


***TD 2007/12A1 - Addendum - Income tax: consolidation: subsidiary in liquidation - for the purposes of subsection 711-45(1) of the Income Tax Assessment Act 1997, is the amount of an unsatisfied liability owed to another member of the consolidated group ('intra-group liability') by a subsidiary member at the time it is deregistered equal to the market value of the corresponding asset of that other member?***

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## Addendum

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### Taxation Determination

Income tax: consolidation: subsidiary in liquidation – for the purposes of subsection 711-45(1) of the *Income Tax Assessment Act 1997*, is the amount of an unsatisfied liability owed to another member of the consolidated group ('intra-group liability') by a subsidiary member at the time it is deregistered equal to the market value of the corresponding asset of that other member?

This Addendum amends Taxation Determination TD 2007/12 to reflect the amendments introduced by Schedule 5 to the *Tax Laws Amendment (2010 Measures No. 1) Act 2010*.

#### TD 2007/12 is amended as follows:

**1. Paragraph 3**

Omit the paragraph; substitute:

3. Taxation Determination TD 2006/59<sup>2</sup> explains that the unsatisfied debts of a subsidiary at the time of deregistration are recognised as accounting liabilities in accordance with accounting standards. Therefore they are accounting liabilities of the subsidiary just before the leaving time for the purposes of subsection 711-45(1) in accordance with the leaving entity's accounting principles for tax cost setting.

This Addendum applies on and from 10 February 2010, the date of application of the amendments to the *Income Tax Assessment Act 1997* made by Division 1 of Part 7 and Part 8 of Schedule 5 to the *Tax Laws Amendment (2010 Measures No. 1) Act 2010*.

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<sup>2</sup> Income tax: consolidation: subsidiary in liquidation – are unsatisfied debts of a subsidiary at the time of deregistration, being debts owed to creditors outside of the consolidated group, accounting liabilities for the purposes of subsection 711-45(1) of the *Income Tax Assessment Act 1997*?

# TD 2007/12

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## Commissioner of Taxation

13 July 2011

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### ATO references

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ATOlaw topic: Income Tax ~ Consolidation ~ capital gains tax  
Income Tax ~ Consolidation ~ companies  
Income Tax ~ Consolidation ~ liabilities  
Income Tax ~ Consolidation ~ liquidation  
Income Tax ~ Consolidation ~ market value