Bonuses paid • Eligible post-assembly fitment costs 	

<p>Reporting requirements (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>3.3(a): particulars of all MVP production achieved by the MVP in that quarter and the production value of that production</p>	<p>Key Provisions (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>Regulations 1.5 and 1.25 of the Automotive Transformation Scheme Regulations 2010: Definition of production value in relation to MVP production</p> <p>Regulations 1.5 and 1.24 of the Automotive Transformation Scheme Regulations 2010: Definition of MVP production and allowable production</p> <p>Subregulation 1.5(1) of the Automotive Transformation Scheme Regulations 2010: Definition of motor vehicle</p> <p>Subregulation 1.5(1) of the Automotive Transformation Scheme Regulations 2010: Definition of engine and engine components</p> <p>Regulation 1.6 of the Automotive Transformation Scheme Regulations 2010: Meaning of production of goods and provision of services in Australia</p> <p>Regulations 1.28, 1.29, 1.30, 1.33 of the Automotive Transformation Scheme Regulations 2010: Production value of the motor vehicles, engines or engine components to which the transaction relates had the parties been at arm's length, and in circumstances where the parties had not been at arm's length</p>
<p>(2) Production details may be substantiated by reference to production schedules and related records</p> <p>(3) Where a transaction involves a related or associated party, records should be maintained to substantiate all estimates and calculations used to arrive at an arm's length amount, which must be in accordance with regulations 1.28, 1.29, 1.30 and 1.33 of the <i>Automotive Transformation Scheme Regulations 2010</i>.</p>	

Production Value for ACPs, AMTPs and ASPs: substantiation requirements

<p>Reporting requirements (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>2.22: Annual production and production value of automotive components by the ACP</p> <p>2.23: Annual production value of automotive machine tools and automotive tooling by the AMTP</p> <p>2.24: Annual production value of automotive services provided by the ASP</p>	<p>Key Provisions (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>1.5(1), 2.5(3) and 2.22(3): Definition of, and production value in relation to, automotive components</p> <p>1.5(1), 2.6(3) and 2.23(3): Definition of, and production value in relation to, automotive machines tools and automotive machine tooling</p> <p>1.5(1), 2.7(3) and 2.24(3): Definition of, and production value in relation to, automotive services</p> <p>1.6: Meaning of production of goods and provision of services in Australia</p>
<p>Substantiation Requirements</p> <p>(1) Invoices and other commercial documentation, including books of account should be maintained, or created and maintained, in accordance with regulation 2.26 of the <i>Automotive Transformation Scheme Regulations 2010</i>, to evidence details of relevant sales including:</p> <ul style="list-style-type: none"> • Purchaser • Selling price • Indirect taxes • Freight charges, insurance premiums and other selling and distribution costs for automotive components, machine tools and tooling • Payment • Original equipment or aftermarket <p>(2) Production and service provision details may be substantiated by reference to production schedules and related records.</p>	

Investment in plant and equipment: substantiation requirements

<p>Reporting requirements (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>3.3(b): Particulars of eligible investment undertaken by the MVP in that quarter</p> <p>3.4(a): Particulars of eligible investment undertaken by the ACP in that quarter</p> <p>3.5(a): Particulars of eligible investment undertaken by the AMTP in that quarter</p> <p>3.6(a): Particulars of eligible investment undertaken by the ASP in that quarter</p>	<p>Key Provisions (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>1.15 and 1.17: Definition of eligible investment and allowable plant and equipment</p> <p>1.5(1): Definition of motor vehicle</p> <p>1.7: Meaning of an automotive component</p> <p>1.8 and 1.10: Meaning of automotive machine tools and automotive machine tooling</p> <p>1.9: Meaning of automotive services</p> <p>1.5(1): Definition of services</p> <p>1.5(1): Definition of eligible start-up investment amount and eligible start-up period</p> <p>1.32 and 1.33: Value of investment in plant and equipment when parties treated as not being at arm's length, and methods for determining value of transactions in these circumstances</p>
<p>Substantiation Requirements</p> <p>(1) Books of account, invoices and other commercial documentation should be maintained, or created and maintained, in accordance with regulation 2.26 of the <i>Automotive Transformation Scheme Regulations 2010</i> to evidence details of relevant assets, capital works or lease and similar arrangements and related costs, including spare and replacement parts which are posted to the asset register, including:</p> <ul style="list-style-type: none"> • Ownership of assets • Payments made • Purchase price • Freight charges • Insurance premiums • Clearance charges • Import duties • Customs value • WST • Book value • Selling price • Lease, rental or hire arrangements • Depreciation schedule or fixed asset register <p>Such records should also be maintained, or created and maintained, to substantiate net additions to the asset register value of P&E built by the claimant.</p>	

<p>Reporting requirements (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>3.3(b): Particulars of eligible investment undertaken by the MVP in that quarter</p> <p>3.4(a): Particulars of eligible investment undertaken by the ACP in that quarter</p> <p>3.5(a): Particulars of eligible investment undertaken by the AMTP in that quarter</p> <p>3.6(a): Particulars of eligible investment undertaken by the ASP in that quarter</p>	<p>Key Provisions (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>1.15 and 1.17: Definition of eligible investment and allowable plant and equipment</p> <p>1.5(1): Definition of motor vehicle</p> <p>1.7: Meaning of an automotive component</p> <p>1.8 and 1.10: Meaning of automotive machine tools and automotive machine tooling</p> <p>1.9: Meaning of automotive services</p> <p>1.5(1): Definition of services</p> <p>1.5(1): Definition of eligible start-up investment amount and eligible start-up period</p> <p>1.32 and 1.33: Value of investment in plant and equipment when parties treated as not being at arm's length, and methods for determining value of transactions in these circumstances</p>
<p>Where any relevant costs are not separately identified in the books of account, estimates may be used. For example, estimates may be used to allocate costs between eligible and non-eligible activities. All such estimates must be fully justifiable and should be consistently applied in each ATS year unless otherwise authorised by the Secretary.</p> <p>(2) Production and sales analyses, investment appraisals, expenditure approvals, production schedules, forward orders and other relevant documentation may be provided in support of claims for apportioning plant & equipment usage between eligible and non-allowable plant and equipment investment.</p> <p>In circumstances where it is considered necessary to maintain logbooks to substantiate the basis of apportioning costs between eligible and other activities, such records should be maintained for a minimum period of eight consecutive weeks. Estimates so derived may be applied to all ATS claims made within eighteen months of the period to which the estimates relate.</p> <p>Where a transaction involves a related or associated party, records should be maintained to substantiate all estimates and calculations used to arrive at an arm's length amount, which must be in accordance with the ATS Regulations 2010 (refer to regulations 1.28 to 1.33 of the <i>Automotive Transformation Scheme Regulations 2010</i>). For items of plant & equipment purchased in a non-arms length transaction where the transaction value is greater than \$500,000, the claimed value should be supported by an independent valuation (subregulation 1.32(3) of the <i>Automotive Transformation Scheme Regulations 2010</i>).</p> <p>(3) 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>	

Investment in research and development: substantiation requirements

<p>Reporting requirements (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>3.3(b): Particulars of eligible investment undertaken by the MVP in that quarter</p> <p>3.4(a): Particulars of eligible investment undertaken by the ACP in that quarter</p> <p>3.5(a): Particulars of eligible investment undertaken by the AMTP in that quarter</p> <p>3.6(a): Particulars of eligible investment undertaken by the ASP in that quarter</p>	<p>Key Provisions (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>1.15 and 1.20: Definition of eligible investment and allowable research and development</p> <p>1.5(1): Definition of motor vehicle</p> <p>1.7: Definition of an automotive component</p> <p>1.8 and 1.10: Meaning of automotive machine tools and automotive machine tooling</p> <p>1.9: Meaning of automotive services</p> <p>1.5(1): Definition of services</p> <p>1.5(1): Definition of eligible start-up investment amount and eligible start-up period</p> <p>1.31 and 1.33: Value of investment in research and development when parties treated as not being at arm's length, and methods for determining value of transactions in these circumstances</p>
<p>Substantiation Requirements</p> <p>(1) Books of account, invoices and other commercial documentation should be maintained, or created and maintained, in accordance with regulation 2.26 of the <i>Automotive Transformation Scheme Regulations 2010</i> to evidence details of eligible costs, including:</p> <ul style="list-style-type: none"> • Salaries and wages • Allowances • Bonuses • Overtime and penalty rate payments • Leave payments or accruals • Superannuation fund contributions • Other direct salary-related expenses paid under contract to the employee • Training, development and recruitment expenses • Payroll tax • Workers' compensation insurance premiums • Sub-contracted labour and consultant expenses • Work order materials • Consumables • Supplier development expenses <p>(2) Project based costing methods, which identify, record and allocate costs to particular R&D projects, may also be used (e.g. where such costs are not separately identified in the books of account). Books of account and/or project based costing methods should also be maintained to</p>	

<p>Reporting requirements (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>3.3(b): Particulars of eligible investment undertaken by the MVP in that quarter</p> <p>3.4(a): Particulars of eligible investment undertaken by the ACP in that quarter</p> <p>3.5(a): Particulars of eligible investment undertaken by the AMTP in that quarter</p> <p>3.6(a): Particulars of eligible investment undertaken by the ASP in that quarter</p>	<p>Key Provisions (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>1.15 and 1.20: Definition of eligible investment and allowable research and development</p> <p>1.5(1): Definition of motor vehicle</p> <p>1.7: Definition of an automotive component</p> <p>1.8 and 1.10: Meaning of automotive machine tools and automotive machine tooling</p> <p>1.9: Meaning of automotive services</p> <p>1.5(1): Definition of services</p> <p>1.5(1): Definition of eligible start-up investment amount and eligible start-up period</p> <p>1.31 and 1.33: Value of investment in research and development when parties treated as not being at arm's length, and methods for determining value of transactions in these circumstances</p>
<p>substantiate claims in relation to contracted research and development expenditure.</p> <p>(3) Where any allowable expenditure is not separately identified in either the books of account or project based costing methods, estimates may be used. For example, estimates may be used to allocate costs between eligible and non-eligible activities of R&D staff, and the cost of non-R&D staff supporting eligible R&D activities. All such estimates must be fully justifiable and should be consistently applied in each ATS year unless otherwise authorised by the Secretary.</p> <p>Estimates involving time apportionment should be based on sound activity-based costing principles and any assumptions should be fully articulated.</p> <p>Where time sheets, logbooks, and similar documentary evidence is maintained to substantiate the basis of apportioning costs between eligible R&D and other activities, such records should be maintained for a minimum period of eight consecutive weeks. Estimates so derived may be applied to all ATS claims made within eighteen months of the period to which the estimates relate.</p> <p>(4) In relation to offshore R&D expenditure, evidence is required to substantiate the following claims. The type of evidence capable of substantiating such claims will depend on the nature of the offshore activity, but may include investment proposals and appraisals, contractual agreements and other commercial records:</p> <ul style="list-style-type: none"> • The offshore R&D is necessary to support the tailoring of Australian R&D to the purposes of a particular market. Where this activity involves employment of foreign citizens, evidence is also required to demonstrate that the R&D activity undertaken by them relates directly to current or planned Australian production of automotive goods and services, or • The offshore R&D is necessary to lever Australian R&D off a foreign R&D program. In such cases evidence is required to demonstrate that the offshore expenditure contributes directly to the foreign program and that the Australian firm contributes to the direction and management of the foreign program and has a proportionate share in intellectual property resulting from the program. <p>Where a transaction involves a related or associated party, records should be maintained to substantiate all estimates and calculations used to arrive at an arm's length amount, which must be</p>	

<p>Reporting requirements (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>3.3(b): Particulars of eligible investment undertaken by the MVP in that quarter</p> <p>3.4(a): Particulars of eligible investment undertaken by the ACP in that quarter</p> <p>3.5(a): Particulars of eligible investment undertaken by the AMTP in that quarter</p> <p>3.6(a): Particulars of eligible investment undertaken by the ASP in that quarter</p>	<p>Key Provisions (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>1.15 and 1.20: Definition of eligible investment and allowable research and development</p> <p>1.5(1): Definition of motor vehicle</p> <p>1.7: Definition of an automotive component</p> <p>1.8 and 1.10: Meaning of automotive machine tools and automotive machine tooling</p> <p>1.9: Meaning of automotive services</p> <p>1.5(1): Definition of services</p> <p>1.5(1): Definition of eligible start-up investment amount and eligible start-up period</p> <p>1.31 and 1.33: Value of investment in research and development when parties treated as not being at arm's length, and methods for determining value of transactions in these circumstances</p>
<p>in accordance with the methods for determining value of transactions in subregulation 1.33 of the <i>Automotive Transformation Scheme Regulations 2010</i>.</p> <p>(5) 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>	

Commonwealth Assistance: substantiation requirements

<p>Reporting requirements (of the <i>Automotive Transformation Scheme Regulations 2010</i>)</p> <p>3.3(d) and 3.12(c): Amount of other Commonwealth assistance received by the MVP in relation to MVP production, and eligible investment</p> <p>3.4(c) and 3.12(c): Amount of other Commonwealth assistance received by the ACP in relation to eligible investment</p> <p>3.5(c) and 3.12(c): Amount of other Commonwealth assistance received by the AMTP in relation to eligible investment</p> <p>3.6(c) and 3.12(c): Amount of other Commonwealth assistance received by the ASP in relation to eligible investment</p> <p>Reporting requirements (of the <i>Automotive Transformation Order 2010</i>)</p> <p>4.1 to 4.3: Amount of other Commonwealth assistance received by the MVP in relation to MVP production, and eligible investment</p> <p>4.1 to 4.3: Amount of other Commonwealth assistance received by the ACP in relation to eligible investment</p> <p>4.1 to 4.3: Amount of other Commonwealth assistance received by the AMTP in relation to eligible investment</p> <p>4.1 to 4.3: Amount of other Commonwealth assistance received by the ASP in relation to eligible investment</p>	<p>Key Provisions (of the <i>Automotive Transformation Scheme Order 2010</i>)</p> <p>4.1 to 4.3: Meaning and calculation of other Commonwealth Assistance</p>
<p>Substantiation Requirements</p> <p>(1) Books of account should be maintained, or created and maintained, for five years in accordance with regulation 2.26 of the <i>Automotive Transformation Scheme Regulations 2010</i> to evidence details of Commonwealth financial assistance.</p>	

Appendix 1: AusIndustry Locations

For more information, visit business.gov.au or contact us by phone on 13 28 46. More in depth face-to-face assistance is also available from AusIndustry's national network. AusIndustry's office hours are 8.30 am to 5.00 pm, Monday to Friday, public holidays excluded.

Address details for AusIndustry's State and Regional offices can be found on the website on the [contact us](#) page.