



Child Care Subsidy Approval – Requirements for Legal Entities, Ultimate Holding Entities, ABNs and Trustees

Legal Entities – who can apply?

Under the family assistance law, CCS approval is granted to a legal entity rather than an individual person.

To apply for CCS approval, the provider must be one of the following legal entities:

- a Sole Trader
- a Partnership
- a Private Company
- a Public Company
- a Registered Co-operative
- an Australian Government body
- a State/Territory Government body
- a local council
- an Indigenous Corporation
- an Incorporated Body or Association
- an Unincorporated Body

What about trusts and trustees?

A trustee arrangement is one where a legal entity carries on a business on behalf of a trust. A trust is not a legal entity for the purposes of the family assistance law and therefore a trust cannot apply for or be granted CCS approval. Rather, the applicant for CCS approval must be the legal entity that is acting as the trustee. In the example *Captain America Pty Ltd as trustee for the America Family Trust*, it is the company *Captain America Pty Ltd* that is identified as the CCS applicant.

A provider that is acting as trustee in relation to one or more of its services will include the trust details, including the trust ABN, when providing the individual service details in the CCS application. These providers are also required to provide a copy of the Trust Deed document to confirm the trustee arrangement.

Where a provider is uncertain of its entity type or its trustee status, it is important that it seek independent business advice before submitting a CCS application.

Provider entities must have a valid ABN

Because approved providers will be responsible for administering significant amounts of public funds in the form of CCS payments to their families, it is necessary for the department to unambiguously identify the legal entity as an organisation in the department's IT system.

Therefore, all provider entities must have a valid Australian Business Number (ABN) and use that ABN to create an organisation record in Service Australia's Provider Digital Access (PRODA) system before submitting an application for CCS approval. PRODA is an online authentication system used by the government to verify the identity of provider entities and individuals in personnel roles.

Providers that are trustees may use a separate ABN to report the business activities of the trust to the Australian Taxation Office. However, the provider entity **must** use its own ABN to verify its identity when creating an organisation record in PRODA.

Information about how to apply for an ABN is on the [Australian Business Register \(ABR\)](#) website.

PRODA organisations must be validated against the information held on the ABR

An entity wishing to submit a CCS application must already have a verified PRODA organisation record. This is identified by a PRODA Registration Authority (RA) number.

The steps to create a PRODA organisation are explained in the [How to Register an Organisation Task Card](#) which is available from DESE's [Applying for CCS Approval](#) website.

Important

- The individual creating the PRODA organisation must have first created an individual PRODA account. The [How to Register for an Individual Account Task Card](#) (available from the department's [Applying for CCS Approval](#) website explains how to create an individual PRODA account – this requires the individual to provide proof of identity.
- The individual creating the PRODA organisation must be the same person listed as an *Associate* on the ABN record held at the Australian Business Register. The verification process will require the individual to answer specific questions about the legal entity.
- A provider operating as a trustee must create a PRODA Organisation record using the name and ABN credentials of the trustee legal entity. The trustee ABN information must be provided in the CCS application to be added to the record of the services it operates in the capacity of a trustee.

Ultimate Holding Entities

An ultimate holding entity is one that has control over other entities (subsidiaries). While the subsidiary companies run the day-to-day operations, the ultimate holding entity oversees the subsidiaries and holds all assets. This control is the main element of an ultimate holding entity. Therefore, the ultimate holding entity cannot be a subsidiary of another entity.

Typically, an ultimate holding entity will be a company that is part of a tiered business structure. The ultimate holding entity is always at the top level and the subsidiary companies are underneath it. The ultimate holding entity usually is not involved in the day-to-day activities of the subsidiaries.

For the purposes of the family assistance law, the provider who applies for CCS approval is the subsidiary company that operates the child care service/s. In the CCS application, the provider must identify its ultimate holding entity. Where it is relevant to the fitness and propriety of the provider, the delegate may choose to seek more information about the ultimate holding entity and the individuals with which it is associated. There is no requirement for the ultimate holding entity or its personnel to be registered in PRODA.

More information

Information about how to apply to become a CCS approved service is available on the department's [Applying for CCS Approval](#) website.

If you need additional information or assistance, you contact the department's CCS Assessment Team by email at CCSAssessments@dese.gov.au