Australian Lodgement and Reporting under a USD Functional Currency – Base Case

How an Australian company that keeps a single USD ledger (Base Case) meets its ASIC, ATO and state lodgement and reporting obligations – a practical review paper

Entity: Australian company (IFRS / AASB, functional and presentation currency USD, participant in an Australian LNG development joint venture, 20 or fewer employees) | Date: 23 November 2026

1. Summary of conclusions

Key points

1. **The financial report (ASIC and audit) can stay in USD.** Australian Accounting Standards allow any presentation currency, and a financial report prepared in a currency other than AUD can be used as it is for reporting to members and for lodgement with ASIC. The USD ledger of the Base Case is the direct basis of the statutory financial report.
2. **For income tax, computing in USD under the functional currency choice (Subdivision 960-D) is the most consistent with the Base Case.** Without the choice, the general rule that translates every tax amount into AUD (Subdivision 960-C) applies, and an AUD tax computation would be needed in addition to the USD ledger.
3. **GST, FBT, PAYG withholding, superannuation and state payroll tax are reported in AUD.** Even in a USD ledger, these returns can be extracted directly from the ledger if each journal line keeps the transaction-currency (AUD) amount. GST on USD invoices is converted into AUD under the ATO conversion determination (FOREX 2018/1).
4. **PRRT (Petroleum Resource Rent Tax) has its own functional currency choice.** For an LNG business, whether to make the choice is considered together with income tax.
5. **System requirements**: (1) keep the transaction-currency amount on each journal line (already in place); (2) keep a GST code and the GST amount in AUD; (3) FBT and payroll classifications; (4) a tax fixed asset register separate from the accounting one; (5) AUD–USD reconciliation reports. All of these can be built as an extension of FX Ledger BC.

Lodgement and reporting overview

Return / report	Lodged with	Currency	Frequency	Approach in the Base Case
Financial report (Form 388)	ASIC	**USD allowed**	Annual	Lodge the USD financial statements from the ledger as they are; disclose presentation and functional currency
Company income tax return	ATO	USD computation → AUD (if chosen)	Annual (with instalments)	With the 960-D choice, tax adjustments start from the USD accounting figures; the final taxable income is translated into AUD
GST (BAS)	ATO	**AUD**	Monthly or quarterly	AUD transactions use the transaction-currency amount; USD transactions are converted under FOREX 2018/1
PAYG withholding / STP	ATO	**AUD**	Each pay event (STP); payment depends on size	Payroll system (AUD) → imported into the ledger
Superannuation (SG)	Super funds	**AUD**	Each pay day from July 2026	As above
FBT	ATO	**AUD**	Annual (April–March)	Tag FBT-relevant costs and total the transaction-currency (AUD) amounts
Payroll tax (WA)	State	**AUD**	Monthly, annual reconciliation	Computed from payroll data (AUD); not required below the threshold
PRRT	ATO	USD computation → AUD (if chosen)	Annual + instalments	Project expenditure classes for PRRT are required

2. Starting point: the Base Case ledger and its data

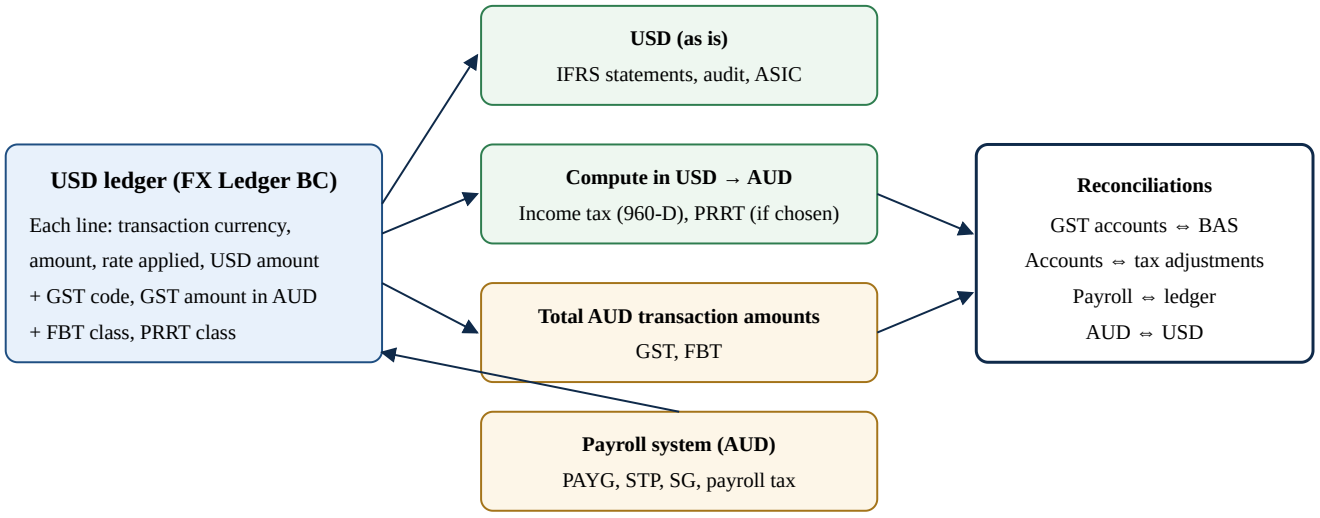

Figure 1 – From the USD ledger to each return (green = USD basis, orange = AUD basis)

In the Base Case, AUD transactions are recorded as journal lines carrying "transaction currency AUD, transaction-currency amount, rate applied and USD amount". The key to running a single USD ledger is therefore that

wherever an AUD return is required, the transaction-currency (AUD) amounts can be totalled directly from the ledger. Conversely, the ledger holds no AUD amount for USD transactions, so those are converted using the method prescribed for each return.

3. Financial reporting to ASIC and audit

3.1 Is lodgement required?

A proprietary company is "large" if it meets at least two of the following three tests, and must then lodge an audited financial report with ASIC (Corporations Act s45A, thresholds from July 2019).

Test (consolidated)	Current threshold	Proposal (2026-27 Budget, under consultation)
Revenue	AUD 50 million or more	AUD 100 million or more
Gross assets	AUD 25 million or more	AUD 50 million or more
Employees	100 or more	100 or more (unchanged)

Even with 20 or fewer employees, the company is likely to meet the gross-assets test because of its large investment in the LNG JV, and the revenue test once sales begin, so it is expected to be a large proprietary company. The tests are in AUD, so **the figures in the USD statements are translated into AUD at the rate at each year end for the test** (agree the method with the auditor). Special rules on lodgement and relief also apply to small proprietary companies controlled by a foreign company. ASIC has stepped up its monitoring of non-lodgement by large proprietary companies since 2025, so meeting the deadline matters.

3.2 Preparing and lodging in USD

- Under AASB 121 the presentation currency can be chosen freely, and ASIC states that **a financial report prepared in a presentation currency other than AUD can be used as it is for reporting to members and lodgement with ASIC**.
- Functional and presentation currency are both USD, so no translation (IAS 21.38 onwards) is needed. The statements disclose that the presentation and functional currency is USD and the basis for the functional currency judgement.
- The deadline is four months after year end (large proprietary company), lodged on Form 388. Check the requirements of the ASIC rounding instrument for rounding (e.g. to thousands of dollars).
- Sustainability reporting (AASB S2) is being phased in for large proprietary companies too. The phase-in group is determined by revenue, gross assets and employees, so it needs to be confirmed separately.

3.3 Relationship with lodging GPFS with the ATO

If the company is a country-by-country (CbC) reporting entity (a member of a group with global revenue of AUD 1 billion or more), it must give general purpose financial statements (GPFS) to the ATO unless it has lodged GPFS with ASIC. Lodging USD GPFS with ASIC satisfies this obligation.

4. Company income tax (ATO)

4.1 Two options

	A: Functional currency choice (Subdivision 960-D)	B: No choice (Subdivision 960-C)
Currency of computation	Taxable income (loss) is worked out in USD and the result translated into AUD	Every tax amount is translated into AUD transaction by transaction
Conditions	An Australian resident required to prepare financial reports whose accounts are kept solely or predominantly in a foreign currency (USD); the choice is made in writing	None (default rule)
Forex gains and losses (Div 775)	Arise on items other than USD, such as AUD deposits and payables (broadly matching the accounting FX)	Arise on USD deposits, borrowings and payables (often in the opposite direction to the accounts)
Tax cost and depreciation of assets	USD	AUD (fixed at the acquisition-date rate)
Deferred tax (IAS 12)	Tax bases are also in USD, so exchange movements rarely create temporary differences	Tax bases are in AUD and carrying amounts in USD, so deferred tax moves with the exchange rate alone (IAS 12.41)
Fit with the Base Case	**High – tax adjustments are made to the USD accounting figures**	**Low – an AUD tax ledger and asset register are needed besides the USD ledger**

Recommendation: consider choosing USD as the tax functional currency

Keeping a USD ledger in the Base Case naturally satisfies the condition that the "accounts are kept predominantly in USD". With the choice, the income tax computation becomes a set of tax adjustments starting from the USD accounting figures (depreciation differences, entertainment, provisions and so on), and the final taxable income (or loss) is translated into AUD for the return. The law sets rules on the translation rate (e.g. average rate for the year), when the choice takes effect and whether it can be backdated, so **confirm the timing and method of the choice with the tax adviser**.

4.2 Income tax in practice under the Base Case

1. Prepare a tax reconciliation (USD) that adds and deducts the differences between accounts and tax, starting from the IFRS profit in the USD ledger.
2. Keep a **tax fixed asset register** separate from the accounting register, because effective lives (Div 40), the treatment of exploration and development costs and immediate deductions differ from the accounts. With the USD choice it is kept in USD.
3. Forex gains and losses: with the functional currency choice, the accounting FX (on AUD items) broadly corresponds to the tax position, but realisation follows the tax rules (Div 775, Div 230 elections, etc.).
4. Translate taxable income (USD) into AUD at the prescribed rate and compute tax at 30%. PAYG instalments are paid through the BAS.
5. Where there are related-party transactions, prepare transfer pricing documentation; where there is debt, check thin capitalisation (the earnings-based tests after the 2023 reform). Check the Japan–Australia tax treaty for withholding tax on dividends and interest to the parent.

Effect on deferred tax (without the choice)

If carrying amounts are in the USD functional currency while tax bases stay in AUD, temporary differences change simply because the AUD/USD rate moves, and deferred tax assets, liabilities and tax expense change with them (IAS 12.41). With large non-current assets (the LNG interest), this effect can be significant. We recommend estimating it as input to the decision on the functional currency choice.

5. GST (BAS)

5.1 Basics

- GST is reported and paid in AUD. A BAS (business activity statement) is lodged monthly if GST turnover is AUD 20 million or more, otherwise generally quarterly.
- A tax invoice must show the GST amount in AUD or information from which it can be worked out (such as the exchange rate).
- Consideration in a foreign currency is converted into AUD under the ATO conversion determination (**FOREX 2018/1**) using the chosen exchange rate and conversion time. The method adopted is applied consistently.
- LNG export sales are generally GST-free, but this depends on terms such as the delivery point, so check each sales contract.

5.2 Implementation in the Base Case

Transaction	Recording in the ledger	Totalling for the BAS
AUD domestic purchases (most)	Transaction currency AUD; the line keeps the GST code and GST in AUD; USD at the transaction-date rate	Total the transaction-currency (AUD) amounts as they are
USD invoices (JV operator etc.)	Transaction currency USD; keep the AUD GST shown on the invoice (or the conversion information) as the GST amount	Use the AUD GST on the invoice, otherwise convert using the FOREX 2018/1 method
GST receivable / payable accounts	AUD monetary items, revalued at month end (FX in the USD book)	The BAS uses the AUD amounts; reconcile the ledger AUD balance with the BAS

FX Ledger BC keeps the transaction-currency amount of AUD lines, so the ledger can be reconciled so that **the transaction-currency (AUD) balance of the GST accounts equals the net amount of the BAS**. As a further development we recommend adding a GST code (taxable, GST-free, out of scope, imports, adjustments) and an AUD GST amount to journal lines, and a report that totals by BAS label (G1, 1A, 1B, etc.).

The JV and GST

In an LNG JV, the operator may have formed a "GST joint venture" (Division 51 of the GST Act) that accounts for GST on behalf of the participants. In that case the operator reports GST on the JV's acquisitions, which changes what is included in the company's own BAS. Check the JOA and the format of the operator's invoices (JIB) and determine the extent of the company's own input tax credits.

6. Payroll: PAYG withholding, STP, superannuation, payroll tax and workers' compensation

Australia has no employer social insurance contributions like Japanese employees' pension or health insurance. The corresponding employer obligations are as follows. **All are computed and reported in AUD.**

Obligation	Description	Approach in the Base Case
PAYG withholding (wages)	Withhold income tax (including Medicare levy) from wages and pay it to the ATO	Computed in the payroll system (AUD, STP-enabled); the payroll journal is imported into the ledger in AUD
STP (Single Touch Payroll)	Send wages, withholding and super information to the ATO each pay event	
Superannuation guarantee (SG)	Contribute 12% of ordinary time earnings to super funds. **From 1 July 2026 "Payday Super"** applies: contributions are paid each pay day and must reach the fund within 7 business days	Paid together with wages; unpaid super is an AUD monetary item revalued at month end
Payroll tax (WA)	State payroll tax; WA charges 5.5% on annual taxable wages above AUD 1 million (the threshold phases out)	Tested on Australian wages including group companies; the company alone may be below the threshold
Workers' compensation (WA)	Workers' compensation insurance is compulsory	Premiums recorded as AUD expenses

Secondees from Japan

Under the Japan–Australia social security agreement, employees temporarily seconded from Japan may be exempt from Australian SG contributions if they hold a certificate of coverage under the Japanese pension system. Track the certificate and its validity for each secondee. Even if a secondee's salary is paid in Japan, it may be subject to Australian PAYG withholding and FBT.

7. FBT (Fringe Benefits Tax)

- The FBT year runs from 1 April to 31 March. The rate is 47%, and the return is generally due on 21 May (25 June when lodged electronically through a tax agent). If the prior year's FBT was AUD 3,000 or more, quarterly instalments (via the BAS) are required.
- Common benefits in Australia: private use of company cars, housing and rent assistance (secondees), home leave travel, children's school fees, meal entertainment, car parking. In Japanese-owned companies with many secondees, housing and education tend to be large.
- **Approach in the Base Case**: record costs that may be fringe benefits with an "FBT class" (car, housing, entertainment, etc.) and total the transaction-currency (AUD) amounts for the FBT year. Costs paid in USD (e.g. paid in Japan) are converted into AUD at the payment-date rate. Reportable fringe benefit amounts (above AUD 2,000) are reported through STP.

8. PRRT (Petroleum Resource Rent Tax) and resources taxes

- PRRT is a project-based profits tax that also applies to LNG projects. There is an annual return and quarterly instalments.

- PRRT has **its own functional currency choice** (Part 7 of the PRRT Assessment Act). With the choice, amounts are worked out in USD, and the return shows the translation rate (to four significant figures) and the currency code. It is a separate choice from income tax, so consider whether each is needed.
- The ATO has pointed to cases where taxpayers that made the functional currency choice did not correctly apply the translation rules required for assessable receipts. It is important that the PRRT data received from the operator (classes of project expenditure) match the classes in the company's ledger.
- **Approach in the Base Case**: give journal lines a "PRRT class" (exploration expenditure, general project expenditure, closing-down expenditure, excluded, etc.) and a project (interest) code so that amounts can be totalled in USD.
- Onshore permits are subject mainly to state royalties, offshore (Commonwealth waters) mainly to PRRT. Confirm which applies from the location of the permit.

9. Annual calendar (July–June financial year assumed)

When	Main returns and reports	Data from the ledger
Every pay day	STP report, super contributions (from July 2026 each pay day, within 7 business days)	Payroll system (AUD)
21st of each month	BAS (monthly GST reporters), PAYG withholding payment (depending on size)	GST totals (AUD transaction amounts)
Quarterly	BAS (quarterly reporters), income tax, FBT and PRRT instalments	As above, instalment amounts
Each month end	Month-end revaluation of foreign-currency monetary items (USD book); reconcile GST and payroll accounts to AUD balances	FX Ledger BC month-end revaluation
31 March	End of the FBT year	FBT class totals (AUD)
21 May / 25 June	FBT return and payment (self / via tax agent)	As above
30 June	Financial year end, annual payroll tax reconciliation	Year-end close, tax asset register
By 31 October	Financial report lodged with ASIC (large proprietary company, four months after year end)	USD financial statements, audit report
ATO due date	Company tax return (depends on size and the tax agent's lodgement program), PRRT annual return	Tax reconciliation (USD → AUD)

Dates are typical. They vary with the financial year, size and the tax agent's lodgement program, so confirm them in each year's lodgement calendar.

10. Additional requirements for FX Ledger BC (in priority order)

#	Feature	Description	Return
1	GST code and AUD GST amount	Keep a GST code (taxable, GST-free, out of scope, imports, adjustments) and the AUD GST amount on the invoice on each journal line. GST on USD invoices converted by the FOREX 2018/1 method (rate source and conversion time fixed in settings)	GST
2	BAS report	AUD totals by BAS label (G1, G2, G10, G11, 1A, 1B, etc.) and reconciliation with the AUD balance of the GST accounts	GST
3	Tax fixed asset register	Alongside the accounting register, keep the tax cost, effective life and method (in USD with the choice); output the accounting–tax differences as temporary differences	Income tax, IAS 12
4	Tax reconciliation	Reconciliation from USD accounting profit to taxable income and translation into AUD	Income tax
5	FBT and PRRT classes	Line classes (tags) and annual reports (FBT in AUD, PRRT in USD)	FBT, PRRT
6	Payroll journal import	Import the payroll system output (AUD) as AUD journals and reconcile unpaid super and withholding	PAYG, SG
7	AUD convenience translation	Statements translated into AUD for reference (closing and average rates) for the ASIC size test and tax	ASIC test

These requirements are implemented in FX Ledger BCX 3.1.

11. Matters to confirm with the tax adviser and auditor

1. Whether, when and how to make the income tax functional currency (USD) choice; the translation rate; the deferred tax effect if the choice is not made.
2. Whether a PRRT functional currency choice is needed and how it fits with the income tax choice.
3. The GST foreign currency conversion method (which FOREX 2018/1 method to adopt) and whether the JV is a GST joint venture.
4. GST treatment of LNG export sales (relationship with delivery terms).
5. How to apply the large proprietary company tests (AUD translation rate) and when the proposed changes apply.
6. Application of the social security agreement to secondees; scope of FBT and PAYG withholding.
7. Payroll tax grouping (whether there are related companies in Australia).
8. Transfer pricing documentation for related-party transactions, thin capitalisation, withholding tax on dividends and interest (Japan–Australia tax treaty).

References

ASIC "Company financial reports" (presentation currency, large proprietary company tests), "Are you a large or small proprietary company" (proposal) | ATO "Guide to functional currency rules" (Subdivision 960-D), "Foreign exchange gains and losses" | ATO FOREX 2018/1 "Goods and Services Tax: Foreign Currency Conversion Determination 2018", GSTR 2001/2 | ATO "Key superannuation rates and thresholds", "How Payday Super works" | ATO "FBT rates and thresholds", "Lodging your FBT return and paying" | WA Department of Treasury and Finance "Payroll tax employer guide" | ATO "PRRT updates", "PRRT return instructions", Petroleum Resource Rent Tax Assessment Act 1987 Part 7 | ATO "General purpose financial statements" | AASB 121, AASB 112 (IAS 12.41)

This paper is an analysis for practical review and is not a substitute for legal or tax advice. Rates, thresholds and dates are based on information checked as at November 2026. Conclusions may change with legislative amendments and individual facts; confirm with the tax adviser and auditor before applying.