

***TD 2002/4A - Addendum - Income tax: capital gains: what is the first element of the cost base and reduced cost base of a share in a company you acquire in exchange for a share in another company in a takeover or merger?***

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## Addendum

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### **Income tax: capital gains: what is the first element of the cost base and reduced cost base of a share in a company you acquire in exchange for a share in another company in a takeover or merger?**

This Addendum amends Taxation Determination TD 2002/4 to clarify how the first element of the cost base and reduced cost base of shares acquired under a takeover or merger effected by a scheme of arrangement is determined.

#### **TD 2002/4 is amended as follows:**

##### **Paragraph 9**

Omit the paragraph and replace with:

9. If a takeover or merger is effected by a court ordered scheme of arrangement, the bidder company shares are acquired otherwise than under a contract. Therefore, the first element of their cost base and reduced cost base is determined having regard to the market value of the target company shares:

- on the date the bidder company shares are allotted or issued; or
- in any other case, when they are acquired.

This Addendum applies to shares acquired on or after 23 January 2002, the date TD 2002/4 issued.

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**Commissioner of Taxation**

17 September 2003

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ATO References

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