



TR 2007/D10W - Notice of Withdrawal - Income tax: capital gains: capital gains tax consequences of earnout arrangements

 This cover sheet is provided for information only. It does not form part of *TR 2007/D10W - Notice of Withdrawal - Income tax: capital gains: capital gains tax consequences of earnout arrangements*

 This document has changed over time. This is a consolidated version of the ruling which was published on *7 December 2016*



Notice of Withdrawal

Taxation Ruling

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

Draft Taxation Ruling TR 2007/D10 is withdrawn with effect from today.

1. This draft Ruling is 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 This draft Ruling is being withdrawn because most earnout arrangements created on or after 24 April 2015 will qualify for look-through treatment under Subdivision 118-I of the ITAA 1997. In other cases, you can still rely on TR 2007/D10 for earnout arrangements created on or before the date of withdrawal.
4. The Commissioner has also released additional guidance to assist taxpayers to understand and apply the new legislation. That guidance confirms there has been no change to the Commissioner's view on the CGT consequences for earnout arrangements that do not satisfy the requirements for look-through treatment under Subdivision 118-I of the ITAA 1997.
5. If you have suggestions regarding any further guidance that may be required on earnout arrangements, please contact us at publicguidance@ato.gov.au.

Commissioner of Taxation
7 December 2016

ATO references

NO: 1-9HT960G

TR 2007/D10

ISSN: 2205-6122
BSL: TCN
ATOlaw topic: Income Tax ~~ Capital Gains Tax ~~ capital proceeds
Income Tax ~~ Capital Gains Tax ~~ CGT assets
Income Tax ~~ Capital Gains Tax ~~ CGT event –
general
Income Tax ~~ Capital Gains Tax ~~ CGT event A1 -
disposal of a CGT asset
Income Tax ~~ Capital Gains Tax ~~ CGT events C1 to
C3 - end of a CGT asset
Income Tax ~~ Capital Gains Tax ~~ CGT events D1 to
D4 - bringing into existence a CGT asset
Income Tax ~~ Capital Gains Tax ~~ CGT events E1 to
E9 – trusts
Income Tax ~~ Capital Gains Tax ~~ cost base and
reduced cost base
Income Tax ~~ Capital Gains Tax ~~ small business relief
- 'active asset test'

**© AUSTRALIAN TAXATION OFFICE FOR THE
COMMONWEALTH OF AUSTRALIA**

You are free to copy, adapt, modify, transmit and distribute
this material as you wish (but not in any way that suggests
the ATO or the Commonwealth endorses you or any of
your services or products).