



# ***TD 2019/D1 - Income tax: what is a 'restructuring' for the purposes of subsection 125-70(1) of the Income Tax Assessment Act 1997 ?***

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This document has been finalised by [TD 2020/6](#).

 There is a Compendium for this document: [TD 2020/6EC](#) .



## Draft Taxation Determination

### Income tax: what is a ‘restructuring’ for the purposes of subsection 125-70(1) of the *Income Tax Assessment Act 1997*?

#### **1 Relying on this draft Ruling**

This publication is a draft for public comment. It represents the Commissioner’s preliminary view on how a relevant provision could apply.

If this draft ruling applies to you and you rely on it reasonably and in good faith, you will not have to pay any interest or penalties in respect of the matters covered, if the draft ruling turns out to be incorrect and you underpay your tax as a result. However, you may still have to pay the correct amount of tax.

#### **What this Determination is about**

1. For demerger relief to be available<sup>1</sup>, there must be a ‘demerger’ as defined in subsection 125-70(1) of the *Income Tax Assessment Act 1997* (ITAA 1997).<sup>2</sup> The first element of that definition is that there is a ‘restructuring’ of the demerger group. This draft Determination<sup>3</sup> sets out what constitutes a ‘restructuring’ of the demerger group for the purposes of subsection 125-70(1).

#### **Ruling**

2. In subsection 125-70(1), a ‘restructuring’ of the demerger group has its ordinary business meaning. It refers to the reorganisation of a group of companies or trusts. What constitutes a particular restructuring is essentially a question of fact. However, all the steps which occur under a single plan of reorganisation will usually constitute the restructuring. It is not necessarily confined to the steps or transactions that deliver the ownership interests in an entity to the owners of the head entity of the demerger group, but may include previous or subsequent transactions in a sequence of transactions. Commercial understanding and the objectively inferred plan for reorganisation will determine which steps or transactions form part of the restructuring of the demerger group.

<sup>1</sup> Demerger relief in the income tax legislation consists of demerger roll-over under Division 125 of the *Income Tax Assessment Act 1997* and demerger dividend treatment under subsections 44(3) and (4) of the *Income Tax Assessment Act 1936*.

<sup>2</sup> All legislative references in this draft Determination are to the ITAA 1997 unless otherwise indicated.

<sup>3</sup> All further references to ‘this Determination’ refer to the Determination as it will read when finalised. Note that this Determination will not take effect until finalised.

3. Transactions which are to occur under a plan for the reorganisation of the demerger group may constitute parts of the restructuring of the demerger group even though those transactions are legally independent of each other, contingent on different events, or may not all occur. For example, if a transaction or step is subject to separate decision-making processes (such as separate votes by shareholders of the company that is the head entity of the demerger group) from the steps taken to separate an entity, it may still be part of the restructuring. Thus the planned transfer of interests in the separated entity by all the owners of those interests to a particular acquiring entity would generally be considered to form part of the restructuring where commercially the separation of the interests would be understood to be a step in a plan for the owners to transfer their interests in the separated entity to the acquiring entity.

4. Conversely, a transaction is not necessarily part of the restructuring of the group merely because it is necessary for the restructuring of the group to occur, or was the occasion for the restructuring, or because it is enabled by the restructuring of the group or is a consequence of the restructuring of the group. For example, independent decisions by some particular owners to dispose of new interests in a separated entity listed on a securities exchange immediately after the new interests have been acquired would generally not be considered part of the restructuring, although this is made possible by the restructuring and it is probable that such decisions will be made.

5. If a step or transaction forms part of the restructuring of the demerger group, the particular step or transaction will be subject to the conditions in subsection 125-70(1), which includes (through paragraph 125-70(1)(h)) the requirements of subsection 125-70(2).<sup>4</sup>

6. The purpose or object of the conditions in subsections 125-70(1) and (2) is to determine whether the identified restructuring has resulted in a change to the economic ownership of original interests in the head entity of the relevant demerger group.

7. The scope of the restructuring will be critical in establishing whether or not the conditions to qualify as a demerger are satisfied. These include the 'nothing else' condition in paragraph 125-70(1)(c) which looks to what the owners of the original interests in the head entity may acquire under the restructuring, and the proportionality requirement in subsection 125-70(2).

### **Example 1 – post-separation capital raising**

8. *Head Co is a listed public company that conducts Business X directly and Business Y through Sub Co, a wholly owned subsidiary of Head Co. Business X and Business Y operate in unrelated business sectors.*

9. *The Board of Head Co is of the view that the current structure does not provide the kind of management attention and capital that Sub Co needs and, as a consequence, is limiting its growth. As a result, the Board announces a proposal to separate Sub Co by way of an in specie distribution of shares in Sub Co to Head Co shareholders and listing Sub Co on the Australian Securities Exchange (ASX). It is planned that major shareholders will hold their shares in Sub Co in escrow for 12 months after listing on the ASX. While there is a possibility of some other shareholders selling their Sub Co shares soon after the*

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<sup>4</sup> Subsection 125-70(2) talks about proportionality 'under', 'just before' and 'just after' the 'demerger'. Since under paragraph 125-70(1)(a) a demerger happens if there is a 'restructuring', the scope of the restructuring (including when it begins and ends) is also relevant to the proportionality conditions in subsection 125-70(2).

*listing, the Board has not put in place any arrangement for shareholders to sell their shares.*

10. *Sub Co has sufficient operating profits and cash flows to fund its current operations if the separation is approved and implemented. However, the management of Sub Co has recommended to the Board that additional capital would enable Sub Co to pursue further growth opportunities.*

11. *It is expected that Sub Co will undertake a minor capital raising following listing on the ASX to pursue specific acquisitions and expansion plans. This will be undertaken independently of the in specie distribution and ASX listing, and the distribution and ASX listing will not be conditional on Sub Co's plans occurring.*

12. *It is proposed that the capital raising will be done at market value and underwritten by an independent party. The capital raising does not form part of the proposal to Head Co shareholders which contains the in specie distribution and ASX listing. The capital raising does not require the approval of Head Co shareholders after the separation of Sub Co from Head Co.*

13. *In these circumstances, it is reasonable to infer that even without the capital raising, the in specie distribution and ASX listing would still have proceeded, which suggests the capital raising is not part of a connected plan with the in specie distribution and ASX listing. The intention to raise capital is legally and commercially independent of the in specie distribution and ASX listing.*

14. *In these circumstances, the capital raising that is expected to occur following the in specie distribution and ASX listing will not form part of the restructuring for the purposes of subsection 125-70(1).*

### **Example 2 – post-separation capital raising**

15. *The facts are the same as in Example 1, except that*

- *the capital raised equals half the value of Sub Co*
- *prior to the separation, Sub Co distributes by way of return of capital or dividend 50% of its net assets*
- *Sub Co does not have sufficient operating profits or adequate cash flows from its operations to fund its business, and*
- *prior to the separation Head Co had negotiated with an unrelated third party interested in acquiring a half stake in the business for that third party to acquire the shares in Sub Co that would be issued under the capital raising.*

16. *The fact that negotiations have taken place between Head Co and an unrelated third party for a share acquisition under the capital raising prior to the separation is significant.*

17. *Consequently, it is reasonable to infer that the separation of Sub Co and the capital raising form integral parts of a commercial plan for the reorganisation of the demerger group. The capital raising therefore constitutes part of the restructuring for the purposes of subsection 125-70(1).*

18. *As a result, the proportionality requirements in subsection 125-70(2) (which are relevant because of paragraph 125-70(1)(h)) will not be satisfied.*

### **Example 3 – sale of head entity after the separation of a subsidiary**

19. *Food Co, a publicly listed company, operates a chain of supermarkets through its wholly owned subsidiary Super Co.*

20. *In 2015, Food Co, through a wholly owned subsidiary Organic Co, establishes a chain of organic and vegan speciality stores. In November 2016, Food Co commences discussions with Giant Co, a listed grocery company, regarding a possible acquisition of its supermarket chain.*

21. *In March 2017, the Board of Food Co announces a proposal for:*

- *the in specie distribution to Food Co shareholders of shares in Organic Co (by way of a scheme of arrangement) and the listing of Organic Co on the ASX, and*
- *Giant Co to acquire all Food Co shares (by way of a scheme of arrangement) for a combination of shares in Giant Co and cash, after the implementation of the in specie distribution of shares in Organic Co.*

22. *Prior to Food Co's proposed separation of Organic Co, Food Co commences discussions with Giant Co in relation to a possible acquisition, and the Board announcement includes a proposal to both separate and list Organic Co as well as a proposal for Giant Co to acquire Food Co after the demerger.*

23. *The in specie distribution is a condition precedent to the sale of Food Co shares to Giant Co, but the sale of Food Co shares to Giant Co is not a condition precedent to the in specie distribution. In theory, the in specie distribution scheme of arrangement could be approved, and the Food Co sale scheme of arrangement could be rejected, by the shareholders of Food Co.*

24. *The facts indicate that the in specie distribution and listing of Organic Co will be undertaken with the intention of preparing Food Co for acquisition by Giant Co. It is unlikely the in specie distribution of Organic Co shares would occur except in preparation for the Giant Co takeover proposal. Indeed, the proposal as put forward by the Board is to both separate Organic Co and sell Food Co shares after the separation.*

25. *Therefore, the sale of Food Co shares to Giant Co objectively forms part of the connected plan to separate Organic Co, meaning it will form part of the restructuring for the purposes of subsection 125-70(1).*

26. *As a result, the nothing else condition in paragraph 125-70(1)(c) and the proportionality requirements in subsection 125-70(2) (which are relevant because of paragraph 125-70(1)(h)) will not be satisfied.*

### **Example 4 – sale of head entity after the separation of a subsidiary**

27. *The facts are the same as in Example 3, except that:*

- *discussions with Giant Co to acquire Food Co terminate in February 2017 and are never resumed*
- *the in specie distribution of Organic Co shares is announced in March 2017 but there is no announcement of a scheme of arrangement to acquire shares in Food Co, and*
- *in October 2017 (after the implementation of the in specie distribution of Organic Co shares) Mid Co, another publicly listed grocery company,*

*announces a proposed acquisition of Food Co under a takeover bid in return for shares in Mid Co.*

28. *Whereas in Example 3 the in specie distribution of Organic Co shares and sale scheme of arrangement are planned to occur in sequence, in these circumstances a takeover of Food Co by Mid Co is not planned or intended by Food Co at the time of the in specie distribution of Organic Co shares. At the latter time, Food Co intends to continue its supermarket business.*

29. *As Mid Co's takeover bid is legally and commercially independent of the in specie distribution of Organic Co shares, it will not form part of the 'restructuring' for the purposes of subsection 125-70(1).*

### **Example 5 – sale facility**

30. *Jigsaw Co is a company listed on the ASX whose shareholders are all residents of Australia. Jigsaw Co mainly carries on a toy manufacturing business, but through its wholly owned subsidiary, Louis Co also operates a chain of furniture stores. Jigsaw Co has decided to separate Louis Co.*

31. *Louis Co will be listed on the ASX immediately after the separation and under the proposed scheme, non-executive shareholders can use a sale facility for the orderly disposal of their new shares. Under the sale facility, a sale agent will sell the relevant shares and remit the sale proceeds (free of brokerage costs), which will be adjusted to include a 5% premium (funded by Louis Co) to the five-day, post-separation, volume-weighted average price of Louis Co shares.*

32. *In considering whether the sale facility (including the subsequent payment to the shareholder from that facility) forms part of the restructuring for the purposes of subsection 125-70(1), it is necessary to consider why it was decided to offer a premium, whether the facility was available to all shareholders, who underwrites the facility, and any other relevant features.*

33. *In the circumstances described in paragraph 31 of this Determination, the use of the sale facility including the subsequent payment to the shareholders from that facility forms part of the restructuring for the purposes of subsection 125-70(1).*

34. *While the sale facility involves a two-step process, involving a notional allocation of Louis Co shares to the shareholders followed by an actual allocation to the sale agent, bringing the sale facility within the restructuring will mean that the selling shareholders breach the condition in paragraph 125-70(1)(c) that shareholders of Jigsaw Co acquire a new interest in Louis Co and nothing else and the proportionality requirements in subsection 125-70(2) (which are relevant because of paragraph 125-70(1)(h)) will not be satisfied.*

### **Example 6 – separation by a closely-held corporate group**

35. *A closely-held corporate group consists of two companies undertaking separate businesses, Family Operations Co 1 and Family Operations Co 2, both of which are wholly owned by Family Holding Co.*

36. *Two brothers, Robert and William, each hold 50% of the shares in Family Holding Co. The brothers have a falling out, and to resolve the dispute, it is proposed that each assume the full ownership and control of one business. Robert will take Family Operations Co 1, and William will take Family Operations Co 2.*

37. *To achieve this outcome, the brothers, as the controlling minds of Family Holding Co, propose that Family Holding Co will make an in specie distribution of the shares in Family Operations Co 1 and Family Operations Co 2 to Robert and William. After this, each brother will hold 50% of the shares in each company directly.*

38. *Robert will then exchange his shares in Family Operations Co 2 for William's shares in Family Operations Co 1. After the exchange, Robert will wholly own Family Operations Co 1, and William will wholly own Family Operations Co 2.*

39. *In these circumstances, the exchange of the shares forms part of an overarching plan to alter the ownership of the subsidiaries of Family Holding Co. Since the exchange of the shares is an essential component of the plan starting with the in specie distribution, it will form part of the restructuring for the purposes of subsection 125-70(1).*

40. *As a result, both Robert and William acquire under the restructuring something other than the shares which were distributed by Family Holding Co. Consequently, the nothing else condition in paragraph 125-70(1)(c) will not be satisfied and the proportionality requirements in subsection 125-70(2) which are relevant because of paragraph 125-70(1)(h) will not be satisfied.*

## **Date of effect**

41. When the final Determination is issued, it is proposed to apply both before and after its date of issue. However, this Determination will not apply to taxpayers to the extent that it conflicts with the terms of settlement of a dispute agreed to before the date of issue of this Determination (see paragraphs 75 to 76 of Taxation Ruling TR 2006/10 *Public Rulings*).

42. Any private rulings or class rulings issued by the Commissioner, which are inconsistent with this Determination, can be relied on by the affected taxpayers for the period of effect of those rulings, in accordance with subsection 357-75(1) of Schedule 1 to the *Taxation Administration Act 1953*.

## Appendix 1 – Explanation

**❶** *This Appendix is provided as information to help you understand how the Commissioner’s preliminary view has been reached. It does not form part of the proposed binding public ruling.*

### Context of Division 125

43. Section 125-5 states that the object of Division 125 ‘is to facilitate the demerging of entities by ensuring that capital gains tax considerations are not an impediment to restructuring a business’. Relief is, however, subject to several conditions which qualify this general purpose, making it clear that it only extends to certain kinds of business restructuring.

44. Paragraph 125-70(1)(a) requires ‘there is a restructuring of the demerger group’. This requirement is distinct from paragraphs 125-70(1)(b) and (c) which set out certain things that must happen or not happen ‘under the restructuring’. It follows, then, that the events in paragraphs 125-70(1)(b) and (c) may not, of themselves, constitute the entire scope of the restructuring.

45. The other requirements in section 125-70, such as paragraph 125-70(1)(c) and subsection 125-70(2), are important in determining the scope of the restructuring. They refer to features of the plan which are significant to the economic position of owners of original interests in the head entity, and disqualify something from being a demerger if a restructuring changes the economic position of those owners. This indicates that, while demerger relief is intended to facilitate business restructuring, the statutory intention is that the relief should only be available where the economic position of the original owners remains the same before and after the restructuring.

46. Most obviously, there must be a restructuring of a demerger group before it can be said that a demerger has happened at all (paragraph 125-70(1)(a)). What happens ‘under the restructuring’ then determines what events, acts and transactions are relevant for satisfying the legislative requirements in relation to original interests in the head entity and interests in the demerged entity (paragraph 125-70(1)(b)) and satisfying the requirements for what owners of original interests in the head entity may acquire (paragraph 125-70(1)(c)).

47. As a demerger happens under the restructuring, the scope of the restructuring (including when it begins and ends) is also relevant to the conditions in subsection 125-70(2) that:

- (a) the proportion of new interests acquired under the demerger by each original owner is the same as the owner’s proportionate interest in the head entity ‘just before the demerger’ (which is also just before the restructuring begins) (paragraph 125-70(2)(a)), and
- (b) each original owner’s proportionate total market value of ownership interests in the head entity and the demerged entity ‘just after the demerger’ (which is also just after the restructuring ends) is the same as the original owner’s proportionate total market value of ownership interests in the head entity ‘just before the demerger’ (which is also just before the restructuring begins) (paragraph 125-70(2)(b)).

48. Identifying the restructuring is also important for the demerger dividend exemption in subsections 44(3) and (4) of the *Income Tax Assessment Act 1936* (ITAA 1936), as that exemption is subject to the additional condition in subsection 44(5) of the ITAA 1936 that



requires a determination of the extent to which the CGT assets of the demerged entity and its demerger subsidiaries are used in carrying on a business by one or more of those entities ‘just after the demerger’.

49. Accordingly, an interpretation of restructuring should be favoured which allows a proper evaluation of whether the specific conditions in Division 125 have been satisfied, and therefore whether there has been any change in the economic position of original owners. This suggests that not only the delivery of the ownership interests referred to in paragraphs 125-70(1)(b) and (c) should be considered, but also any other previous or subsequent events, acts or transactions in a sequence of events, or acts or transactions sufficiently connected with those prescribed statutory steps to form part of a single plan. Commercial understanding and the objectively inferred plan for reorganisation determines which steps or transactions form part of the ‘restructuring’ of the demerger group.

### Ordinary meaning of restructuring

50. Beginning with the word ‘restructuring’ in isolation, dictionary definitions indicate that the phrase is flexible in its ordinary and commercial senses. In respect of a business, these definitions share a common element of a change in the structure of a business.<sup>5</sup>

51. The word, taken alone, extends to a large variety of schemes and arrangements. Given this flexibility, the context in which it appears is essential in evaluating how the term should be understood in subsection 125-70(1).

52. The Review of Business Taxation, 1999, *A Tax System Redesigned* (Ralph report) which recommended demerger relief originally used the word ‘reorganisation’.<sup>6</sup> The Commissioner considers that no particular significance should be attached to the change of wording, which occurred during the public consultation on the draft legislation. It should also be noted that the word ‘restructure’ or ‘restructuring’ is used in other parts of the ITAA 1997<sup>7</sup> and, in the case of Division 615, is used with the concept of ‘reorganising’.<sup>8</sup>

### History of the provision – extrinsic and other materials

53. The interpretation of the word restructuring outlined at paragraphs 50 to 52 of this Determination, is also consistent with the extrinsic materials relevant to the enactment of Division 125.<sup>9</sup>

54. Division 125 is based on Recommendation 19.4 of the Ralph report.<sup>10</sup> Recommendation 19.4 called for tax relief for ‘business demergers or deconsolidations’:

Demerger not to produce taxing event

- (a) That, where a widely held entity splits its operations into one or more new entities and issues membership interests in these entities to the original members in the same nature and proportion as their original membership interest:

<sup>5</sup> See Susan Butler (ed), *Macquarie Online Dictionary* (MacMillan Publishing, online ed, 2017) (definition of ‘restructure’); Peter Collin, *Dictionary of Business* (Bloomsbury Publishing PLC, 2009) 352 (definition of ‘restructure’); Jonathan Law (ed), *A Dictionary of Business and Management* (Oxford University Press, 5<sup>th</sup> ed, 2009) (definition of ‘corporate restructuring’).

<sup>6</sup> Ralph report, p.619.

<sup>7</sup> For example, section 83A-130, Subdivision 124-N, Subdivision 328-G and Division 615.

<sup>8</sup> Paragraph 615-5(1)(c) and subsection 615-10(1).

<sup>9</sup> Reference is made to this material pursuant to sections 15AA and 15AB of the *Acts Interpretation Act 1901*.

<sup>10</sup> Revised Explanatory Memorandum to the New Business Tax System (Consolidation, Value Shifting, Demergers and Other Measures) Bill 2002, paragraph 15.5.

- (i) there be no tax consequences for the members; and
- (ii) the tax value of the membership interest be spread across the new and old interests.

55. The Ralph report expressed the two aspects of the policy rationale underpinning Recommendation 19.4 as<sup>11</sup>:

- (a) in the absence of relief, members in an entity that reorganises its activities may face a range of tax consequences which act as an impediment to entities restructuring their operations, and
- (b) where an entity undertakes a reorganisation of its operations, leaving members in the same economic position as they were immediately before the reorganisation, there should be no taxing event.

56. The second aspect of that rationale is particularly important. Many provisions providing relief from CGT have this in common – they operate where there has been a change in the legal or equitable ownership of property but no change in the underlying economic ownership of the property. That is, they operate where ownership does *not* change in substance. These are cases where CGT consequences will act as a disincentive to engage in otherwise commercial transactions without there being a countervailing economic rationale for imposing tax on the transaction. Conversely, there is a clear theme that CGT consequences are expected where there is both a legal and economic change in the ownership of property resulting from a transaction.

57. By removing certain tax consequences which act as impediments to entities restructuring their operations, demerger rollover relief, together with rollover relief for takeovers contained in Recommendation 19.3, was recommended to facilitate the realignment of businesses and improve economic efficiency.<sup>12</sup> Demerger rollover relief was recommended only in those circumstances that satisfy *both* aspects of the intended policy rationale.

58. Consistent with the Ralph report recommendations, Division 125 was introduced with a policy objective of increasing efficiency by allowing greater flexibility in structuring businesses, providing an overall benefit to the economy and enhancing the competitiveness of Australia's business sector.<sup>13</sup>

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<sup>11</sup> Ralph report, p. 619.

<sup>12</sup> Ralph report, p. 620.

<sup>13</sup> Revised Explanatory Memorandum, paragraph 16.1.

59. Providing tax relief to owners of the demerging entity was seen as appropriate where the owners will hold interests in the same proportion in both the demerging entity and the demerged entity just after the demerger. This was regarded as consistent with the policy basis for other rollovers in the tax law where there is a corporate restructure and ownership is maintained.<sup>14</sup>

60. In seeking to provide enough flexibility for entities to restructure their affairs, Division 125 went beyond the Ralph report recommendations in certain aspects.<sup>15</sup> However, the fundamental policy rationale articulated by the Ralph report continues to underpin the purpose and object of Division 125.

## Conclusion

61. Both the statutory text and the extrinsic materials relevant to Division 125 indicate that ‘restructuring’ must be read with sufficient breadth to ensure that a demerger and the tax relief for demergers is limited to certain kinds of arrangements.

62. The preferred interpretation is that the restructuring requires identification of all the steps and transactions which are connected to, required to give effect to or are expected to result from, the disposal, ending or issue of ownership interests referred to in paragraphs 125-70(1)(b) and (c).

63. It may be relevant to refer to case law on the meaning of the more general terms ‘scheme’ and ‘arrangement’. For example, whether a step forms part of a restructuring may be answered by asking whether the restructuring would make sense without that step.<sup>16</sup> This means that parts of a plan, whether or not legally interdependent or dependent on different contingencies, should not be considered in isolation and one must look at the entirety of the plan, and its effect, in identifying the ‘restructuring’ of the demerger group that exists under an arrangement.

64. This interpretation best achieves the purpose or object of Division 125 because it ensures that only a restructuring that does not result in a change in the economic position of original owners will qualify for demerger relief.

65. In determining the scope of the plan, the Commissioner will look at all the facts and circumstances, including contracts and deeds executed by or affecting the relevant entities (including contracts and deeds that are given legal effect by a court decision, for example, pursuant to a scheme of arrangement under Part 5.1 of the *Corporations Act 2001*), statements in documents filed with regulators, commercial factors, internal deliberations by a company’s directors or the directors of a trustee company, statements by directors or influential owners and announcements to any relevant securities exchange.

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<sup>14</sup> Revised Explanatory Memorandum, paragraph 16.6. That the underlying ownership must be maintained before and after a demerger was reinforced in Second Reading Speeches for New Business Tax System (Consolidation, Value Shifting, Demergers and Other Measures) Bill 2002 - see Commonwealth, House of Representatives, *Debates*, 27 June 2002, 4543 (Mr Slipper) and Commonwealth, House of Representatives, *Debates*, 28 August 2002, 6017 (Mr Slipper).

<sup>15</sup> Revised Explanatory Memorandum, paragraph 16.16.

<sup>16</sup> *Commissioner of Taxation (Cth) v Spotless Services Ltd* (1996) 186 CLR 404 at 422 (per Brennan CJ, Dawson, Toohey, Gaudron, Gummow and Kirby JJ); [1996] HCA 34; 96 ATC 5201 at 5210.

66. A key factor in determining what transactions or steps form part of a single plan will be the proposal that is presented to the affected shareholders or unit holders. Statements by a company's directors or the directors of a trustee company to the affected shareholders or unit holders are made pursuant to statutory and general law duties, and represent the arguments made to persuade the affected shareholders or unit holders to support the necessary resolutions and other legal formalities that are required to implement the plan.

## Appendix 2 – Your comments

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67. You are invited to comment on this draft Determination including the proposed date of effect. Please forward your comments to the contact officer by the due date or join the conversation on this Determination on the Public Advice and Guidance Community on Let's Talk.

68. A compendium of comments is prepared for the consideration of the relevant Public Advice and Guidance Panel or relevant tax officers. An edited version (names and identifying information removed) of the compendium of comments will also be prepared to:

- provide responses to persons providing comments, and
- be published on the ATO website at [ato.gov.au](http://ato.gov.au)

Please advise if you do not want your comments included in the edited version of the compendium.

**Due date: 30 April 2019**

Contact officer details have been removed following publication of the final determination.

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## References

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*Previous draft:*

Not previously issued as a draft

- Acts Interpretation Act 1901 15AB
- Corporations Act 2001 Pt 5.1

*Related Rulings/Determinations:*

TR 2006/10

*Cases relied on:*

- *Commissioner of Taxation (Cth) v Spotless Services Ltd* (1996) 186 CLR 404; [1996] HCA 34; 96 ATC 5201

*Legislative references:*

- ITAA 1997
- ITAA 1997 83A-130
- ITAA 1997 Subdiv 124-N
- ITAA 1997 Div 125
- ITAA 1997 125-5
- ITAA 1997 125-70
- ITAA 1997 125-70(1)
- ITAA 1997 125-70(1)(a)
- ITAA 1997 125-70(1)(b)
- ITAA 1997 125-70(1)(c)
- ITAA 1997 125-70(1)(h)
- ITAA 1997 125-70(2)
- ITAA 1997 Subdiv 328-G
- ITAA 1997 Div 615
- ITAA 1936
- ITAA 1936 44(3)
- ITAA 1936 44(4)
- ITAA 1936 44(5)
- TAA 1953
- TAA 1953 357-60(1)
- Acts Interpretation Act 1901
- Acts Interpretation Act 1901 15AA

*Other references:*

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- Review of Business Taxation – A Tax System Redesigned (July 1999)
- Second Reading Speeches for New Business Tax System (Consolidation, Value Shifting, Demergers and Other Measures) Bill 2002 - see Commonwealth, House of Representatives, Debates, 27 June 2002, 4543 (Mr Slipper) and Commonwealth, House of Representatives, Debates, 28 August 2002, 6017 (Mr Slipper)

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ATO references

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