



TR 2007/D10W2 - Notice of Withdrawal - Income tax: capital gains: capital gains tax consequences of earnout arrangements

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 This document has changed over time. This is a consolidated version of the ruling which was published on *15 November 2023*



Notice of Withdrawal

Draft Taxation Ruling

Income tax: capital gains: capital gains tax consequences of earnout arrangements

Draft Taxation Ruling TR 2007/D10 was withdrawn with effect from 7 December 2016.

1. This draft Ruling was concerned with the capital gains tax (CGT) consequences under Parts 3-1 and 3-3 of the *Income Tax Assessment Act 1997* (ITAA 1997) of standard and reverse earnout arrangements.
2. Following the release of this draft Ruling, the government announced legislative amendments to allow look-through CGT treatment for qualifying earnout arrangements on the sale of business assets. Those legislative amendments were enacted on 26 February 2016, with application to look-through earnout rights created on or after 24 April 2015.
3. This draft Ruling was withdrawn because most earnout arrangements created on or after 24 April 2015 will qualify for look-through treatment under Subdivision 118-I of the ITAA 1997. You can still rely on TR 2007/D10 for earnout arrangements created on or before 15 November 2023.
4. Guidance to assist taxpayers to understand and apply the legislated look-through CGT treatment and how the taxation of financial arrangement rules set out in Division 230 of the ITAA 1997 applies for earnouts is available on our website at [What the rules apply to](#).
5. If you have suggestions regarding any further public guidance that may be required on earnout arrangements, contact us at publicguidance@ato.gov.au.
6. You can also request an early engagement discussion or seek a private ruling in relation to how the law applies to your earnout arrangements.

Commissioner of Taxation
15 November 2023

ATO references

NO: 1-IXDFFOO
ISSN: 2205-6122

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