

CR 2001/1A5 - Addendum - Class Rulings system

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Addendum

Class Ruling

Class Rulings system

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Class Ruling CR 2001/1 to reflect legislative changes to promoter penalty laws in Division 290 of Schedule 1 to the *Taxation Administration Act 1953*.

CR 2001/1 is amended as follows:

1. Title

Omit 'Rulings system'; substitute 'rulings'.

2. Preamble

Omit the preamble; substitute:

📌 Relying on this Ruling

This publication is a public ruling for the purposes of the *Taxation Administration Act 1953*.

If this Ruling applies to you, and you correctly rely on it, we will apply the law to you in the way set out in this Ruling. That is, you will not pay any more tax or penalties or interest in respect of the matters covered by this Ruling.

3. Table of Contents

- (a) Omit 'Class'.
- (b) Omit 'and Explanation'.

4. Paragraph 1

- (a) In the heading, omit '**Class**'.
- (b) Omit the wording of the paragraph; substitute:

This Ruling outlines the purpose, nature and role of class rulings. A class ruling is a binding public ruling made under Division 358 of Schedule 1 to the *Taxation Administration Act 1953* in relation to certain provisions, such as income tax law.

- (c) After the paragraph insert new paragraphs 1A and 1B:

1A. This Ruling provides an overview of class rulings and includes information about:

- the date of effect of class rulings;
- requesting a class ruling;

- when the Commissioner will not rule; and
- class rulings and the promoter penalty laws.

1B. All further legislative references are to Schedule 1 of the *Taxation Administration Act 1953*.

5. Paragraph 2

Omit the paragraph.

6. Paragraph 3

- (a) Omit the heading '**This Ruling**'.
- (b) Omit 'Class'.

7. Paragraphs 4 and 5

Omit the paragraphs, including heading.

8. Paragraph 6

- (a) Omit the wording of the paragraph, including headings; substitute:

Ruling

Overview of class rulings

6. A class ruling expresses a view on how a certain provision applies to a specific class of entities in relation to a particular scheme. A class ruling can avoid the need for individual entities to seek their own private ruling.

9. Paragraph 7

- (a) Omit the wording of the paragraph (excluding footnote 1); substitute:

Being a type of public ruling¹, the Commissioner derives the power to issue class rulings under Division 358. The Commissioner has an unfettered discretion as to whether or not to issue a class ruling, and this applies whether a class ruling has been requested or not.

- (b) In footnote 1 after 'TR 2006/10', insert '*Public rulings*'.
- (c) After the paragraph insert new paragraph 7A, including heading:

Binding nature of class rulings

7A. As a public ruling, class rulings are binding on the Commissioner to the extent provided by Subdivision 357-B.^{1A}

- (d) At the end of new paragraph 7A, insert new footnote 1A:

^{1A} Paragraphs 30 to 38 of TR 2006/10.

10. Paragraph 8

(a) Omit the wording of the paragraph; substitute:

A class ruling provides certainty to the class of entities by stating that the tax consequences set out in the **Ruling** part of the class ruling are available in respect of the particular scheme as described in the **Scheme** part of the class ruling.

(b) After the paragraph, insert new paragraph 8A:

8A. The highest levels of disclosure are expected of the applicant. If the scheme carried out is materially different from that ruled upon, the ruling has no binding effect on the Commissioner and may be withdrawn or modified.

11. Paragraph 9

Omit the paragraph.

12. Paragraph 10

Omit the wording of the paragraph, including heading; substitute:

Class of entities

10. A class ruling sets out the Commissioner's opinion as to the way in which a 'relevant provision' applies to a class of entities in relation to a scheme (subsection 358-5(1)).

13. Paragraph 11

Omit the wording of the paragraph; substitute:

Who a class ruling applies to, that is, the 'class of entities', is detailed in each class ruling. These entities can rely on the statements contained in the ruling.

14. Paragraph 12

Omit the wording of the paragraph, including heading; substitute:

Relevant provisions

12. The Commissioner can issue rulings only on relevant provisions. Relevant provisions are provisions of Acts and regulations administered by the Commissioner that are about any of the matters listed in section 357-55.

15. Paragraph 13

Omit the wording of the paragraph; substitute:

13. A class ruling on how a relevant provision applies may be a ruling on the way in which a discretion of the Commissioner under that law would be exercised.

16. Paragraph 14

Omit the wording of the paragraph; substitute:

A class ruling describes the relevant details of a particular scheme. The following are examples of situations where such a ruling may be given:

- (a) an employer seeks advice about the tax consequences of retention bonuses for a specified class of employees
- (b) an employer seeks advice about the tax consequences of a bona fide redundancy plan for a specified class of employees
- (c) an employer seeks advice about the tax consequences of an employee share acquisition plan for a specified class of employees
- (d) a company seeks advice about the tax consequences for its shareholders of a restructure of the company, a split or consolidation of its shares, or any other proposed transaction of the company affecting the tax affairs of its shareholders
- (e) a public company seeks advice about the application of the scrip for scrip roll-over provisions to its shareholders
- (f) a Commonwealth, state or territory government or a government authority seeks advice about a proposed transaction – for example, an industry restructure which has taxation consequences for participants in that industry
- (g) an association seeks advice about how the goods and services tax laws apply to particular supplies made by its members.

17. Paragraph 15

- (a) Omit the paragraph.
- (b) After the paragraph, insert new paragraphs 15A and 15B, including heading:

15A. Individual entities who seek to rely on the class ruling may wish to seek assurances from the entity implementing the scheme that it has been carried out as described in the class ruling.

Date of effect

15B. Class rulings will specify a date of effect. A class ruling may also specify the date on which it will cease to have effect.

18. Paragraph 16

Omit the wording of the paragraph, including heading; substitute:

Identification of class rulings

16. Class rulings are:
- grouped as the 'CR' series;
 - prefixed for the particular calendar year in which they issue.

19. Paragraph 17

- (a) Omit the wording of the paragraph; substitute:

A class ruling is a public ruling for the purposes of the *Taxation Administration Act 1953*. A class ruling must state that it is a public ruling, be published and notice of the making of it must be published by notifiable instrument.^{1B} The Commissioner may also, withdraw, by notifiable instrument, a class ruling at any stage, either wholly or to an extent.

- (b) At the end of the second sentence, insert new footnote 1B:

^{1B} See subsection 358-5(4).

20. Paragraph 19

Omit the wording of the paragraph, including heading: substitute:

Requesting a class ruling

19. A request for a class ruling must be made in writing in order to receive consideration by ATO staff. ATO staff can also consider issuing a class ruling in those situations where a member of a class of entity or entities affected by a particular scheme requests a private ruling on the scheme.

21. Paragraph 20

- (a) Omit the wording of the paragraph; substitute:

20. The Commissioner will need the following information to consider whether to issue a ruling:

- a full and accurate description of the scheme, including:
 - details of the principals carrying out the scheme and any documents referred to in the scheme;
 - the time period the scheme will be in operation;
 - all facts, assumptions, transaction dates and documents relating to the scheme;
- a clear and accurate description of the class of entities subject to the scheme;
- clearly articulated questions and issues which are to be ruled on.

- (b) Omit footnote 2.

- (c) After the paragraph, insert new paragraph 20A:

20A. As part of their application, the entity requesting the advice may present their own research and analysis undertaken.³

- (d) At the end of new paragraph 20A, insert new footnote 3:

³ Further information on applying for class rulings is available on the ATO website.

22. Paragraph 21

- (a) Omit 'issue/publication'; substitute 'publication'.

- (b) Omit 'Class Ruling'; substitute 'class ruling'.
- (c) Omit all instances of 'Ruling'; substitute 'ruling'.
- (d) Omit 'participants'; substitute 'relevant class of entities'.

23. Paragraph 22

- (a) Omit 'Class Ruling'; substitute 'class ruling'.
- (b) After the paragraph, insert new paragraph 22A, including heading:

The status of draft class rulings

22A. A draft class ruling is sent to the applicant to obtain certain agreements and statements.⁴ Unlike the final class ruling, it is not intended that the draft class ruling be relied upon. It is not a publication approved in writing by the Commissioner. Consequently, there is no protection against liability for any tax shortfall, interest on the shortfall or false or misleading statement penalty if a taxpayer seeks to rely on statements in the draft class ruling.

- (c) In new paragraph 22A, at the end of the first sentence, insert new footnote 4:

⁴ These include a statement that the description of the scheme is accurate and covers all relevant features, that the parties named in the ruling consent to being named and a statement to the effect that the negotiated date for publication is acceptable.

24. Paragraph 23

- (a) In the heading, omit '**Class Ruling**'; substitute '**class ruling**'.
- (b) Omit 'Government'; substitute 'government'.
- (c) Omit 'person(s)'; substitute 'person or persons'.

25. Paragraph 24

Omit the wording of the paragraph; substitute:

Where the Commissioner is unable to rule favourably, an entity may apply for a private ruling to enable the issues to be tested through the relevant review processes. This does not preclude the Commissioner from also issuing a class ruling on the scheme, though this will generally only be done where the requesting entity agrees to it.

26. Paragraph 25

- (a) Omit 'Class Rulings'; substitute 'class rulings'.
- (b) Omit 'his'; substitute 'their'.

27. Paragraph 26

- (a) Omit all instances of 'Class Ruling'; substitute 'class ruling'.
- (b) Omit all instances of 'Ruling'; substitute 'ruling'.
- (c) Omit 'participants'; substitute 'the relevant entities'.

(d) Omit all instances of 'Government'; substitute 'government'.

28. Paragraph 27

- (a) Omit the wording of the first sentence; substitute 'Class rulings may be withdrawn when no longer applicable.'
- (b) Omit all further instances of 'Class Ruling'; substitute 'class ruling'.
- (c) Omit all further instances of 'Ruling'; substitute 'ruling'.

29. Paragraph 27A

Omit 'of Schedule 1 to the TAA'.

30. Paragraph 27B

- (a) After the paragraph, insert new paragraph 27C, including heading:

Class rulings and the promoter penalty laws

27C. A scheme may have been promoted on the basis of conformity with a class ruling when the scheme promoted is materially different from that described in the ruling. A scheme may also have been promoted on the basis of conformity with a class ruling being implemented in a way that is materially different from that described in the ruling. In these instances, the Commissioner may apply the promoter penalty laws.⁵ Where applicable, the Commissioner may apply to the Federal Court for sanctions, remedies (or both) to address this conduct.⁶

- (b) In new paragraph 27C, at the end of the second sentence, insert new footnote 5:
⁵ Division 290.

- (c) At the end of new paragraph 27C, insert new footnote 6:

⁶ See Law Administration Practice Statement PS LA 2021/1 *Application of the promoter penalty laws*, which sets out the administrative procedures that will be used in applying the promoter penalties laws.

31. Paragraph 28

- (a) Omit the wording of the Page Status; substitute '**legally binding**'.
- (b) Omit the wording of the paragraph; substitute:

28. Below is a detailed contents list for this Ruling.

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This Addendum applies both before and after its date of issue.

Commissioner of Taxation

26 November 2025

ATO references

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