


***TR 2004/14A - Addendum - Income tax:  
consolidation: recognising and measuring the  
liabilities of a joining entity under subsection  
705-70(1) of the Income Tax Assessment Act 1997***

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# Addendum

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## Taxation Ruling

### Income tax: consolidation: recognising and measuring the liabilities of a joining entity under subsection 705-70(1) of the *Income Tax Assessment Act 1997*

This Addendum amends Taxation Ruling TR 2004/14 to provide guidance for entities joining a tax consolidated group where the reporting period within which the entity joins the group does not begin on or after 1 January 2005.

#### **Taxation Ruling TR 2004/14 is amended as follows:**

**1. Title**

Delete the title:

Income tax: consolidation: recognising and measuring the liabilities of a joining entity under subsection 705-70(1) of the *Income Tax Assessment Act 1997*

substitute:

Income tax: consolidation: recognising and measuring the liabilities of a joining entity under subsection 705-70(1) of the *Income Tax Assessment Act 1997* where the entity becomes a subsidiary member of a consolidated group in a financial reporting period of the entity not beginning on or after 1 January 2005

**2. Paragraph 1**

After the paragraph insert:

1A. This Ruling is applicable to those entities joining a tax consolidated group where the joining time occurs in a financial reporting period of the joining entity that began before 1 January 2005. This Ruling is not applicable to entities that join a tax consolidated group during a financial reporting period of the joining entity beginning on or after 1 January 2005. Entities joining a consolidated group on or after 1 January 2005 should refer to Taxation Ruling TR 2006/6. TR 2006/6 deals with the recognition and measurement of liabilities of a joining entity under subsection 705-70(1) of the ITAA 1997 where an entity joins a

consolidated group during a financial reporting period of the entity beginning on or after 1 January 2005. (For further information see 'When to apply this Ruling' at paragraphs 103A to 103E.)

### 3. Paragraph 103

After the paragraph insert:

#### **When to apply this Ruling**

103A. Australian equivalents of the International Financial Reporting Standards (AIFRS) are applicable to reporting entities within Australia for financial reporting periods beginning on or after 1 January 2005. This Ruling is applicable to those entities joining a tax consolidated group where the joining time occurs in a financial reporting period of the entity that began before 1 January 2005. In these circumstances the AIFRS reporting standards and the associated framework does not apply.

103B. The following table provides guidance as to when TR 2004/14 or TR 2006/6 applies to a joining entity for the purposes of step 2 of the ACA process on entry.

Joining date	Financial reporting period of the joining entity within which joining time occurs		Which standard and framework	Which TR is applicable to the joining entity
	Begins	Ends		
31 December 2004	1/01/04	31/12/04	AASB Australian GAAP	TR 2004/14
1 January 2005	1/01/05	31/12/05	AASB AIFRS	TR 2006/6
30 June 2005	1/07/04	30/06/05	AASB Australian GAAP	TR 2004/14
1 July 2005	1/07/05	30/06/06	AASB AIFRS	TR 2006/6
30 November 2005	1/12/04	30/11/05	AASB Australian GAAP	TR 2004/14
1 December 2005	1/12/05	30/11/06	AASB AIFRS	TR 2006/6

103C. 'AASB Australian GAAP' are those accounting standards and associated framework applicable to reporting entities for financial accounting periods that began before 1 January 2005.

103D. 'AASB AIFRS' are those accounting standards and associated framework applicable to reporting entities for financial accounting periods that begin on or after 1 January 2005.

103E. For the purposes of joining a consolidated tax group all joining entities are taken to be reporting entities.

This Addendum applies on and from 1 January 2005.

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**Commissioner of Taxation**

19 July 2006

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ATO references

NO: 2005/18404

ISSN: 1039-0731

ATOlaw topic: Income Tax ~~ Consolidation ~~ tax cost setting amount