


***TD 2004/64A1 - Addendum - Income tax:
consolidation: capital gains: does section 104-530
(CGT event L7) of the Income Tax Assessment Act
1997 apply to amounts of a liability that accrue after
the time that the entity with the liability became a
subsidiary member of a consolidated group?***

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Addendum

Taxation Determination

Income tax: consolidation: capital gains: does section 104-530 (CGT event L7) of the *Income Tax Assessment Act 1997* apply to amounts of a liability that accrue after the time that the entity with the liability became a subsidiary member of a consolidated group?

This Addendum amends Taxation Determination TD 2004/64 to take into account the changes introduced by Schedule 5 to the *Tax Laws Amendment (2010 Measures No. 1) Act 2010*.

TD 2004/64 is amended as follows:

1. Paragraph 2

Omit the paragraph; substitute:

2. Under CGT event L7, if the amount of a liability taken into account in working out the allocable cost amount (ACA) for an entity that becomes a member of a consolidated group is later discharged for a different amount (the realised amount), the head company may make a capital loss. A capital loss will arise if the liability is discharged by the head company on or after 1 July 2002 and before 10 February 2010 and the ACA would have been greater had the realised amount been taken into account in working out the ACA.

2. Paragraph 7

Omit 'years commencing both before and after its date of issue'; substitute 'a capital loss under CGT event L7 that arises on or after 1 July 2002 and before 10 February 2010.'

This Addendum applies on and after 1 July 2002, the date of application of the amendments to the *Income Tax Assessment Act 1997* made by Part 12 of Schedule 5 to *Tax Laws Amendment (2010 Measures No. 1) Act 2010*. The effect of the amendments is that TD 2004/64 will only apply where a capital loss arises under CGT event L7 before 10 February 2010.

TD 2004/64

Page 2 of 2

Commissioner of Taxation

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ATO references

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