

Consolidated Entity Disclosure Statement (CEDS)

Reporting update
2 April 2025, 25RU-02



CEDS is required in annual financial reports of public companies with Chapter 2M reporting obligations

Minor clarifications to subsection 295(3A) apply for 30 June 2025 year end onwards

Highlights

- Requirements in brief
- Unpacking CEDS
- Other considerations

Requirements in brief

The Australian Federal Government passed the [Treasury Laws Amendment \(Making Multinationals Pay Their Fair Share – Integrity and Transparency\) Act 2024](#) (the Act) on 27 March 2024 and received Royal Assent on 8 April 2024.

The Act addresses tax transparency measures for multinational groups and impacts all Australian public companies (listed and unlisted). The Act changed the *Corporations Act 2001* (Corps Act) to require Australian public companies to prepare a 'Consolidated Entity Disclosure Statement' (CEDS). The CEDS requires information to be disclosed for each entity in the consolidated financial statements, including the tax residency of each of those entities at the end of the financial year.

The declaration of the directors under the Corps Act was expanded to include a declaration that the disclosures are in their opinion 'true and correct' at the end of the financial year.

Minor clarifications were enacted subsequently in relation to these disclosures when the [Treasury Laws Amendment \(Fairer for Families and Farmers and Other Measures\) Act 2024](#) (the Amending Act) was passed on 28 November 2024 and received Royal Assent on 10 December 2024. These clarifications apply to financial years commencing on or after 1 July 2024, i.e. annual financial reports for 30 June 2025 and onwards.

The key amendments cover:

- Tax residency disclosures where entities are resident in more than one jurisdiction; and
- Inserting a definition of 'Australian resident' for Partnerships and Trusts

[Appendix 1](#) illustrates the required disclosures. Under Australian content, a statement, Consolidated entity disclosure statement (CEDS) – separate to the notes to the financial statements – is included, and the Directors' declaration includes required wording under the Corps Act.



Unpacking CEDS

1. Who is in scope of the requirement?
2. What is required to be disclosed?
 - 2.1 Which subsidiaries are included in the disclosures?
 - 2.2 How is percentage ownership determined for body corporates?
 - 2.3 What about investments in associates and joint ventures?
 - 2.4 What about the parent entity?
 - 2.5 What if consolidated financial statements are not required to be prepared?
 - 2.6 Is comparative disclosure/information required for CEDS?
3. What has changed for public companies with a financial year ending 30 June 2025 and onwards?
4. Where should the CEDS disclosures be included?
5. What is the application date for the requirement?
6. What are the Directors' obligations with respect to the CEDS?

Other considerations

1. Implications on the audit opinion and approach
2. Implications on company's governance processes

Unpacking CEDS

1. Who is in scope of the requirement?

Public company as defined under the Corps Act.

The disclosure applies to public companies as defined by the Corps Act. Under the Corps Act, public companies are companies other than proprietary companies or corporate collective investment vehicles. As such public companies may include companies limited by guarantee and no liability companies.

Public companies that do not report under Chapter 2M of the Corps Act are also outside the scope of these requirements – for example charities that report annually to the Australian Charities and Not-for-profits Commission (ACNC).

Large proprietary companies, registered superannuation entities and registered schemes are outside the scope of these requirements.

In KPMG's view, a registered foreign company is not included within the definition of a public company – given the company is not incorporated in Australia.

2. What is required to be disclosed?

Consolidated Entity Disclosure Statement providing details for each subsidiary within the consolidated group including tax residency.

Australian public companies are required under the Corps Act to prepare annual financial statements. Where the public company is a parent, Australian Accounting Standards (AAS) generally require the preparation of consolidated financial statements.

Applies to Public companies reporting under Chapter 2M of the Corps Act

Not applicable to proprietary companies



Under the requirement, where AAS require the public company to prepare financial statements in relation to a consolidated entity, the 'Consolidated entity disclosure statement' must provide the following information in relation to each entity that was, at the end of the financial year, part of the consolidated entity: – i.e., the parent and all its subsidiaries:

- (i) the names of each entity
- (ii) whether the entity was a body corporate, partnership or trust
- (iii) whether the entity was any of the following:
 - a trustee of a trust within the consolidated entity
 - a partner in a partnership within the consolidated entity
 - a participant in a joint venture within the consolidated entity
- (iv) if the entity was a body corporate, where the entity was incorporated or formed
- (v) if the entity was a body corporate with share capital, the public company's percentage ownership, directly or indirectly, of each of those entities

For financial years beginning on or after 1 July 2023 but before 1 July 2024:

- (vi) whether the entity was an Australian resident
- (vii) if the entity was not an Australian tax resident — a list of each foreign jurisdiction in which the entity was a resident under foreign income tax law

For financial years beginning on or after 1 July 2024 (See [FAQ 3](#)):

- (vi) whether the entity was an Australian tax resident AND
- (vii) a list of each foreign jurisdiction in which the entity was a resident under foreign income tax law

It is our view that a basis of preparation should be provided as part of the CEDS to describe the key assumptions and judgements made in determining an entity's tax residency.

This may include:

- what sources were used in making the assessment
- what interpretations or judgements were required to be applied due to these sources
- what criteria was used to conclude given the judgement applied

2.1 Which subsidiaries are included in the disclosures?

Unlike AASB 12 *Disclosure of Interests in Other Entities*, the information detailed in [FAQ 2](#) above, is required to be disclosed for each subsidiary – i.e., not just the material ones.

Subsection 295(3A)(a) requires disclosure of prescribed information for each entity that was, at the end of the financial year, part of the consolidated entity. This means if a subsidiary was disposed of and is no longer part of the consolidated entity at the end of the financial year, the disclosure of that subsidiary's information will not be required.

2.2 How is percentage ownership determined for body corporates?

Subsection 295(3A)(a)(v) requires disclosure of the percentage of the subsidiary owned, directly or indirectly, by the parent (public company). It would appear that the intended meaning is the ownership interest held by the consolidated group – and not just the parent entity.

Share capital that carries no right to participate beyond a specified amount in a distribution of profits or capital is excluded from this percentage.

Minor clarifications to subsection 295(3A) apply for 30 June 2025 year end onwards

No materiality exemption

Disclosures only apply to subsidiaries part of the Group at year end



Equity accounted investees excluded

Parent entity required

Disclosures required even if public company does not prepare consolidated financial statements

2.3 What about investments in associates and joint ventures?

The legislation only requires information for consolidated entities i.e. subsidiaries – disclosure for associates or joint ventures that are equity accounted is not required.

2.4 What about the parent entity?

Subsection 295(3A)(a) requires 'information for each entity that was, at the end of the financial year, part of the consolidated entity'.

The Corps Act defines 'consolidated entity' as a company, registered managed investment scheme or disclosing entity together with all the entities it is required by the accounting standards to include in consolidated financial Statements.

The parent entity forms part of the consolidated entity, and therefore relevant disclosures are required for the parent entity.

2.5 What if consolidated financial statements are not required to be prepared?

CEDS is required even if no consolidated financial statements are required to be prepared.

If AAS do not require the public company to prepare financial statements in relation to a consolidated entity, the public company's financial report must include a statement to that effect. This statement is the 'Consolidated entity disclosure statement' for such a company.

Below is an illustrative disclosure of a CEDS required by the Corps Act where a public company is NOT required to prepare consolidated financial statements under Chapter 2M of the Corps Act and AAS:

'Example Public Company Limited is not required by Australian Accounting Standards (AAS) to prepare consolidated financial statements, and as a result subsection 295(3A)(a) of the Corporations Act 2001 to prepare a Consolidated Entity Disclosure Statement does not apply to the Company.'

2.6 Is comparative disclosure/ information required for CEDS?

No, only current year information is required. Corps Act does not require comparative information to be included.

3. What has changed for public companies with a financial year ending 30 June 2025 and onwards?

Where an Australian tax resident is also a tax resident in another jurisdiction, now required to disclose ALL foreign jurisdiction(s) tax residencies.
'Australian resident' is now defined for Partnership and Trust for the purpose of CEDS.

Disclosure of ALL tax residencies

An entity may be both a tax resident in Australia (under *Income Tax Assessment Act (ITAA)*) and a foreign resident for tax purposes under the law of one or more foreign jurisdictions.

The original CEDS requirements may have been interpreted to only require tax residency disclosures of foreign jurisdictions if the respective entity was not a tax resident in Australia. Hence if the entity was a dual resident of Australia and another jurisdiction, only the Australian tax residency was disclosed, and no information was disclosed for this other jurisdiction.



The Amending Act clarifies this requirement, mandating disclosure of whether each entity is an Australian tax resident and also list all the foreign jurisdiction(s) of which it is also a tax resident.

Definition for Partnership and Trust

Under the original Act, it was unclear how to determine the tax residency of partnerships and trusts that form part of the 'consolidated entity'.

The term 'Australian resident', as defined in subsection 995-1(1) of the ITAA 1997 means 'a person who is a resident of Australia for the purposes of the ITAA 1936'.

Whereas the definition of 'resident' or 'resident of Australia' in subsection 6(1) of the ITAA 1936 applies to individuals and companies but does not extend to partnerships and trusts.

Australian tax law, therefore, does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flow-through basis, i.e. in the hands of the partners or unit holders. So, there is no need for a general residence test.

The Amending Act clarifies that partnerships and trusts are 'Australian resident' for the purposes of the tax residency disclosures in the following circumstances:

- For a partnership: where at least one member of the partnership is an Australian resident (within the meaning of the ITAA 1997) at that time; and
- For a trust: where the trust is a resident trust estate (within the meaning of Division 6 of Part III of the ITAA 1936) in relation to the year of income that corresponds to the financial year.

4. Where should the CEDS disclosures be included?

Disclosures are included in the Financial Report as a separate statement. It cannot be incorporated into existing notes to the financial statements required by the accounting standards.

The 'Consolidated entity disclosure statement' will form part of the financial report for a group.

The 'Consolidated entity disclosure statement' must be presented as a separate statement and cannot be incorporated into the existing notes to the financial statements i.e. consolidated subsidiaries note required by AASB 12 *Disclosure of Interest in Other Entities*.

5. What is the application date for the requirement?

Applies to annual financial reports of public companies for financial years commencing on or after 1 July 2023 and onwards.

Minor clarifications as a result of the Amending Act apply to financial years commencing on or after 1 July 2024 and onwards. See [FAQ 3](#) above.

The requirement applies to any financial reports for a financial year commencing on or after 1 July 2023. The requirements are included in subsections of the Corporations Act that deals with annual financial reports (sections 292 to 301). As a result, public companies with 30 June 2024 annual financial reporting obligations were the first to apply these requirements.

These requirements do not extend to half-year financial reports, which are governed by sections 302 to 306, and hence no disclosures are required for half-year reports.

Standalone statement in financial report

Applies to annual financial reports from 1 July 2023



“True and correct” declaration by Directors

Updates to audit reports, opinions and audit approach

6. What are the Directors’ obligations with respect to the the CEDS?

Directors need to make a ‘true and correct’ declaration on the CEDS in the Directors’ Declaration

The declaration of the directors (and for listed companies the declaration of the chief executive officer and chief financial officer) required under the Corps Act has been expanded to include a declaration that the CEDS is in their opinion, **true and correct** at the end of the financial year.

The requirement for directors to declare that the CEDS is true and correct is more onerous than the ‘true and fair’ view included in the directors’ declaration for the remainder of the financial report.

The term ‘true and correct’ has not been previously used as part of the financial report preparation. This is a significantly higher hurdle than is typical for company’s financial report disclosures and will require a positive determination as to the completeness and accuracy of:

- Entities comprising the consolidated group
- Ownership percentages
- Country of incorporation
- Tax residency status

The Explanatory Memorandum to the Bill relating to the Act notes the following:

- The standard of ‘true and correct’ is distinct from the generally used standard of ‘true and fair’ with respect to an entity’s financial statements and notes to financial statements.
- As ‘true and correct’ is not defined in the legislation, the words take on their ordinary meaning in the context of the amendments. For the purpose of the CEDS, the policy intention is to ensure complete and accurate disclosures under subsection 295(3A) of the Corps Act.

Other considerations

1. Implications on the audit opinion and approach

Audit reports, opinions, and approach will be impacted to respond to the CEDS and updated Directors’ declaration.

The annual financial report is subject to the auditors’ opinion. The financial report includes the financial statements, associated notes, CEDS, and the directors’ declaration.

Given the CEDS and associated directors’ declaration is required under the Corps Act rather than AAS, audit reports and opinions have been reframed to incorporate the implications of these requirements.

Audit work increases as a result of the additional information included in the financial report. The auditors need to obtain an understanding of the processes and procedures undertaken by the public entity to enable the Directors to assert that the CEDS is complete and accurate, and the “true and correct” declaration is both supportable and consistent with the basis of preparation disclosed.

Entities need to be prepared to provide underlying sources and documents for these matters, in a manner capable of audit test procedures, and consistent with disclosed basis of preparation.

2. Implications on company’s governance processes

Update to corporate governance processes required to ensure requirements and directors’ declarations can be met.



Governance continues to present complex challenges for organisations. The disclosure requirement in financial reports could require corporate governance processes to be changed.

With the trend of more information in the public domain and multinationals tax affairs under greater public scrutiny, organisations need to ensure they have a robust approach to tax governance practices, in order to support their reporting obligations.

Determining a subsidiary's tax residency will require judgement and an application of the tax laws of at least one country (and potentially multiple countries). Therefore, it will be important to seek appropriate advice both to establish the tax residency of subsidiary entities and, where necessary, take steps to ensure the tax residency is consistent with intended outcomes.

The requirements complement the Government's commitment to implement a public beneficial ownership register as part of its multinational tax integrity package which applies to a broader range of covered entities.

“Changes may be needed to disclosures with the clarification of some of the interpretive positions taken in applying the CEDS requirements. Consistent with the original requirements, it is anticipated that the additional disclosures relating to multiple tax residencies for entities may require substantial judgement and involvement of legal or tax specialists.

We encourage continued consideration of the impact on your governance processes in ensuring that any required additional information needed is complete and accurate.”

**Zuzana Paulech
Partner**



Appendix 1 – Illustrative CEDS

Below is an illustrative disclosure of a consolidated entity disclosure statement required by the *Corporations Act 2001* (s.295(3A)(a)) where a public company is required to prepare consolidated financial statements under Chapter 2M of the *Corporations Act 2001* and *Australian Accounting Standards*.

Consolidated entity disclosure statement ^{a, b, c, d, e}

As at 30 June 2025

Set out below is a list of entities that are consolidated in this set of Consolidated financial statements at the end of the financial year.

Entity name	Body corporate, partnership or trust	Place incorporated/ ^g formed ^g	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident ^{f, h}	Jurisdiction(s) for Foreign tax residency ^{f, h}
Example Public Company Limited (the Company)	Body corporate	Australia		Australian	N/A
Acacia Pty Limited	Body corporate	Australia	100%	Australian	N/A
Gumnut Limited	Body corporate	Australia	100%	Australian	N/A
Karooa Pty Limited	Body corporate - Trustee of Macadamia Trust	Australia	100%	Australian	N/A
Macadamia Trust	Trust	N/A	N/A	Australian	N/A
Pavlova Pty Limited	Body corporate	Australia	100%	Both	Singapore
Lamington Pty Limited	Body corporate - Partner in the Lamington Partnership	Australia	100%	Australian	N/A
Lamington Partnership	Partnership	Australia	N/A	Australian	N/A
Meat Pie Limited	Body corporate	Australia	100%	Australian	N/A
Baguette S.A.	Body corporate	France	100%	Foreign	France
Mermaid A/S	Body corporate	Denmark	100%	Foreign	Denmark
Papier GmbH	Body corporate	Germany	100%	Foreign	Germany
Lei Sure Limited	Body corporate	Romania	100%	Foreign	Romania
Paper Pabus Co	Body corporate	UK	100%	Foreign	UK
Hemy Payo Products N.V.	Body corporate	Netherlands	100%	Foreign	Netherlands
Oy Kossu AG	Body corporate	Switzerland	90%	Foreign	Switzerland
Papyrus Pty Limited	Body corporate	US	90%	Foreign	US
Swissolote AG	Body corporate	Switzerland	75%	Foreign	Switzerland
Maple-leaf Inc	Body corporate	Canada	45%	Foreign	Canada
Silver Fir S.A.	Body corporate	Spain	48%	Foreign	Spain
Sloan Bio-Research Co	Body corporate	UK	-	Foreign	UK
MayCo	Body corporate	US	-	Foreign	US

New requirement applicable 30 June 2024 onwards (Updated for amendments applicable for 30 June 2025 onwards)

S295(3A)(a)(iii)

S295(3A)(a)(iii)

S295(3A)

a. These disclosures are applicable for all Australian public companies (listed and unlisted) reporting under *Chapter 2M* of the *Corporations Act 2001* effective for financial years beginning on or after 1 July 2023 i.e. the annual financial reports for 30 June 2024 and onwards. Public companies with a financial year ending 30 June 2024 will have needed to comply with this requirement for their financial year ended 30 June 2024. This requirement is therefore only new for public companies that have not yet reported on or after 30 June 2024, such as a public company with a financial year ending 31 December 2024. For details of Amendments to the CEDS requirements that apply to financial years ending on or after 30 June 2025, see footnote (f).

S295(3A)(a)

b. The prescribed information must be disclosed for each entity that was, at the end of the financial year, part of the consolidated entity. Prescribed information for an entity disposed of during the year that is no longer part of the consolidated entity at the end of the financial year is not required.

S295(3A)(b)

c. Where a public company is not required to prepare consolidated financial statements, a 'Consolidated entity disclosure statement' must still be included. Below is an illustrative disclosure for such a statement:

'Example Public Company Limited is not required by Australian Accounting Standards to prepare consolidated financial statements, and as a result subsection 295(3A)(a) of the Corporations Act 2001 to prepare a Consolidated Entity Disclosure Statement does not apply to the Company.'

d. Comparative information is not required for the prescribed information disclosed in a Consolidated entity disclosure statement.

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Consolidated entity disclosure statement (continued) ^{a, b, c, d, e}

As at 30 June 2025

Basis of preparation ⁱ

Key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the *Consolidated Entity Disclosure Statement* (CEDS) be disclosed. For the purposes of this section, an entity is an Australian resident at the end of a financial year if the entity is:

- (a) an Australian resident (within the meaning of the *Income Tax Assessment Act 1997*) at that time; or
- (b) a partnership, with at least one partner being an Australian resident (within the meaning of the *Income Tax Assessment Act 1997*) at that time; or
- (c) a resident trust estate (within the meaning of Division 6 of Part III of the *Income Tax Assessment Act 1936*) in relation to the year of income (within the meaning of that Act) that corresponds to the financial year.

The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Tax Ruling TR 2018/5*.

- Foreign tax residency

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

- e. The Consolidated Entity Disclosure Statement information required by the Corporations Act 2001 must incorporate each entity forming part of the Consolidated Group, not just those considered to be material. This includes newly acquired 'shelf' companies, dormant entities or those that would otherwise be excluded from the company's process to prepare consolidated financial statements on the basis of materiality.
- f. In December 2024, the Government enacted amendments to clarify CEDS disclosures for financial year commencing on or after 1 July 2024, i.e. annual financial reports for 30 June 2025 and onwards. Amendments and clarifications include:
 - CEDS must identify whether each entity is an Australian tax resident and any foreign jurisdictions where they are tax residents;
 - When partnerships and trusts that are part of the consolidated entity are Australian residents for the purposes of the disclosures.The amendments have been reflected in the above illustrative disclosures. These amendments are not required to be reflected in the CEDS for entities with financial years commencing on or before 30 June 2024, i.e. annual financial reports for periods ending on or before 29 June 2025. Such an entity may, however, choose to voluntarily apply these amendments. Any voluntary disclosures are subject to the Directors' declaration for the Consolidated Entity Disclosure Statement of 'true and correct'
- g. A body corporate is only required to disclose the place at which the entity was incorporated or formed. An entity may wish to voluntarily disclose this information for partnerships and/or trusts. It should be noted that any voluntary disclosures are also subject to the Directors' declaration for the Consolidated Entity Disclosure Statement of 'true and correct'.
- h. The determination of tax residency is not a straight forward process and may require judgements, entities may consider the guidance from Australian Tax Office, e.g. [Working out your residency guidance](#), [Residency requirements guidance](#), [Practical Compliance Guideline – PCG 2018/9](#) when performing an assessment.:
- i. In our view a basis of preparation should be provided to describe the key assumptions and judgements made in determining an entity's tax residency. This may include: what sources were used, what interpretations or judgements were required to be applied due to these sources, what criteria was used to conclude given the judgement applied.

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