


***TD 2000/7A - Addendum - Income tax: capital gains: when does a CGT event happen to shares in a company, for the purposes of Part 3-1 and Part 3-3 of the Income Tax Assessment Act 1997, if the company is deregistered under the Corporations Law?***

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## Addendum

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### Taxation Determination

Income tax: capital gains: when does a CGT event happen to shares in a company, for the purposes of Part 3-1 and Part 3-3 of the *Income Tax Assessment Act 1997*, if the company is deregistered under the Corporations Law?

This Addendum amends Taxation Determination TD 2000/7 to reflect changes that were made to section 104-145 of the *Income Tax Assessment Act 1997* by the *Taxation Laws Amendment (2004 Measures No. 6) Act 2005*.

The changes do not affect the answer to the issue raised in this Determination.

#### **TD 2000/7 is amended as follows:**

**1. Paragraph 1:**

Delete sentence in brackets and replace with:

(However, CGT event G3 in section 104-145 of the ITAA 1997 may happen at an earlier time in respect of worthless shares in a company in liquidation or administration – see Note 1 for more details.)

**2. Note 1:**

Delete the Note and Paragraph 7 and replace with:

**Note 1:**

7. CGT event G3 in section 104-145 of the ITAA 1997 provides a mechanism for a shareholder to make a capital loss on worthless shares in a company before the time of the deregistration of the company.

7A. Prior to 22 March 2005, CGT event G3 happened if a liquidator of a company declared, in writing, that they had reasonable grounds to believe that there was no likelihood that the shareholders in the company would receive any further distributions in the course of winding up the company. A shareholder in the company could choose to make a capital loss from the event happening in respect of a share, equal to the reduced cost base of the share, at the time of the declaration.

# TD 2000/7

7B. Section 104-145 of the ITAA 1997 was amended by *Tax Laws Amendment (2004 Measures No. 6) Act 2005* so that on or after 22 March 2005, CGT event G3 also happens if an administrator of a company declares in writing that there are reasonable grounds to believe, at the time of the declaration, that there is no likelihood that shareholders in the company will receive any further distribution for their shares.

This Addendum applies on and from 22 March 2005.

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**Commissioner of Taxation**

11 January 2006

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ATO references

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