


***TD 2006/50A1 - Addendum - Income tax:  
consolidation: losses: when a company that joins an  
existing MEC group is an eligible tier-1 company, do  
prior group losses of the head company of that  
group become subject to the loss utilisation rules in  
Subdivision 707-C of the Income Tax Assessment  
Act 1997?***

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## Addendum

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### Taxation Determination

Income tax: consolidation: losses: when a company that joins an existing MEC group is an eligible tier-1 company, do prior group losses of the head company of that group become subject to the loss utilisation rules in Subdivision 707-C of the *Income Tax Assessment Act 1997*?

This Addendum amends Taxation Determination TD 2006/50 to reflect amendments to subsection 719-5(4) of the *Income Tax Assessment Act 1997* (ITAA 1997) and the insertion of section 719-77 of the ITAA 1997 by Schedule 5 to the *Taxation Laws Amendment (2010 Measures No.1) Act 2010*.

Changes to subsection 719-5(4) of the ITAA 1997 (about making a choice to include an eligible tier-1 company in a MEC group) and the introduction of section 719-77 of the ITAA 1997 (about notifying the Commissioner of the choice made under subsection 719-5(4)) apply from 1 July 2002. However, the head company may choose that these amendments only apply on or after 10 February 2010 by making a choice in writing on or before 30 June 2014 or within such further time allowed by the Commissioner.

#### TD 2006/50 is amended as follows:

##### 1. Paragraph 4

Omit the paragraph; substitute:

4. On 1 July 2004, New Co is acquired and becomes an eligible tier-1 company of Top Company. A Co, as the PHC, makes the choice and notifies the Commissioner that New Co will become a member of the MEC group (subsection 719-5(4) and section 719-77 of the ITAA 1997). New Co has no losses when it joins the MEC group (the application event).

##### 2. Legislative references

Insert:

- ITAA 1997 719-77

# TD 2006/50

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This Addendum applies on and after 1 July 2002.

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## Commissioner of Taxation

9 March 2011

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### ATO references

NO: 1-25WEJCI

ISSN: 1038-8982

ATOlaw topic: Income Tax ~~ Consolidation ~~ losses

Income Tax ~~ Consolidation ~~ multiple entry consolidated groups