


TD 2004/4A1 - Addendum - Income tax: Is a dividend paid before 1 July 1987 an unfranked dividend for the purpose of section 705-50 of the Income Tax Assessment Act 1997 ?

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Addendum

Taxation Determination

Income tax: Is a dividend paid before 1 July 1987 an unfranked dividend for the purpose of section 705-50 of the *Income Tax Assessment Act 1997*?

This Addendum amends Taxation Determination TD 2004/4 to reflect the effect of the amendment to section 705-50 of the *Income Tax Assessment Act 1997* (ITAA 1997) and the subsequent repeal of that section by Schedule 5 to the *Tax Laws Amendment (2010 Measures No. 1) Act 2010*.

TD 2004/4 is amended as follows:

1. Title

Omit 'Is'; substitute 'is'.

2. After paragraph 9

Insert:

10. *Tax Laws Amendment (2010 Measures No. 1) Act 2010* has amended paragraph 705-50(2)(b) of the ITAA 1997 so that where an entity becomes a subsidiary member of a consolidated group or a Multiple Entity Consolidated (MEC) group during the period from 9 May 2007 to 30 June 2009, the joining entity will only be required to look at dividends paid during the period of 5 years ending at the joining time in determining whether an over-depreciation adjustment is required under section 705-50 of the ITAA 1997. This means dividends paid before 1 July 1987 will no longer need to be considered in making this determination. In addition, section 705-50 of the ITAA 1997 is repealed effective from 1 July 2009.

11. Consequently, this Determination will not have application to an entity that joins a consolidated group or a MEC group on or after 9 May 2007.

3. Legislative References

Insert:

Tax Laws Amendment (2010 Measures No. 1) Act 2010

TD 2004/4

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This Addendum applies on and from 9 May 2007.

Commissioner of Taxation

23 March 2011

ATO references

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ATOlaw topic: Income Tax ~~ Consolidation ~~ assets
Income Tax ~~ Consolidation ~~ tax cost setting amount
Income Tax ~~ Entity specific matters ~~ franking of dividends - company matters