IT 2597W - Notice of Withdrawal - Income tax: Foreign Tax Credit System: foreign loss quarantining - meaning of 'foreign source'

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Notice of Withdrawal

Taxation Ruling

Income tax: Foreign Tax Credit System: foreign loss quarantining – meaning of 'foreign source'

Taxation Ruling IT 2597 is withdrawn with effect from today.

- 1. Taxation Ruling IT 2597 clarified the operation of the foreign loss quarantining provisions of the foreign tax credit system. In particular, the Ruling addressed the interpretation of the statutory prescription in subsection 160AFD(7) of the *Income Tax Assessment Act 1936* of 'foreign source' for the purpose of the foreign loss quarantining provisions.
- 2. The Foreign Tax Credit System contained in Division 18 of Part III of the *Income Tax Assessment Act 1936* was repealed, by *Tax Laws Amendment (2007 Measures No. 4) Act 2007*, with effect from 24 September 2007, applicable in relation to income years, statutory accounting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 Accordingly, IT 2597 is no longer current and is therefore withdrawn.

Commissioner of Taxation

10 March 2010

ATO references

NO: 2006/20258 ISSN: 0813-3662

ATOlaw topic: Income Tax ~~ Losses ~~ foreign