


***TD 2004/D74W - Withdrawal - Income tax: consolidation: can the head company of a consolidated group claim a deduction, following Taxation Ruling IT 333, for a consumable's tax cost setting amount when the consumable is used, where: (a) an entity acquired the consumable before it became a subsidiary member of the consolidated group (the joining time); and (b) at the joining time, some of the consumable remained on-hand and its expenditure had not been fully deducted?***

 This cover sheet is provided for information only. It does not form part of *TD 2004/D74W - Withdrawal - Income tax: consolidation: can the head company of a consolidated group claim a deduction, following Taxation Ruling IT 333, for a consumable's tax cost setting amount when the consumable is used, where: (a) an entity acquired the consumable before it became a subsidiary member of the consolidated group (the joining time); and (b) at the joining time, some of the consumable remained on-hand and its expenditure had not been fully deducted?*



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## Notice of Withdrawal

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### **Taxation Determination**

Income tax: consolidation: can the head company of a consolidated group claim a deduction, following Taxation Ruling IT 333, for a consumable's tax cost setting amount when the consumable is used, where:

- (a) an entity acquired the consumable before it became a subsidiary member of the consolidated group (the joining time); and
- (b) at the joining time, some of the consumable remained on-hand and its expenditure had not been fully deducted?

Taxation Determination TD 2004/D74 is withdrawn with effect from today.

1. The Draft Taxation Determination explains the income tax treatment in respect of consumables that were acquired by an entity prior to the time it joins, and becomes a subsidiary of, a consolidated group and were still on hand at the time the entity joined the consolidated group.
2. The draft TD addresses the situation were the joining entity had not claimed a deduction for some or all of the consumable's cost prior to joining time as they applied the usage basis set out in IT 333. The Draft Taxation Determination explains that the head company of a consolidated group will be entitled to deduct, in accordance with Taxation Ruling IT 333, the consumable's tax cost setting amount when the consumable is used by the consolidated group.

# TD 2004/D74

3. The determination is being withdrawn following an announcement by the Assistant Treasurer Mal Brough on 1 December 2005 about changes to improve the tax treatment of consolidating companies. The Assistant Treasurer advised that 'a modification will be made to ensure that the tax cost of a joining entity's assets determined under the tax cost setting rules is used by the head company of a consolidated group or MEC group for the purpose of applying all other provisions in the income tax law. In addition, the head company will be taken to have incurred expenditure to acquire a joining entity's assets equal to their tax cost setting amount at the joining time.' This modification will apply from 1 July 2002.

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## Commissioner of Taxation

11 January 2006

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### ATO references

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ATOLaw topic: Income Tax ~~ Consolidation ~~ capital gains tax  
Income Tax ~~ Consolidation ~~ tax cost setting amount