


***TD 2007/13A1 - Addendum - Income tax:
consolidation: can a head company make a capital
gain under CGT event L5 (section 104-520 of the
Income Tax Assessment Act 1997) when a subsidiary
member of the group is deregistered after
liquidation?***

 This cover sheet is provided for information only. It does not form part of *TD 2007/13A1 - Addendum - Income tax: consolidation: can a head company make a capital gain under CGT event L5 (section 104-520 of the Income Tax Assessment Act 1997) when a subsidiary member of the group is deregistered after liquidation?*

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Addendum

Taxation Determination

Income tax: consolidation: can a head company make a capital gain under CGT event L5 (section 104-520 of the *Income Tax Assessment Act 1997*) when a subsidiary member of the group is deregistered after liquidation?

This Addendum amends Taxation Determination TD 2007/13 to reflect changes introduced by Schedule 5 to the *Tax Laws Amendment (2010 Measures No. 1) Act 2010*.

TD 2007/13 is amended as follows:

1. Paragraphs 4 and 5

Omit the paragraphs; substitute:

4. The first three steps in working out the ACA under subsection 711-20(1) concern the calculation of the terminating values of the leaving entity's assets just before the leaving time, the value of deductions inherited by the leaving entity (not reflected in the terminating value of the assets), and the liabilities owed by members of the group to the leaving entity at the leaving time.

5. Step 4 of the calculation under subsection 711-20(1) requires the subtraction of an amount worked out under section 711-45 from the result of the first three steps.^{2A} Subsection 711-45(1) provides that:

For the purposes of step 4 in the table in subsection 711-20(1), the step 4 amount is worked out by adding up the amounts of each thing (an **accounting liability**) that, in accordance with the leaving entity's *accounting principles for tax cost setting, is a liability of the leaving entity just before the leaving time.

^{2A} For how the law in relation to step 4 of the table in subsection 711-20(1) applies to an entity that left a consolidated group before 10 February 2010, refer to the Full Federal Court decision in *Handbury Holdings Pty Ltd v. Federal Commissioner of Taxation* (2009) 179 FCR 569; [2009] FCAFC 141; 2009 ATC 20-136.

TD 2007/13

Page 2 of 2

2. Case references:

Insert:

Case references:

- Handbury Holdings Pty Ltd v. Federal Commissioner of Taxation (2009) 179 FCR 569; [2009] FCAFC 141; 2009 ATC 20-136

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*.

Commissioner of Taxation

25 May 2011

ATO references

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