


# ***TD 94/D111 - Income tax: capital gains: how should interim and final liquidation distributions received by shareholders be treated for CGT purposes?***

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This document has been finalised by TD 95/12.

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

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## Draft Taxation Determination

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### **Income tax: capital gains: how should interim and final liquidation distributions received by shareholders be treated for CGT purposes?**

1. An interim liquidation distribution is not 'consideration in respect of the disposal' of shares for the purposes of subsection 160ZD(1) of the *Income Tax Assessment Act 1936*. If the relevant shares were acquired after 19 September 1985, section 160ZL applies to the distribution, it being a payment in respect of the shares, to the extent that it is not deemed to be a dividend by subsection 47(1), or is a section 160ZLA rebatable dividend adjustment (subsection 160ZL(5)).
2. A final liquidation distribution is 'consideration in respect of the disposal' of shares for the purposes of subsection 160ZD(1).
3. When a final distribution is made, we expect that the liquidator would describe the distribution as such so that shareholders would be aware that it is a final distribution.

#### **Commissioner of Taxation**

8/12/94

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FOI INDEX DETAIL: Reference No.

Related Determinations: TD 94/D109; TD 94/D110

Subject Ref: capital gains; companies, disposal of assets; dividends; final distribution; interim distribution; liquidation; shares

Legislative Ref: ITAA 47(1); ITAA 160ZD(1); ITAA 160ZL; ITAA 160ZL(5); ITAA 160ZLA

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