


TR 98/22A - Addendum - Income tax: the taxation consequences for taxpayers entering into certain linked or split loan facilities

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Addendum

Taxation Ruling

Income tax: the taxation consequences for taxpayers entering into certain linked or split loan facilities

This Addendum partially withdraws Taxation Ruling TR 98/22 following the decision of the High Court in *FC of T. v Hart* [2004] HCA 26. That decision confirms the application of the general anti-avoidance provisions of Part IVA of the *Income Tax Assessment Act 1936* (ITAA 1936) to linked or split loan facilities to which the Ruling applies.

The Commissioner is revising his view in relation to the deductibility of interest incurred under these facilities and whether the interest disallowed pursuant to Part IVA forms part of the cost base of assets financed by these facilities. The Commissioner's existing opinions on these matters are withdrawn and will be replaced once this review is complete. The Ruling is also currently being reviewed in relation to its discussion of Part IVA in light of the decision.

This addendum applies from today 11 August 2004.

Taxation Ruling 98/22 is amended as follows:

1. Paragraph 1

Omit the paragraph and replace it with:

1. This ruling applies to persons who enter into certain linked or split loan facilities as described in paragraphs 3 to 6 of this Ruling. This Ruling considers whether Part IVA of the *Income Tax Assessment Act 1936* (ITAA 1936) applies to disallow interest that would otherwise be deductible on these linked and split loan facilities. The ruling does not consider the deductibility of interest incurred under these facilities and whether the interest disallowed pursuant to Part IVA forms part of the cost base of assets financed by these facilities.

2. Paragraph 2

Omit the paragraph.

3. Heading before paragraph 8

Omit the heading.

4. Paragraphs 8 to 14

Omit the paragraphs.

5. Paragraph 15

Omit the paragraph and replace it with:

15. The general anti-avoidance provisions of Part IVA apply to disallow any additional interest incurred on the investment account that is deductible under s 8-1 of the *Income Tax Assessment Act 1997* (ITAA 1997): *FC of T. v Hart* [2004] HCA 26.

6. Heading before paragraph 27

Omit the heading.

7. Paragraphs 27 to 33

Omit the paragraphs.

8. Heading before paragraph 35

Omit the heading.

9. Paragraphs 35 to 48

Omit the paragraphs.

10. Heading before paragraph 72

Omit the heading.

11. Paragraphs 72 to 78

Omit the paragraphs.

12. Paragraphs 79 and 80

Omit the paragraphs.

13. Paragraph 81

Omit 'not appropriate' and replace with 'not always appropriate'.

14. Heading before paragraph 84

Omit the heading.

15. Paragraphs 84 to 86

Omit the paragraphs.

16. Heading before paragraph 87

Omit the heading.

17. Paragraphs 87 to 101

Omit the paragraphs.

Commissioner of Taxation

11 August 2004

ATO references

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