


# ***CR 2007/9A1 - Addendum - Income tax: capital gains: demerger of Tower Australia Group Limited by Tower Limited***

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## Addendum

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### Class Ruling

#### Income tax: capital gains: demerger of Tower Australia Group Limited by Tower Limited

This Addendum amends Class Ruling CR 2007/9 to reflect legislative amendments to section 116-30 of the *Income Tax Assessment Act 1997* (ITAA 1997). *Tax Laws Amendment (2008 Measures No. 2) Act 2008* inserted subsection 116-30(2B) and section 116-35 into the ITAA 1997 so that the market value substitution rule no longer applies when Capital Gains Tax (CGT) event C2 occurs in relation to an interest in a widely held entity. The amendments apply to CGT events happening after the start of the 2006-07 income year.

#### **CR 2007/9 is amended as follows:**

**1. Paragraph 35**

Omit the paragraph; substitute:

35. Participating shareholders received A\$3.17 as the capital proceeds in respect of the cancellation of each of their Tower shares (the market value of the share consideration worked out at the time of the CGT event (subsection 116-20(1) of the ITAA 1997).

**2. Paragraph 53**

Omit the paragraph; substitute:

53. Section 116-20 of the ITAA 1997 provides that capital proceeds from a CGT event are the money and the market value of any property received or are entitled to be received (worked out at the time of the event happening).

**3. Paragraphs 55 and 56**

Omit the paragraphs.

**4. Paragraph 57**

Omit '(\$A2.81)'; substitute '(A\$3.17)'.

**5. Paragraph 58**

Omit '(A\$2.81)'; substitute '(A\$3.17)'.

**6. Legislative references**

Omit:

- ITAA 1997 116-30
- ITAA 1997 116-30(2)

This Addendum applies on and from 1 July 2006.

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**Commissioner of Taxation**

3 September 2008

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ATO references

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ATOlaw topic: Income Tax ~~ Tax integrity measures ~~ dividend streaming and demerger benefits  
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