


# ***TD 95/33A - Addendum - Income tax: when are 'Factor (f)' payments derived by pharmaceutical companies?***

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# Addendum

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## Taxation Determination

### Income tax: when are 'Factor (f)' payments derived by pharmaceutical companies?

This Addendum amends Taxation Determination TD 95/33 to reflect the changes to the law caused by the repeal of inoperative provisions.

#### TD 95/33 is amended as follows:

##### 1. Paragraph 1

Omit the paragraph; substitute:

1. Payments derived by pharmaceutical companies under the Factor (f) program are assessable under either section 6-5 or section 15-10 of the *Income Tax Assessment Act 1997* (ITAA 1997). In accordance with Taxation Ruling TR 98/1 Income tax: determination of income; receipts versus earnings, recipients of Factor (f) payments should account for them by the method that is most appropriate to their business operations. However, subject to subsection 6-5(4) and subsection 6-10(3) of the ITAA 1997, they would generally be regarded as being derived when received by the taxpayer. It is at this time that the recipient has to account for the payments for tax purposes.

##### 2. References

(a) Omit:

ITAA 19; ITAA 25(1); ITAA 26(g)

substitute:

- ITAA 1997 6-5
- ITAA 1997 6-5(4)
- ITAA 1997 6-10(3)
- ITAA 1997 15-10

(b) Omit:

IT 2669

substitute:

- TR 98/1

This Addendum applies on and from 14 September 2006.

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**Commissioner of Taxation**

12 December 2007

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ATO references

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