


***TD 2004/D80W - Withdrawal - Income tax:  
consolidation: capital gains and losses: does a  
capital gain arise under CGT event C2 when the  
amount received in payment of a foreign currency  
denominated trade receivable exceeds its tax cost  
setting amount?***

 This cover sheet is provided for information only. It does not form part of *TD 2004/D80W - Withdrawal - Income tax: consolidation: capital gains and losses: does a capital gain arise under CGT event C2 when the amount received in payment of a foreign currency denominated trade receivable exceeds its tax cost setting amount?*



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## Notice of Withdrawal

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### Taxation Determination

Income tax: consolidation: capital gains and losses:  
does a capital gain arise under CGT event C2 when  
the amount received in payment of a foreign currency  
denominated trade receivable exceeds its tax cost  
setting amount?

Taxation Determination TD 2004/D80 is withdrawn with effect from today.

1. When an entity becomes a subsidiary member of a consolidated group the tax cost of the assets of the entity is changed to reflect the group's cost of acquiring the membership interests in the subsidiary. The Determination examined the tax treatment of the excess of the amount received in payment of a foreign currency trade receivable and the tax cost of the receivable set at the time the entity became a subsidiary member of a consolidated group.
2. The Determination is being withdrawn following an announcement by the then Assistant Treasurer on 1 December 2005 about changes to improve the tax treatment of consolidating companies. The then Assistant Treasurer advised that '... a modification will be made to ensure that the cost of a joining entity's assets determined under the tax cost setting rules is used by the head company of a consolidated group or MEC group for the purpose of applying all other provisions in the income tax law. In addition, the head company will be taken to have incurred expenditure to acquire a joining entity's assets equal to their tax cost setting amount at the joining time. The deemed acquisition of assets at the joining time ... will not override the entry history rule other than in respect of a cost being incurred for the acquisition of the assets'. These changes will apply from 1 July 2002.
3. It is expected that these changes will clarify the treatment of the excess of the amount received over the tax cost setting amount of the foreign currency trade receivable.
4. The Tax Office will abide by the draft Determination up to the date of withdrawal. No compliance action will be taken by the Tax Office prior to the enactment of the proposed legislation announced in December 2005. The administrative treatment relating to the December 2005 announcement is reflected on the Tax Office website at <http://atogovau/taxprofessionals/content.asp?doc=/content/67126.htm>

# TD 2004/D80

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## Commissioner of Taxation

23 August 2006

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### ATO references

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ATOlaw topic: Income Tax ~~ Consolidation ~~ capital gains tax  
Income Tax ~~ Capital Gains Tax ~~ CGT events C1 to C3 - end of a CGT asset