


***TR 2012/D5 - Income tax: debt and equity interests:
when is a public unit trust in a stapled group a
connected entity of a company for the purposes of
paragraph 974-80(1)(b) of the Income Tax
Assessment Act 1997***

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Draft Taxation Ruling

Income tax: debt and equity interests:
when is a public unit trust in a stapled
group a connected entity of a company for
the purposes of paragraph 974-80(1)(b) of
the *Income Tax Assessment Act 1997*

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What this Ruling is about

1. This draft Ruling considers arrangements whereby:
 - shares in a company are stapled to units in a public unit trust;
 - the stapled securities are issued to investors to raise funds primarily for use in the business conducted by the company; and
 - the funds raised are predominantly contributed to the public unit trust and then used by the trustee to acquire a debt interest in the company.
2. This draft Ruling sets out the Commissioner's views as to when the interest in the company will be taken to be an interest that is held by a public unit trust that is a connected entity of the company for the purposes of paragraph 974-80(1)(b) of the *Income Tax Assessment Act 1997* (ITAA 1997).¹

¹ All legislative references are to the ITAA 1997 unless otherwise indicated.

Ruling

Capital raising using a stapled structure

3. In Australia, in recent years, a relatively common business structure has been that of the stapled group. Generally, this business structure comprises a company (or a public trading trust);² with its shares (or units) 'stapled' to units in a trust.³ The company usually conducts an active business and the trust is the financing vehicle for the business. The stapled entities are often listed on the Australian Stock Exchange, and in such cases, the trust will be a public unit trust.⁴

4. Generally, the stapled group raises funds for the business by issuing the stapled securities to investors. The funds subscribed by investors are mainly contributed to the trust and then lent by the trustee to the company. Alternatively, the funds are used to subscribe for another debt interest in the company, such as redeemable preference shares.

5. The trustee uses the returns paid on the debt interest to fully or partially fund distributions to the stapled security holders. Generally, the trust distributions are paid instead of company dividends. As a consequence, the stapled security holders are, in substance, receiving returns on their equity investment in the stapled group by way of trust distributions funded by the company.

² A public trading trust that is taxed like a company under Division 6C of the *Income Tax Assessment Act 1936* (ITAA 1936) carrying on the active business of the stapled group.

³ Whilst the units are stapled to the shares, holders of the stapled securities cannot trade each interest separately.

⁴ A public unit trust is defined in section 102AAF of the ITAA 1936. Broadly, a public unit trust is a unit trust where units are listed for quotation on the Australian Stock Exchange or are offered to the public, and the units are not held by fewer than 50 persons.

Section 974-80 of the ITAA 1997

6. Section 974-80 is an integrity provision within Division 974. Division 974 contains rules for classifying an interest as debt or equity for certain tax purposes. Section 974-80 deals with financing arrangements that grant an investor (the ultimate recipient) an interest which is effectively (in substance but not in form), an equity interest in a company. The provision applies when the equity-like returns that are paid to the ultimate recipient are funded from otherwise tax deductible payments made by the company and connected entities of the company.⁵

7. Put simply, the provision denies income tax deductions on debt interest returns paid in relation to 'de facto' equity interests in the company. That is, where interposed debt interests are used to create 'de facto' equity interests, the provision reclassifies the interposed debt interests as equity interests. This causes the returns paid in respect of those same interests to be non-deductible.⁶

8. Potentially, section 974-80 can apply to a debt interest in a company that is held by a trust when the two entities are both members of the same economic group. That is, provided all the conditions in section 974-80 are satisfied.

9. A key requirement of section 974-80 is that the debt interest must be held by a connected entity of the company: paragraph 974-80(1)(b). This requirement must be satisfied at the time the company issues the debt interest to the trust.⁷

10. Connected entity is defined in section 995-1 to be:

- (a) an *associate of the entity; or
- (b) another member of the same *wholly owned group if the entity is a company and is a member of such a group.

11. For the purposes of this draft Ruling, only paragraph (a) is relevant.

⁵ See paragraphs 2.41 to 2.49 of the Explanatory Memorandum to the New Business Tax System (Debt and Equity) Bill 2001. See also paragraphs 1.27 to 1.29 of the Supplementary Explanatory Memorandum to the New Business Tax System (Debt and Equity) Bill 2001.

⁶ Section 26-26 provides that a company cannot deduct:

- a non-share distribution, or a return that has accrued on a non-share equity interest; or
- a dividend paid on an equity interest in the company as a general deduction under the Act.

⁷ The general debt and equity test apply at the time the interest comes into existence: see subsections 974-15(1) and 974-70(1). Section 974-80 potentially applies immediately thereafter where the interest has not been characterised as an equity interest: see paragraph 974-80(1)(c). If section 974-80 applies then the interest is immediately re-characterised as an equity interest.

Associate test – section 318 of the ITAA 1936⁸

12. An ‘associate’ for the purposes of the definition of connected entity in section 995-1 is defined in section 318. An associate of a company is defined in subsection 318(2) as follows:

318(2) [Associates of a company]

For the purposes of this Part, the following are associates of a company (in this subsection called the ‘**primary entity**’)...

- (d) another entity (in this paragraph called the ‘**controlling entity**’) where:
 - (i) the primary entity is sufficiently influenced by:
 - (A) the controlling entity; or
 - (B) the controlling entity and another entity or entities; or
 - (ii) a majority voting interest in the primary entity is held by:
 - (A) the controlling entity; or
 - (B) the controlling entity and the entities that, if the controlling entity were the primary entity, would be associates of the controlling entity because of subsection (1), because of subparagraph (i) of this paragraph, because of another paragraph of this subsection or because of subsection (3);
- (e) another company (in this paragraph called the ‘**controlled company**’) where:
 - (i) the controlled company is sufficiently influenced by:
 - (A) the primary entity; or
 - (B) another entity that is an associate of the primary entity because of another paragraph of this subsection; or
 - (C) a company that is an associate of the primary entity because of another application of this paragraph; or
 - (D) 2 or more entities covered by the preceding sub-subparagraphs; or
 - (ii) a majority voting interest in the controlled company is held by:
 - (A) the primary entity; or
 - (B) the entities that are associates of the primary entity because of subparagraph (i) of this paragraph and the other paragraphs of this subsection; or

⁸ In this draft Ruling references to Section 318 and its provisions refer to the *Income Tax Assessment Act 1936*.

- (C) the primary entity and the entities that are associates of the primary entity because of subparagraph (i) of this paragraph and the other paragraphs of this subsection;
- (f) any other entity that, if a third entity that is an associate of the primary entity because of paragraph (d) of this subsection were the primary entity, would be an associate of that third entity because of subsection (1), because of another paragraph of this subsection or because of subsection (3).

13. An entity for the purposes of section 318 is defined in section 317 of the ITAA 1936, and includes a person in the capacity of trustee. However, the general definition of entity is modified by paragraph 318(5)(a) for a public unit trust. Paragraph 318(5)(a) provides that:

318(5) [Public unit trust entity]

In determining, for the purposes of this section, whether an entity is an associate of another entity at a particular time (in this subsection called the ‘**test time**’):

- (a) an entity (in this subsection called the ‘**public unit trust entity**’) that, apart from this subsection, is the trustee of a public unit trust at the test time is to be treated as if it were a company instead of a trustee;

14. Returning to section 974-80 of the ITAA 1997, a public unit trust in a stapled group will be taken to be an associate of the company in the same stapled group and therefore a connected entity of the company where:

- the trust is sufficiently influenced by the company: subparagraph 318(2)(e)(i) of the ITAA 1936; or
- the company is sufficiently influenced by the trust: subparagraph 318(2)(d)(i) of the ITA 1936.

Meaning of sufficiently influenced

15. Paragraph 318(5)(b) defines when a public unit trust is taken to be sufficiently influenced by another entity or entities. It provides that:

the public unit trust entity is taken to be sufficiently influenced by another entity or other entities if the public unit trust entity is accustomed or under an obligation (whether formal or informal), or might reasonably be expected, to act in accordance with the directions, instructions or wishes of the other entity or other entities (whether those directions, instructions or wishes are, or might reasonably be expected to be, communicated directly or through interposed companies, partnerships or trusts);

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16. Similarly, paragraph 318(6)(b) defines when a company is taken to be sufficiently influenced by another entity or entities. It provides that:

a company is sufficiently influenced by an entity or entities if the company, or its directors, are accustomed or under an obligation (whether formal or informal), or might reasonably be expected, to act in accordance with the directions, instructions or wishes of the entity or entities (whether those directions, instructions or wishes are, or might reasonably be expected to be, communicated directly or through interposed companies, partnerships or trusts);

17. Thus (as shown in the following table) there are three ways one entity may act in accordance with the directions, instructions or wishes of another entity and it is possible for one entity to be sufficiently influenced by another entity merely if it *might be reasonably expected* that the first entity will act in accordance with the *wishes* of the second entity.

An entity sufficiently influences another entity if the first entity is either:	<ul style="list-style-type: none"> • accustomed; or • under an obligation (formal or informal); or • might reasonably be expected 	<i>to act in accordance with:</i>	<ul style="list-style-type: none"> • the directions; or • instructions; or • wishes 	of the other entity.
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18. The phrase ‘might reasonably be expected’ involves a prediction that must be sufficiently reliable for it to be regarded as reasonable.⁹ Accordingly, it is not necessary for the Commissioner to have evidence that one entity has in fact acted in accordance with the wishes of another entity. Nor does there need to be documented rights and obligations, such that one entity must act in accordance with the directions or instructions of the other. Rather, the relationship between the two parties, the history behind the establishment of the company and the trust, the terms of agreements between the two entities (and any other entity), past behaviour and any other relevant factors may be such that it would be likely that one entity would act in accordance with the wishes of another.

19. It should be emphasised that the threshold for satisfying the test whether an entity might reasonably be expected to act in accordance with the wishes of another entity is considerably lower than the threshold for one entity actually controlling another.

20. In a stapled group, where the trust and company are sister entities, it will be unlikely that one entity, on its own, will control the other. That is, it will not be the norm that one entity will be compelled to act in accordance with the directions, instructions or wishes of the other. The nature of the relationship between two stapled entities is usually to consult and co-operate in most matters and in some matters a decision cannot be made by one entity without the consent of the other. In cases, where the threshold of control is not satisfied, the trust may nevertheless be sufficiently influenced by the company. This makes sense particularly where the two entities act effectively as one economic entity with the trust funding the business activities of the company. In such cases, it is more likely than not that, when the trustee makes decisions about borrowing or lending to the company, or other decisions in the capacity of trustee, it will act in accordance with the wishes of the company for the benefit of stapled security holders. In some cases, the facts and circumstances will show that the company is sufficiently influenced by the trust.

When will a company be taken to sufficiently influence a public unit trust under sub-subparagraph 318(2)(e)(i)(A)?

21. The fact that the units in the public unit trust are stapled to shares in the company and the two entities are part of the same economic group would be an insufficient basis on its own for a conclusion that a company sufficiently influences a public unit trust. However, those factors together with other substantive evidence in the terms of any agreements or constituent documents, as well as the role of the trust as financier for the company may lead to a conclusion that the company sufficiently influences the trust.

⁹ See *FC of T v. Peabody* (1994) 181 CLR 359; (1994) 28 ATR 344; 94 ATC 4663 where the full High Court considered the meaning of the phrase ‘might reasonably be expected’ as it appears in section 177C of the ITAA 1936.

The terms of any agreements or constituent documents

22. The constituent documents of the public unit trust and company and any agreements between the two parties, in particular the stapling deed, will shed light on the nature of the relationship between the trustee and the company. It is common for one or more of the constituent documents to state that where the trust deed or the company constitution conflicts with the stapling deed, the stapling deed will prevail. The primacy of the stapling deed is relevant when considering whether the company sufficiently influences the trust. Some other clauses which are typically found in stapling agreements that will be particularly relevant for determining whether a company is sufficiently influenced by a trust are described below.

23. Firstly, a clause commonly found in a stapling deed (or another agreement) is one which provides that either the trustee or the company must (to the maximum extent permitted by law) enter into any arrangement or consider doing any thing at the request or under the direction of the other in particular in respect of:

- lending money or providing financial accommodation to the other;
- guaranteeing any loan or other financing facility or financial accommodation of the other;
- entering into any covenant, undertaking, restraint, or pledge at the request of the other;
- issuing any form of securities;
- entering into any joint borrowing or joint financial accommodation with the other, or providing any guarantee, security, indemnities or undertakings in connection with the other; and
- guaranteeing the obligations of or providing an indemnity or undertaking to a third party in respect of the other.

24. Such a clause together with a clause restricting the capacity of one entity to borrow money without the agreement of the other (in the context of the trust being the financier for the stapled group) would support a conclusion that the company sufficiently influences the trust.

25. Secondly, a clause which is usually found in stapling deeds (or another constituent document) which would support a conclusion that the company sufficiently influences the trust is one that provides that neither the trustee nor the company may, without the prior consent of the other stapled entity:

- undertake a placement or a rights issue;
- declare a distribution;
- implement a dividend reinvestment plan or bonus security plan;

- perform any other corporate action; or
- buy-back, repurchase, cancel or redeem securities.

26. Thirdly, another clause in the stapling deed (or another constituent document) which would support a conclusion that the trust is sufficiently influenced by the company is a clause that requires that each stapled entity must co-operate and consult with the other in respect to all (or some) matters relating to stapled securities, including prior to either entity:

- announcing or paying a distribution or dividend;
- acquiring or selling an asset;
- implementing an investment policy;
- causing any act to be done or omission to be made which may materially affect the value of stapled securities;
- effecting any reorganisation or restructure or changes to the stapling arrangements; or
- borrowing or raising money.

27. The existence of a consent or co-operation clause in the stapling deed would not of itself mean that one entity in the stapled group sufficiently influences the other. However, when considered along-side other factors, the existence of such a clause would lend its support to a conclusion that the public unit trust is sufficiently influenced by the company.

28. For example, it may be reasonable to expect that the trustee will act in accordance with the wishes of the company, either alone, or together with one or more associates of the company if there is a co-operate and consult clause in at least one of the constituent documents and:

- the company, or an associate of the company, is the settlor of the trust;
- the responsible entity for the trust is wholly-owned by the company or is wholly-owned by an associate of the company – sub subparagraph 318(2)(e)(i)(B); and
- the trust is a special purpose vehicle established solely for the purpose of raising capital for the company or another entity within the stapled group.

29. There would be further support for such a conclusion if:

- the stapling deed imposes an obligation on the responsible entity to exercise its fiduciary duties primarily for the benefit of the company's shareholders rather than for the direct benefit of the unit holders;

- the security for any external borrowings will be charged over the assets of the company, or over the assets of an associate of the company;
- any funds raised from external borrowings for use by entities in the group are arranged by the company; or
- the terms on which money is lent by the trust to the company ensures that there is a reasonable return for the stapled security holders by way of distributions from the trust.

30. The extent to which the company has an ability (directly or indirectly) to affect the payment of a distribution by a trustee to its unit holders would also be another relevant factor, including the company's ability to affect the timing or amount of a distribution, or even prevent the payment of a distribution. For example, if the company held a separate or special class of units in the trust (or an interposed trust) that gave it a right to direct the flow of funds either back to the economic group or out to the unit holders, then a conclusion that the company has sufficient influence over the trust could also be drawn.

Fiduciary obligations

31. Typically, some members of the board of the trustee (responsible entity) will also be members of the board of the company (or its manager). Whilst those directors will have separate and distinct fiduciary obligations in each particular capacity, it is our view that if the same persons are directors of both the company and the trustee, it is more likely that the interests of the company and the trustee would be aligned and that therefore the company could be said to be acting in accordance with the wishes of the trustee (or vice-versa).

32. The trustee can act in accordance with the wishes of the directors of the company (to the extent permitted by the law) without breaching its fiduciary duties. Likewise, it is possible for a company to act in accordance with the wishes of the trustee without there being a breach of director's fiduciary duties.

When will a public unit trust taken to sufficiently influence a company under sub-subparagraph 318(2)(d)(i)(A)?

33. In some cases, it may be the public unit trust which sufficiently influences the company. Whether a public unit trust sufficiently influences a company will, once again, be dependent on the terms of any agreements between the trust and the company and the terms of the clauses in the constituent documents. The fact that the units in the trust are stapled to shares in the company and the two entities are part of the same economic group would also be relevant for whether the public unit trust sufficiently influences the company.

The nature of the relationship between the trustee and the company

34. As discussed in paragraphs 21 to 30 of this draft Ruling, the rights and obligations set out in the agreements between the trustee and the company and in other constituent documents will be informative as to the nature of the relationship between the trustee and the company. The clauses described in paragraphs 23 to 26 of this draft Ruling are also relevant and when considered with other facts and circumstances may lead to a conclusion that the company is sufficiently influenced by the public unit trust.

35. For example, where the trust is the financier for the stapled group; it is solely responsible for financing the income producing business of the stapled group; and there is an obligation on the part of the company not to borrow or raise money unless the trustee agrees, then these facts together with the consult and co-operation clauses in the stapling deed would support a conclusion that the trustee sufficiently influences the company.

36. Where the constituent documents provide that the trustee (in its capacity as trustee) can appoint directors to the board of the company, then that factor would be a powerful indicator trust sufficiently influences the company.

An entity together with the trustee may sufficiently influence the decisions of the company or its directors

37. Where the responsible entity of the public unit trust and the manager of the company are the same person acting in different capacities, consideration will be required as to whether the responsible entity and the manager together sufficiently influence the company.

38. Subsection 318(2)(d) of the ITAA 1936 provides that an entity is an associate of the company if, together with another entity (or entities) it sufficiently influences the company. 'Entity' is defined for the purposes of the Act in section 960-100 of the ITAA 1997 to include a body corporate and a trust. Subsection 960-100(3) of the ITAA 1997 provides that:

A legal person can have a number of different capacities in which the person does things. In each of those capacities, the person is taken to be a different **entity**.

Example:

In addition to his or her personal capacity, an individual may be:

- sole trustee of one or more trusts; and
- one of a number of trustees of a further trust.

In his or her personal capacity, he or she is one entity. As trustee of each trust, he or she is a different entity. The trustees of the further trust are a different entity again, of which the individual is a member.

39. Therefore consideration should be given to whether the person can sufficiently influence the company, notwithstanding that the company is influenced by the person acting in more than one capacity. For example, if the person in their capacity as manager has the right to acquire special shares in the company which in turn gives the manager the right to appoint some or all the directors of the company; or the rights and powers of the manager as a shareholder must be exercised in the interests of the company and the shareholders as a whole; then the manager together with the trustee could be taken to sufficiently influence the company where the trustee can influence some of the company's decisions.

Date of effect

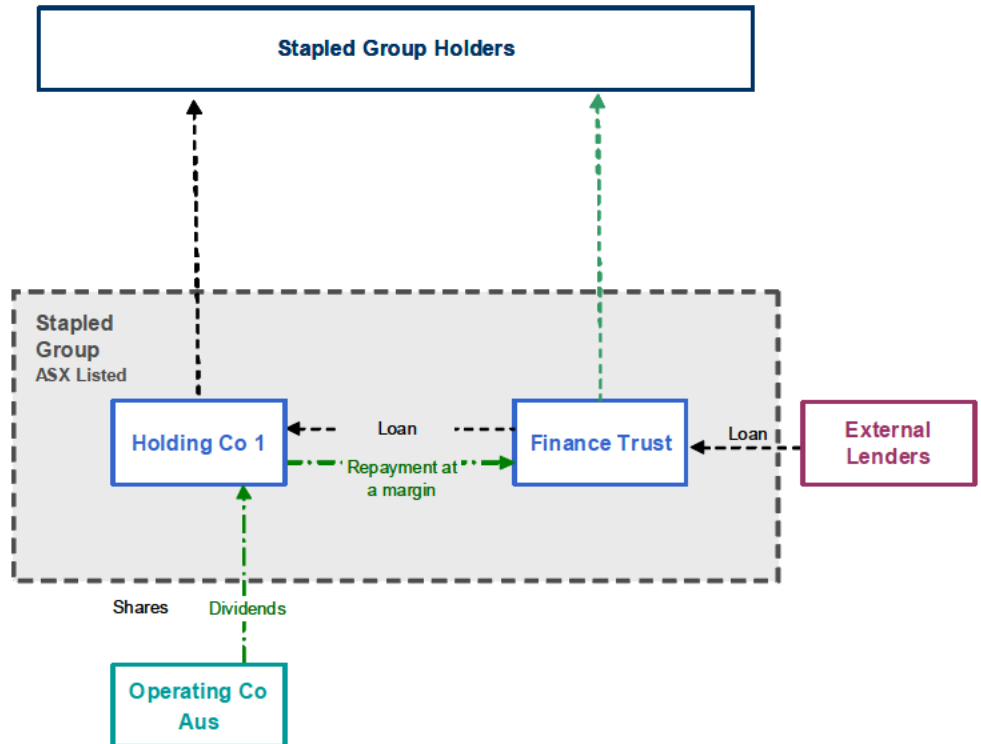
40. When the final Ruling is issued, it is proposed to apply to years of income commencing both before and after its date of issue. However, the Ruling will not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of the Ruling (see paragraphs 75 and 76 of Taxation Ruling TR 2006/10).

Commissioner of Taxation

25 July 2012

Appendix 1 – Examples

Example 1 – Restructuring into a stapled group



41. *Holding Co 1 is a listed public company and the head company of a consolidated group for tax purposes. Operating Co conducts an income producing business. Dividends are paid by Sub Co to Holding Co 1 and Holding Co 1 pays dividends to its shareholders.*

42. *Holding Co decides to acquire a new business for the group and needs capital to fund the acquisition. As a result it embarks on a restructure of the Holding Co 1 group. The restructure comprises the following steps:*

- (i) *Finance Trust (a public unit trust) is established by Holding Co to act as financier for the group.*
- (ii) *Holding Co appoints a wholly owned subsidiary as trustee and responsible entity.*
- (iii) *The Board of directors for the subsidiary are appointed and include the CFO, the CEO and two other non-executive directors of Holding Co.*
- (iv) *Holding Co convenes a meeting of shareholders and obtains approval to undertake a capital reduction for a nominal amount via an in specie distribution of Finance Trust units to shareholders.*

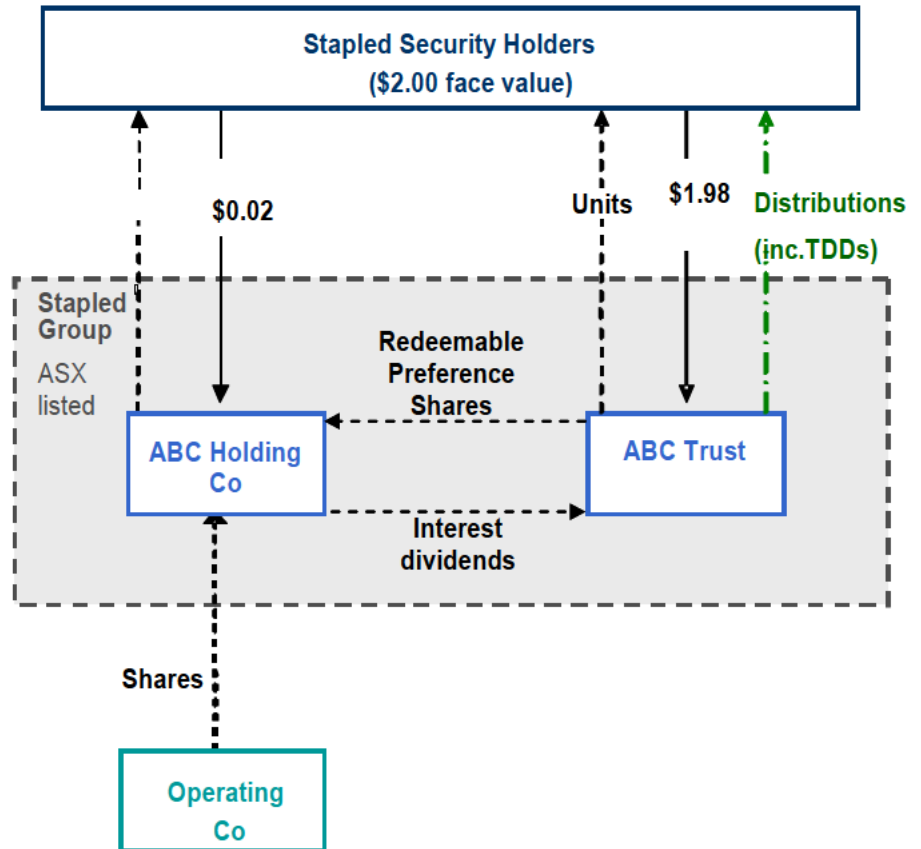
- (v) *Holding Co also obtains approval to amend the Constitution of Holding Co so that one share is stapled to one unit in Finance Trust to created Stapled securities.*
- (vi) *Upon approval the resolutions are implemented.*
- (vii) *Finance Trust borrows funds from external lenders and on-lends the funds at a margin to Holding Co 1.*
- (viii) *Security for the external debt is charged over the assets of the company and the finance is arranged by the company on behalf of the trustee.*
- (ix) *The margin on the interest rate between the trustee and the manager of the company is set up in such a way as to ensure that sufficient funds will be available to pay distributions to stapled security holders over and above the finance expenses to the external lender. It is anticipated by the board of Holding Co 1 that Holding Co will cease paying dividends and instead pay returns to by way of distributions from Finance Trust.*

43. *The Finance Trust Deed contains the following clauses:*

- *the fiduciary duties of the responsible entity to the unit holders can be performed, and powers and discretions exercised for the benefit of the shareholders rather than for the direct benefit of the unit holders; and*
- *to the extent permitted by law, the responsible entity will consult and co-operate with the other stapled entity in everything relating to the stapled securities and the trust.*

44. *The following factors are relevant to a conclusion that it is reasonable to expect that Finance Trust will act in accordance with the wishes of Holding Co. Finance Trust was established for the purposes of the business of the group. Its trustee is a wholly owned subsidiary of Holding Co. The finance structure being established will be an integral part of the business of Holding Co's group. Borrowings will be made and will be repaid as and when the business of the group so requires. The security for the external loans will be charged over the companies and assets of the group. The terms on which the moneys are lent by Finance Trust to Holding Co and other companies in the group will be designed to achieve an appropriate return for the operating companies and an appropriate return for the stapled security holders.*

45. *When regard is had for the purpose of establishing the trust, as well as, the role the trust plays in the group along with the clauses in the Trust Deed described above, it is reasonable to expect that Finance Trust will act in accordance with the wishes of Holding Co.*

Example 2 – Newly created stapled group structure

46. ABC controller incorporates ABC Holding Co and a subsidiary, Operating Co, for the purpose of acquiring and conducting a business. After acquisition of the business, ABC controller establishes a public unit trust, ABC Trust. The sole purpose of ABC Trust is to act as financier for ABC Holding Co and Operating Co. A company wholly owned by ABC controller is appointed the responsible entity and trustee of ABC Trust.

47. ABC Holding Co and ABC Trust enter into a stapling deed. Under the stapling deed, each share in the company is stapled to a unit in the trust. The deed contains the following clauses:

- an obligation on the responsible entity to exercise its fiduciary duties primarily for the benefit of the company's shareholders rather than for the direct benefit of the unit holders;
- security for any external borrowings will be charged over the assets of the company, or over the assets of an associate of the company;
- each stapled entity must co-operate and consult with the other in respect of all matters relating to the stapled securities; and

- the trustee must obtain the agreement of the company to borrow money.

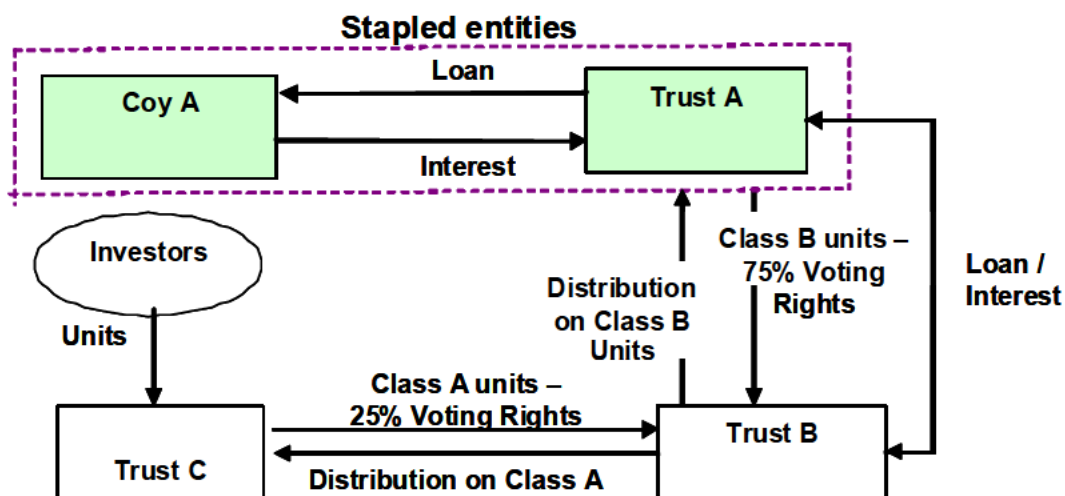
48. The stapled securities are offered to investors by way of prospectus. Upon subscription each stapled security holder contributes \$2.00 per stapled security comprising \$1.98 per security for the unit and \$0.02 for the share.

49. The Stapled Group raises a total of \$200 million from the issue of the stapled securities. Of that amount \$198M is contributed to the trust. The trustee uses those funds to subscribe for redeemable preference shares (RPS) that are priced as debt, in ABC Holding Co. The RPSs are redeemable at the end of ten years. The company, in turn, uses the funds to subscribe for ordinary shares in Operating Co. Over the life of the RPS, it is expected that dividends will be paid periodically by Operating Co to ABC Holding Co out of the profits of its business.

50. The prospectus states that ABC Holding Co will use the dividends to fund returns on the RPS which the trustee will in turn use to fund distributions to stapled security holders. Whilst returns are paid by the trust, no dividends will be payable.

51. The clauses in the stapling deed described above, together with fact that the sole purpose of the trust is to finance the business of the ABC Holding Co and its subsidiary, support a conclusion that ABC Holding Co sufficiently influences ABC Trust. That is, it is reasonable to expect that ABC Trust will act in accordance with the wishes of ABC Holding Co because ABC Trust is raising and managing funds which are used solely in the business of ABC Holding Co and its subsidiary.

Example 3 – Special Purpose Vehicle Trust raises finance and on-lends to a stapled group



52. *Trust C is a special purpose trust settled by Coy A. The trustee of Trust C is a wholly owned subsidiary of Coy A. The group requires capital to conduct its infrastructure business. Trust C raises capital by way of issue of units to investors and then uses those funds to acquire Class A units in Trust B. Trust B then on-lends those funds to Trust A (a Public Unit Trust) which in turn on-lends those funds to Coy A. Under Trust C's Trust Deed, the units in the Trust C can be exchanged for stapled securities in Coy & Trust A at the discretion of the trustee of Trust C.*

53. *In this example, Trust A (an established connected entity of Coy A) has the ability to affect the payment of a distribution to the investors through the exercise of its voting rights in Trust B.*

Appendix 2 – Your comments

54. You are invited to comment on this draft Ruling. Please forward your comments to the contact officer by the due date.

55. A compendium of comments is also prepared for the consideration of the relevant Rulings Panel or relevant tax officers. An edited version (names and identifying information removed) of the compendium of comments will also be prepared to:

- provide responses to persons providing comments; and
- publish on the ATO website at www.ato.gov.au.

56. Please advise if you do not want your comments included in the edited version of the compendium.

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Appendix 3 – Detailed contents list

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References

Previous draft:

Not previously issued as a draft

Related Rulings/Determinations:

TR 2006/10

Subject references:

- associates
- connected entity
- stapled structure
- sufficient influence

Legislative references:

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- ITAA 1936 318(2)(d)
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- ITAA 1936 318(5)(a)

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Case references:

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Other references:

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ATO references

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