

***IT 2498A - Addendum - Income tax: foreign tax credit system: currency translation of foreign income: trading stock and depreciable plant: basis of returning foreign income: capital gains/losses***

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## Addendum

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### Taxation Ruling

Income tax: foreign tax credit system:  
currency translation of foreign income:  
trading stock and depreciable plant: basis  
of returning foreign income: capital  
gains/losses

This Addendum amends Taxation Ruling IT 2498 following the introduction of the *New Business Tax System (Taxation of Financial Arrangements) Act (No. 1) 2003* and the *Income Tax Assessment Amendment Regulations 2005 (No. 2)*.

#### **Taxation Ruling IT 2498 is amended as follows:**

##### **1. Paragraph 10**

After the paragraph insert:

10A. The methods for currency translation set out in this Ruling cannot be used where the relevant transaction, event, or thing, occurs on or after the particular taxpayer's 'applicable commencement date' as defined in section 775-155 of the *Income Tax Assessment Act 1997* (ITAA 1997) unless:

- (a) there is a disposal of an amount of foreign currency that was acquired before the taxpayer's applicable commencement date and the taxpayer has not made a transitional election under section 775-150 of the ITAA 1997;
- (b) there is a disposal or cessation of a right or obligation in respect of foreign currency that arose under an eligible contract (within the meaning of former Division 3B of Part III of the Assessment Act) entered into before the taxpayer's applicable commencement date, or was otherwise acquired or incurred before that date, and the taxpayer has not made a transitional election under section 775-150 of the ITAA 1997;

# IT 2498

- (c) there is an amount which Division 12 of Part 2-5 in Schedule 1 to the *Taxation Administration Act 1953* requires to be withheld from a payment and that obligation arose before 1 July 2003;
- (d) a payment required to be reported under Part 5-30 in Schedule 1 to the *Taxation Administration Act 1953*, was made before 1 July 2003; or
- (e) the relevant taxpayer is an Authorised Deposit-taking Institution (ADI) or a non-ADI financial institution.

For most taxpayers who have an applicable commencement date, that date will be 1 July 2003 but it will be later than this time for taxpayers who have a substituted accounting period for the 2003-04 income year.

This Addendum applies on and from 1 July 2003.

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**Commissioner of Taxation**

26 October 2005

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ATO references

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Income Tax ~~ Tax offsets, credits and benefits ~~ foreign  
tax credits