

CR 2002/59A - Addendum - Income tax: compensation payments to Holocaust survivors and their relatives - Remembrance, Responsibility and Future Foundation

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Addendum

Class Ruling

Income tax: compensation payments to Holocaust survivors and their relatives – Remembrance, Responsibility and Future Foundation

This Addendum applies on and from 1 July 2001.

This Addendum amends Class Ruling CR 2002/59 to give effect to legislative amendments contained in the *Taxation Laws Amendment Act (No 1) 2003*. CR 2002/59 explains, among other things, the capital gains tax (CGT) consequences for persons receiving payments from the Remembrance, Responsibility and Future Foundation under the German Forced Labour Compensation Programme (GFLCP).

The closing date for applications under the GFLCP was 31 December 2001. Payments commenced in January 2002.

Section 118-37 of the *Income Tax Assessment Act 1997* (ITAA 1997) has been amended by *Taxation Laws Amendment Act (No 1) 2003*, which inserted subsection 118-37(4). That subsection now makes all GFLCP payments exempt from CGT. The amendment applies to assessments for the 2001-2002 income year and later years.

Any taxpayer who has included in their assessable income an amount in respect of a GFLCP payment under the CGT provisions for the 2001/2002 income year in accordance with CR 2002/59 may seek to amend their income tax return for that year to reflect the new CGT-exempt status of any GFLCP payments they have received.

CR 2002/59 is amended as follows:

Paragraph 12: omit and substitute with:

12. Lump sum payments relating to personal injury or wrongs that are received after 1 July 2001 by eligible heirs of the person who suffered the wrong or injury will not give rise to capital gains consequences (see section 118-37(4) of the ITAA 1997).

Paragraph 14: omit and substitute with:

14. Lump sum payments relating to property damage that are received after 1 July 2001 will not give rise to capital gains consequences in respect of that receipt where they are received by the

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relatives or eligible heirs of the person who owned the property (see section 118-37(4) of the ITAA 1997).

Paragraph 18: omit the last sentence and substitute with:

However, subsection 118-37(4) of the ITAA 1997 expressly makes these payments exempt from CGT for the 2001-2002 and later income years.

Paragraph 20: omit the last sentence and substitute with:

However, subsection 118-37(4) of the ITAA 1997 expressly makes these payments exempt from CGT for the 2001-2002 and later income years.

Commissioner of Taxation

30 April 2003

ATO References

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