IT 2523W - Notice of Withdrawal - Income tax: Foreign Tax Credit System: application of subsection 51(6) and section 79D to quarantine 'current year foreign losses' where the taxpayer does not derive any foreign income in the year of income

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Notice of Withdrawal

Taxation Ruling

Income tax: Foreign Tax Credit System: application of subsection 51(6) and section 79D to quarantine 'current year foreign losses' where the taxpayer does not derive any foreign income in the year of income

Taxation Ruling IT 2523 is withdrawn with effect from today.

1. Taxation Ruling IT 2523 provides that where the sum of the deductions otherwise allowed or allowable exceeds the amount of a relevant 'class of income' derived by the taxpayer in the year of income from a 'foreign source', the excess is available for carry-forward for offset under section 160AFD of the *Income Tax Assessment Act 1936* (ITAA 1936) against the same 'class of income' derived by the taxpayer in any of the seven subsequent income years from the same 'foreign source'.

2. The Foreign Tax Credit System contained in Division 18 of Part III and section 79D of the ITAA 1936 were repealed, by *Tax Laws Amendment (2007 Measures No. 4) Act 2007*, with effect from 24 September 2007, applicable in relation to income years, statutory accounting periods and notional accounting periods starting on or after 1 July 2008. The new Foreign Income Tax Offset system contained in Division 770 of the *Income Tax Assessment Act 1997* applies from 1 July 2008.

3. Guidance on how the new Foreign Income Tax Offset system operates is contained in publications on international tax, available on the Tax Office website at www.ato.gov.au. See for example the Guide to Foreign Income Tax Offset rules 2008-09 NAT 72923.

4. Accordingly, IT 2523 is no longer current and is therefore withdrawn.

Commissioner of Taxation
10 March 2010

ATO references
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