



Notice of Withdrawal

Taxation Ruling

Income tax: Foreign Tax Credit System – denial of underlying tax credit to corporate unit trusts and public trading trusts

Taxation Ruling IT 2556 is withdrawn with effect from today.

1. Taxation Ruling IT 2556 specifies that corporate unit trusts and public trading trusts which are treated as companies for certain purposes of the *Income Tax Assessment Act 1936* (ITAA 1936) pursuant to Divisions 6B and 6C of Part III of the ITAA 1936 are precluded from entitlement to foreign underlying tax credit in respect of dividend income derived from a foreign company.

2. The Foreign Tax Credit System contained in Division 18 of Part III of the ITAA 1936 was repealed, by *Tax Laws Amendment (2007 Measures No. 4) Act 2007*, with effect from 24 September 2007, applicable in relation to income years, statutory accounting periods and notional accounting periods starting on or after 1 July 2008. The new Foreign Income Tax Offset system contained in Division 770 of the *Income Tax Assessment Act 1997* applies from 1 July 2008.

3. Guidance on how the new Foreign Income Tax Offset system operates is contained in publications on international tax, available on the Tax Office website at www.ato.gov.au. See for example the Guide to Foreign Income Tax Offset rules 2008-09 NAT 72923.

4. Accordingly, IT 2556 is no longer current and is therefore withdrawn.

Commissioner of Taxation

10 March 2010

ATO references

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ATOlaw topic: Income Tax ~~ Tax offsets, credits and benefits ~~ foreign tax credits
Income Tax ~~ Assessable income ~~ trust income - public trading trusts