TD 2004/65A1 - Addendum - Income tax: consolidation: capital gains: does section 104-530 (CGT event L7) of the Income Tax Assessment Act 1997 apply where:(a) an entity becomes a member of a consolidated group; (b) the entity owes a liability to another member of the group at that time; and (c) the liability is later discharged?

• This cover sheet is provided for information only. It does not form part of *TD 2004/65A1* - Addendum - Income tax: consolidation: capital gains: does section 104-530 (CGT event L7) of the Income Tax Assessment Act 1997 apply where:(a) an entity becomes a member of a consolidated group; (b) the entity owes a liability to another member of the group at that time; and (c) the liability is later discharged?

Uiew the consolidated version for this notice.



Australian Government

Australian Taxation Office

Page 1 of 2

Addendum

Taxation Determination

Income tax: consolidation: capital gains: does section 104-530 (CGT event L7) of the *Income Tax Assessment Act 1997* apply where:

- (a) an entity becomes a member of a consolidated group;
- (b) the entity owes a liability to another member of the group at that time; and
- (c) the liability is later discharged?

This Addendum amends Taxation Determination TD 2004/65 to take into account the changes introduced by Schedule 5 to the *Tax Laws Amendment (2010 Measures No. 1) Act 2010*.

TD 2004/65 is amended as follows:

1. Paragraph 2

Omit the paragraph; substitute:

2. Under CGT event L7, if the amount of a liability taken into account in working out the allocable cost amount (ACA) for an entity that becomes a member of a consolidated group is later discharged for a different amount (the realised amount), the head company may make a capital loss. A capital loss will arise if the liability is discharged by the head company on or after 1 July 2002 and before 10 February 2010 and the ACA would have been greater had the realised amount been taken into account in working out the ACA.

2. Paragraph 5

Omit 'years commencing both before and after its date of issue'; substitute 'a capital loss under CGT event L7 that arises on or after 1 July 2002 and before 10 February 2010.'.

Taxation Determination TD 2004/65

Page 2 of 2

This Addendum applies on and after 1 July 2002, the date of application of the amendments to the *Income Tax Assessment Act 1997* made by Part 12 of Schedule 5 to *Tax Laws Amendment (2010 Measures No. 1) Act 2010*. The effect of the amendments is that TD 2004/65 will only apply where a capital loss arises under CGT event L7 before 10 February 2010.

Commissioner of Taxation 22 June 2011

ATO references

NO:1-2GGFW7UISSN:1038-8982ATOlaw topic:Income Tax ~~ Consolidation ~~ capital gains tax