



Guidance on use of guarantees to circumvent Division 7A

Read our finalised guidance on the application of section 109U to arrangements involving private company guarantees.

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We've released Taxation Determination, TD 2025/6 *Income Tax: Does Section 109U of the Income Tax Assessment Act 1936 only apply to arrangements where a private company gives a guarantee to another private company?*, which finalises our guidance and clarifies our view on the application of section 109U to private company arrangements involving guarantees under Division 7A.

This guidance clarifies our view that, in these arrangements, the private company can give the guarantee to any entity, including a public company such as a public bank or financial institution.

We've taken feedback on the draft determination into account and we've updated our compliance approach to include a reference to not devoting compliance resources to 109N compliant loans made to a target entity.

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