Tax Consolidation for SME's

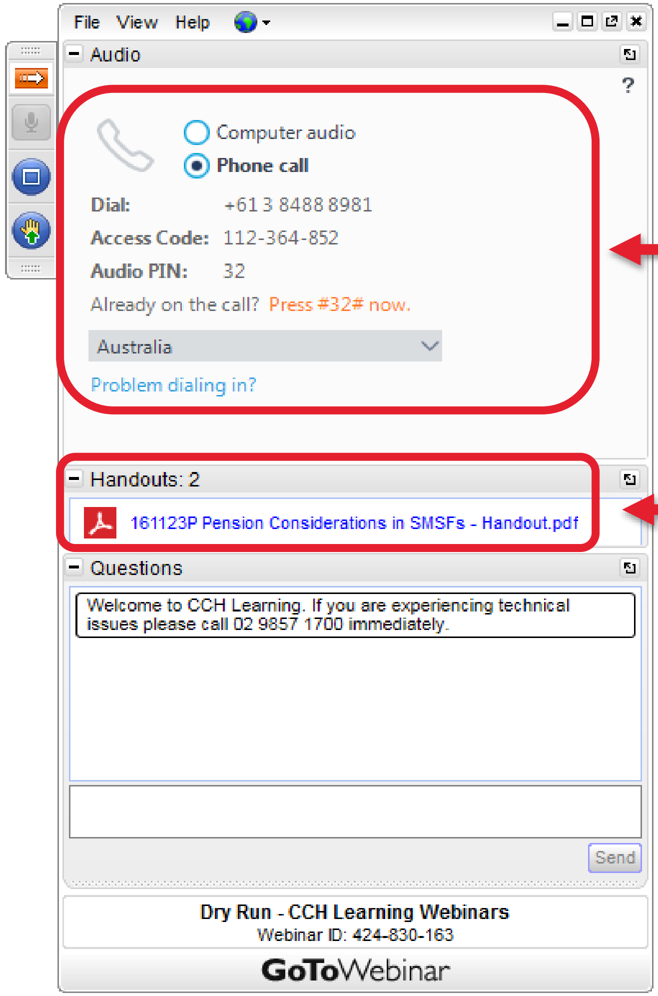
Corey Beat

7 May 2024

Wolters Kluwer

Crowe

How to Participate Today



○ Computer audio
● **Phone call**

Dial: +61 3 8488 8981
Access Code: 112-364-852
Audio PIN: 32
Already on the call? Press #32# now.

Australia

Problem dialing in?

161123P Pension Considerations in SMSFs - Handout.pdf

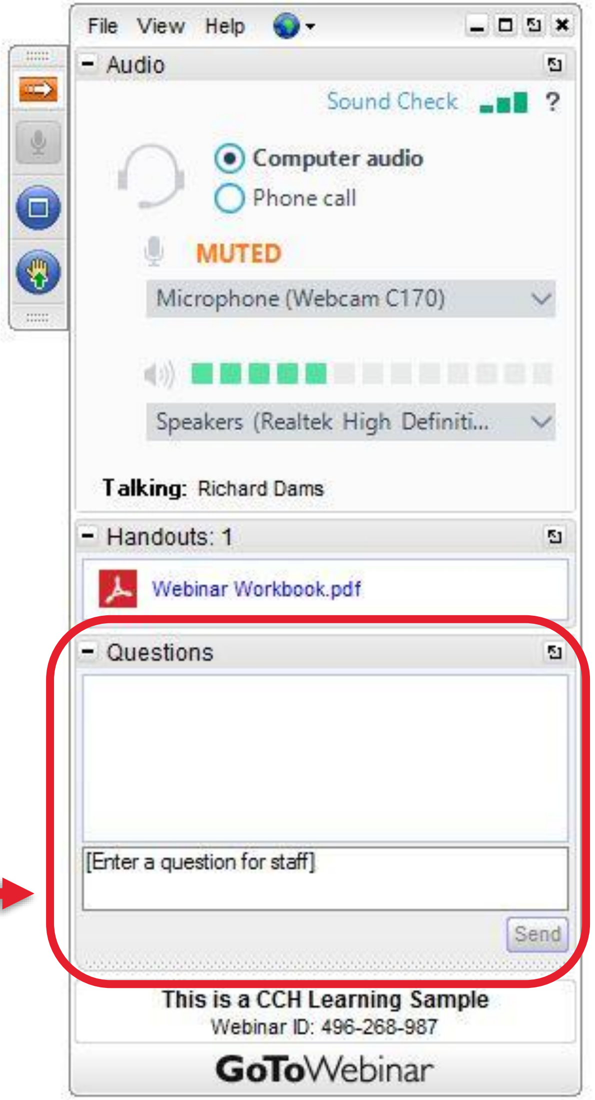
Welcome to CCH Learning. If you are experiencing technical issues please call 02 9857 1700 immediately.

Dry Run - CCH Learning Webinars
Webinar ID: 424-830-163

- Sound Problems? Toggle between Audio and Phone
- PowerPoint? In the Handouts Section
- E-learning Recording? Within 24-48 hours you will receive an email notification

Questions?

Alison Wood
CCH Learning Moderator



Type your question and click Send

GROW YOUR SKILLS, GROW YOUR KNOWLEDGE, GROW YOUR BUSINESS.

Subscribe to CCH Learning and gain **unlimited access** to all live webinars, E-Learnings and supporting documentation.

Plus, your CPD hours will be recorded automatically.

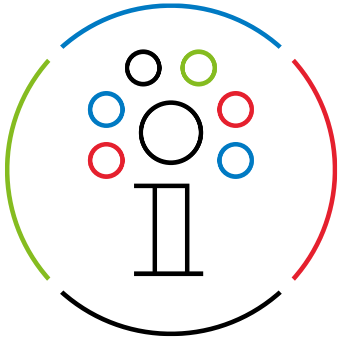
Find Out More!

Your Presenter

Corey Beat

Partner - Tax Advisory
Crowe Australasia, an affiliate of Findex

Today’s session will cover



- High-level & practical overview to the tax consolidation regime
- Coverage of the key issues you need to be aware of
- Highlight practical tips from firsthand experience

Consolidation Provisions: Overview

- Eligible wholly owned groups can consolidate to form a single entity for tax purposes
- Participation is optional but irrevocable
- Intra-group transactions are ignored for income tax purposes
- Assets are transferable between entities without any income tax consequences
- Regime only relates to income tax matters [FBT, WHT, GST, obligations etc. remain with each subsidiaries]

What we will cover

- Why should SME's consolidate?
- Who can consolidate?
- Determining asset values & calculating the allocable cost amount (ACA)
- Transfer of losses on entry
- Cost setting rules on exit from consolidated group
- Record keeping
- Practical tips

Why consolidate?

Why should SME's consolidate?

- The advantages & disadvantages of corporate structures are well known to most tax advisers
- Important to realise that consolidation rules do not apply purely to large corporate groups
- Many tax advisers lose sight of the fact that the tax consolidation regime can often offer increased flexibility to many SME groups
- The regime can also offer opportunities to access tax value (e.g. in tax losses and/or franking credits) which may otherwise be ‘lost’ or ‘locked-in’

Why should SME's consolidate?

- SME groups can benefit from:
    - pooling & offset of profits /(losses)
    - franking credits
    - intra-group transactions
    - single income tax return
    - potential 'uplift' in asset values

- On balance, tax consolidation can be a useful ‘tool’ for tax advisers, but careful consideration required to ensure potential ‘downsides’ mitigated

Why should SME's consolidate?

Pooling & offset of profits / (losses)

- single entity rule means automatic offset of taxable income & losses between different legal entities within the group
- in the absence of a consolidated group, losses can be 'trapped' in loss making companies with no means of offset against profits in another group company
- loss carry forward rules apply to future offsets between members of a consolidated group

Note:

- Ordering rules apply for the use of 'group' losses & 'transferred’ (or ‘available fraction’) losses.

Why should SME's consolidate?

Franking credits

- under the tax consolidation regime, all franking credits reside with head company of consolidated group
- the franking account balances of subsidiaries are transferred to head entity on formation of group
- pooling overcomes difficulty of 'trapped' franking credits in a sub (where franking credits > retained earnings & credits can not be passed to shareholders)

Why should SME's consolidate?

Intra-group transactions

- intra-group transactions ignored for tax purposes
- gains (or losses) on intra-group transactions are effectively deferred & there is greater flexibility to allow asset transfers
- debt forgiveness arrangements within a consolidated group can also take place with no tax consequences
- allows payment of profits from subsidiaries to head company with no tax consequences, irrespective of whether profits generated franking credits in subsidiary

Why should SME's consolidate?

Single return

- only a single income tax return required for the consolidated group
- ‘bottom-up' & 'top-down' approaches to preparing returns (best practice)
- ‘bottom-up' allows the full & accurate reconciliation of elimination entries posted for accounting consolidation
- single PAYG installments for the consolidated group can have cash flow & administrative advantages

Why should SME's consolidate?

Potential 'uplift' in asset values

- the ACA process may allow for 'uplift' in tax value of assets upon formation of a consolidated tax group
- resetting the cost base can impact on upfront revenue deductions, trading stock, TWDV's & cost base of capital assets
- the ACA process can result in an increase or decrease in the tax value as well as a change in the allocation of values amongst asset types
- this can lead to advantages or disadvantages – should be reviewed

Who can consolidate?

Who can consolidate?

- A consolidated group consists of:
    - an Australian resident head company; and
    - at least one eligible wholly owned resident subsidiary (can be a company, trust or partnership).
- If a group decides to consolidate all eligible resident wholly owned subsidiaries must be included in the group

Who can be a head company

- Must be an Australian resident
- Have some of its income taxed at general company tax rate
- Not be a subsidiary member of a consolidated group
- Not be a wholly owned subsidiary of another Australian resident company
- Not be an excluded entity (i.e. tax exempt, PDF, FLIC, credit union)

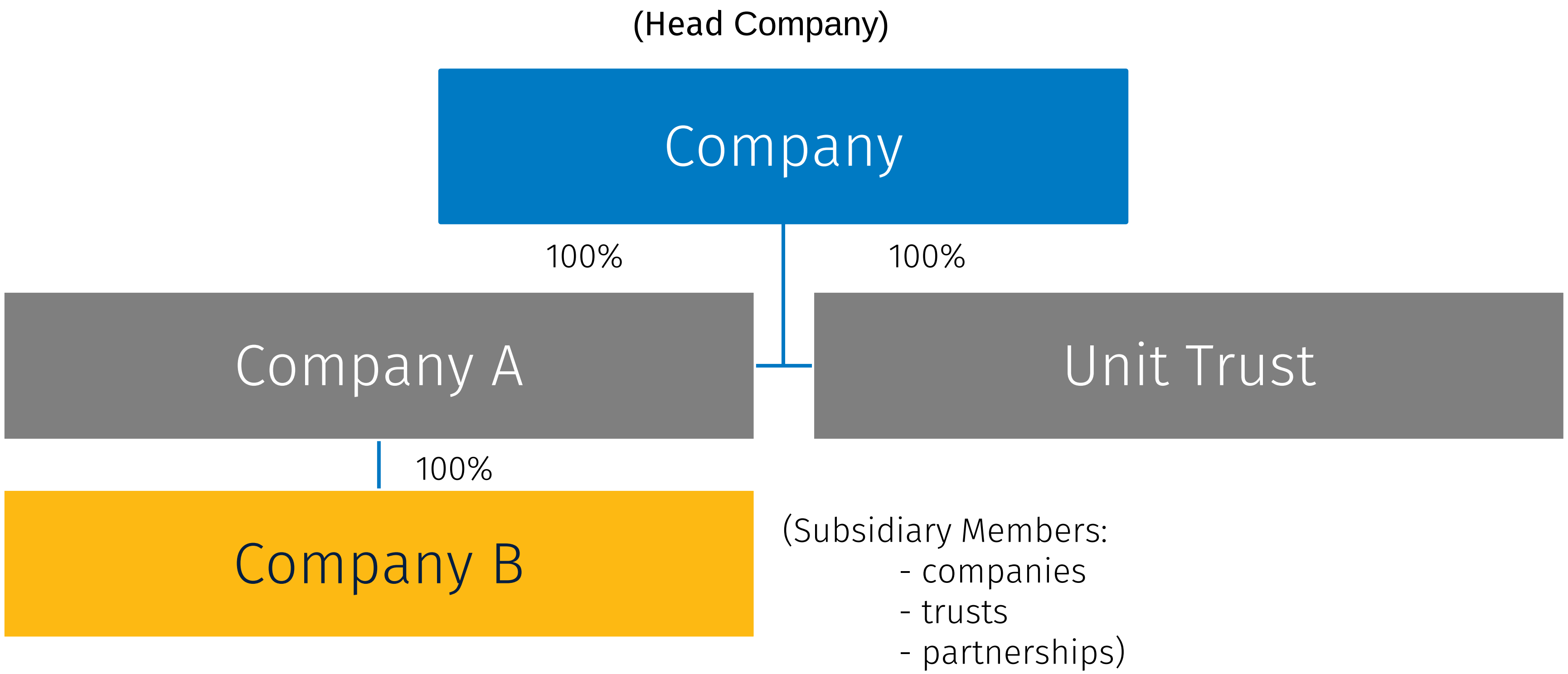
Who can be a subsidiary member?

- Must be wholly owned by head company and/or other subsidiary members
- May be a company, trust or partnership
- In the case of a trust or partnership, must be immediately owned by Australian residents

Note:

- Unlikely for a discretionary trust to be a member of a consolidated group, as all members of a discretionary trust would need to be members of the group (i.e. all beneficiaries).

Consolidated group | Example


(Head Company)

Company

100%

100%

Company A

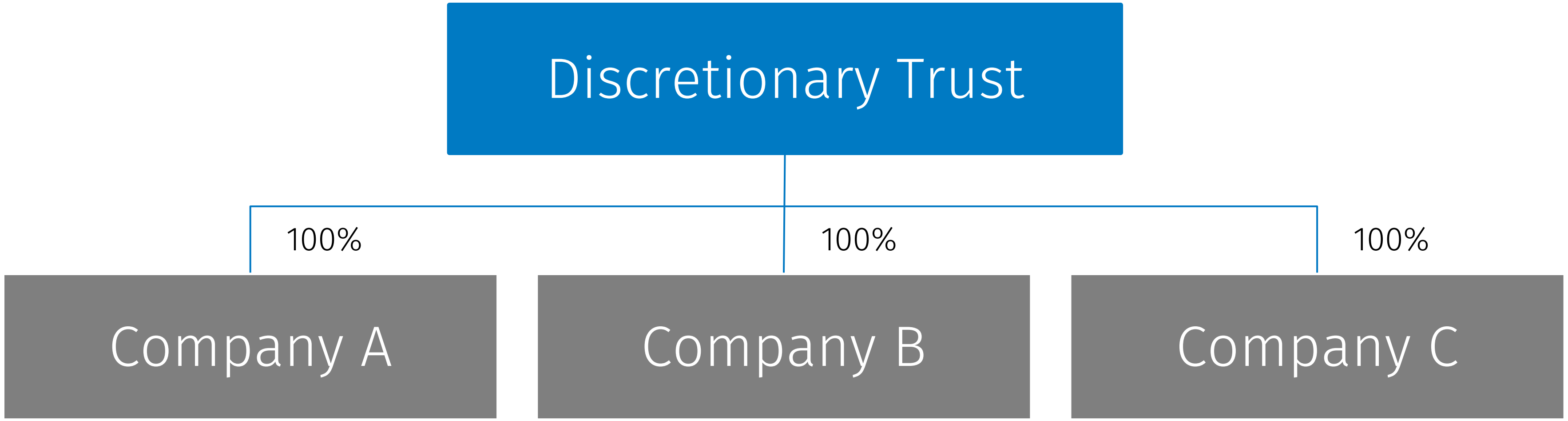
Unit Trust

100%

Company B

(Subsidiary Members:
- companies
- trusts
- partnerships)

Structures that can not consolidate | Example



Discretionary Trust

100%

100%

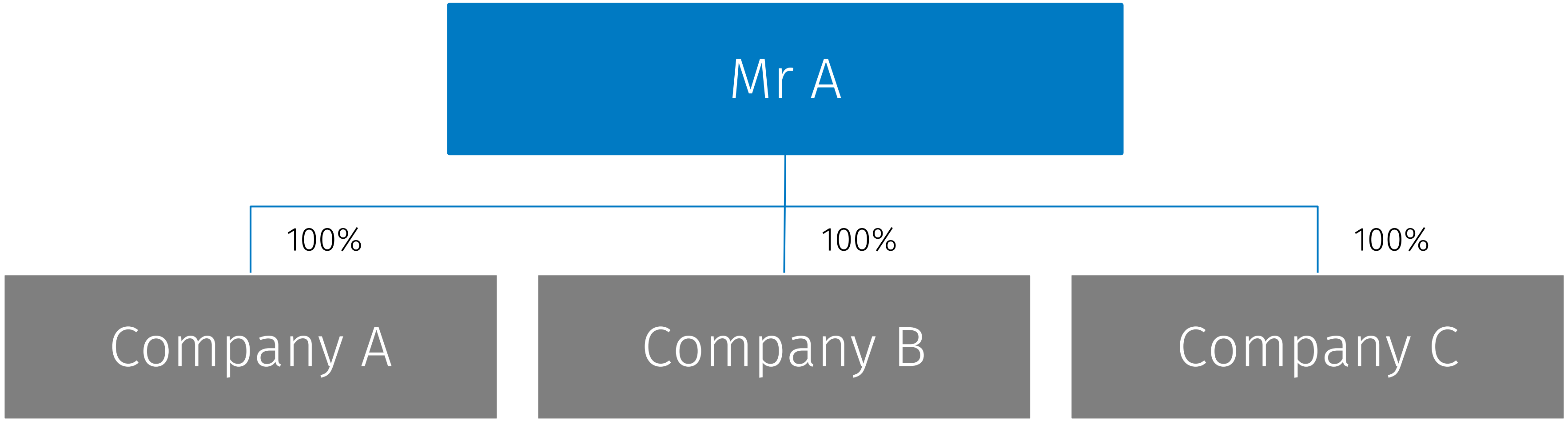
100%

Company A

Company B

Company C

Structures that can not consolidate | Example



Mr A

100%

100%

100%

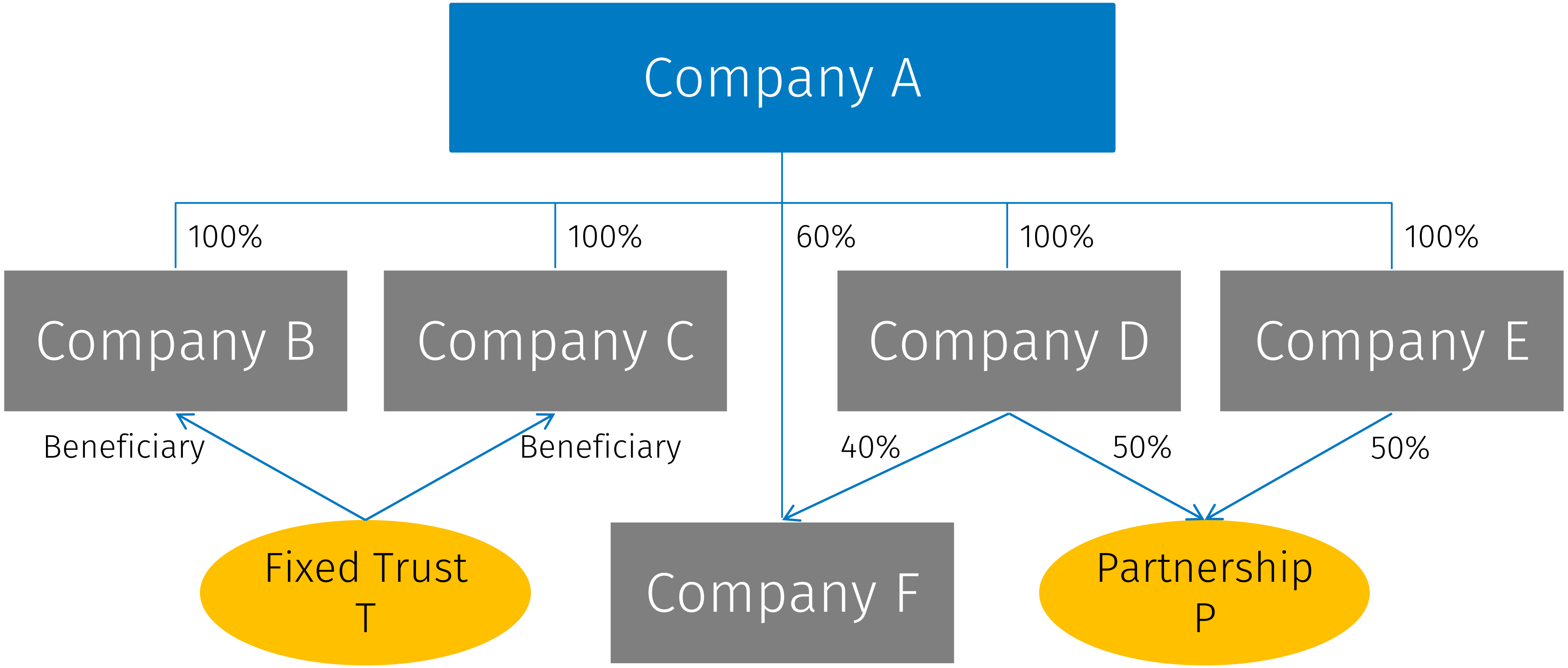
Company A

Company B

Company C

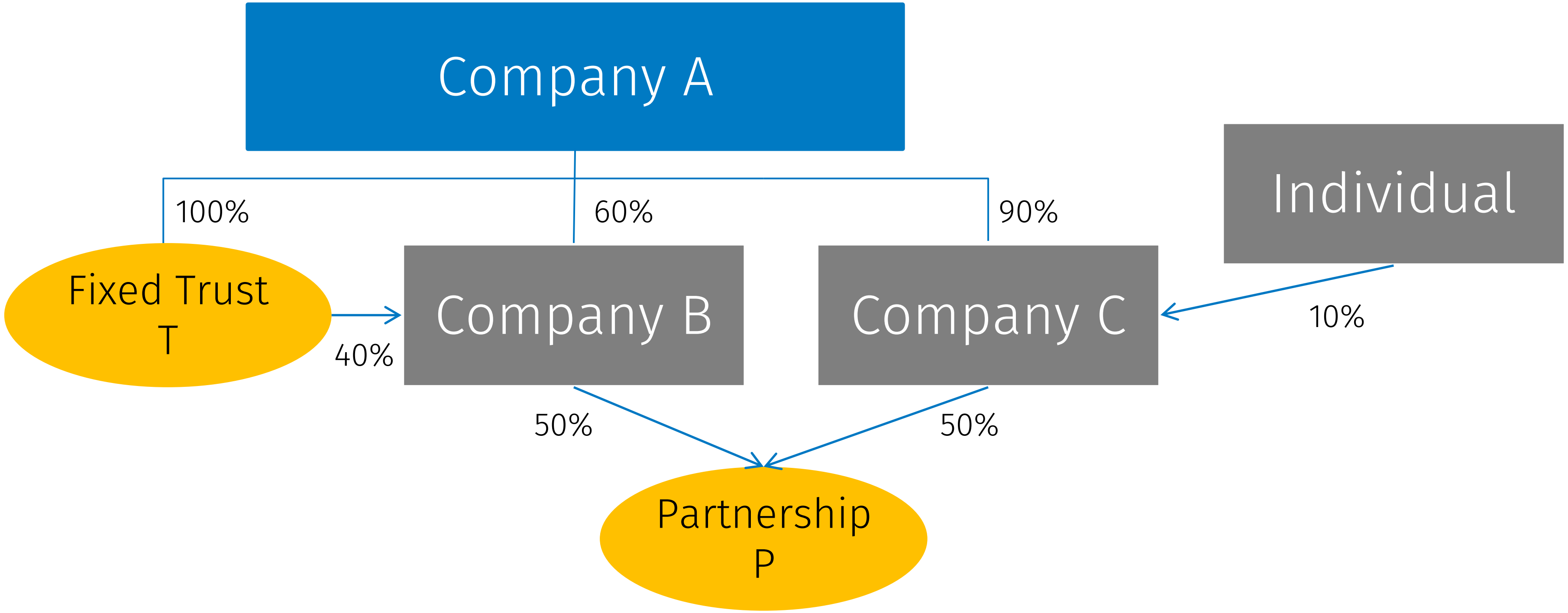
Consolidated Group | Example

- All entities will be included as the consolidated group



Consolidated Group | Example

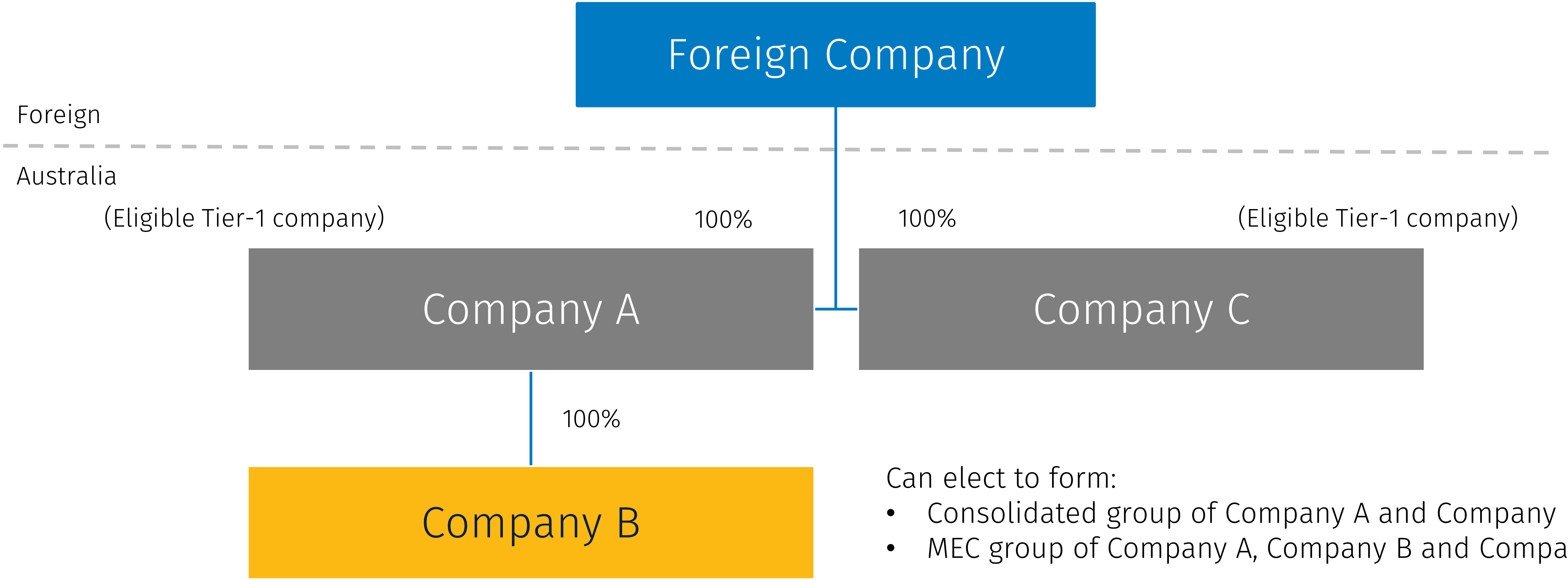
- Company C is not a wholly owned subsidiary of A. Not part of the consolidated group.
- Partnership P is not a wholly owned subsidiary of A. Not part of the consolidated group.



Multiple entry consolidated (MEC) groups

- MEC group rules enable foreign-owned groups with multiple entry points into Australia to consolidate
- Requires Australian entities to be wholly owned subsidiaries of foreign ‘top company’
- Must have two ‘eligible tier-1’ (ET-1) Australian companies to form a MEC group
  - Tier-1 is the first tier of investment into Australia
- Group comprises ET-1 companies and wholly owned Australian subsidiaries
- Requires one ET-1 company to nominate as ‘provisional head company’
  - No other MEC group members can hold interests in provisional head company
- Eligible subsidiaries must be wholly owned by MEC group members only
  - Wholly owned Australian companies with foreign and Australian ownership not eligible subsidiaries

MEC group | Example



Can elect to form:

- Consolidated group of Company A and Company B; or
- MEC group of Company A, Company B and Company C

Poll Question No. 1

Under the tax consolidation regime, an eligible head company can also be a subsidiary member of a consolidated group.

a) True

b) False

Tax cost-setting process

Consolidation of assets

- The effect of the ‘single entity rule’ is:
  - assets of subsidiary members treated as if they were assets of head company
  - assets acquired or disposed of by a subsidiary member treated as assets of head entity
  - assets can be transferred between group members without any CGT implications

Determining asset values

- When an entity joins a consolidated group - tax values must be determined for assets brought into group

- Required to reset the asset values according to cost setting rules

- Involves preparing calculations to determine allocable cost amount (ACA)

Tax cost setting process

- ACA calculation can be one of the more difficult aspects of consolidation regime

- 3-step process for determining the tax cost of assets:
  - calculate ACA
  - reduce ACA by retained cost base assets
  - allocate remainder to reset cost base assets in proportion to market value (subject to limits)

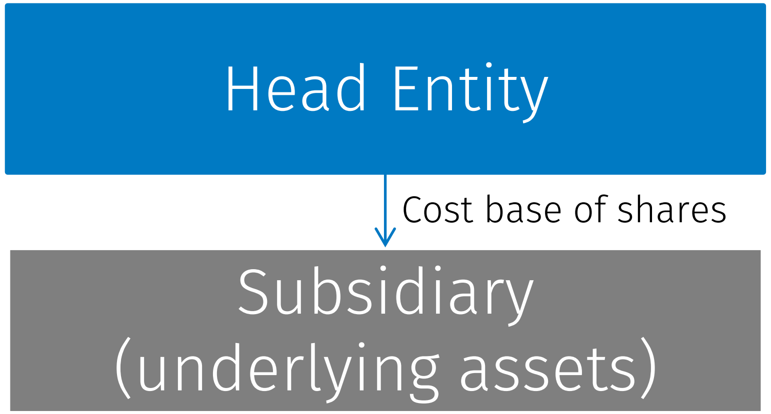
ACA method

- Under ACA method - head company's cost base effectively ‘pushed down’ into cost base of subsidiary's underlying assets:

- cost base of shares (Step 1)	xxx
- adjustments (Steps 2-7)	xxx
- result (Step 8)	ACA

- Allocated over:

1. Retained cost base assets	xxx
2. Reset cost base assets	xxx
Aggregate cost base – underlying assets	ACA



Retained & reset cost base assets

Retained Cost Base Assets

- These assets retain their cost from the joining entity
- Most common retained cost base assets:
  - Australian currency
  - a right to receive Australian currency (i.e. debtors)

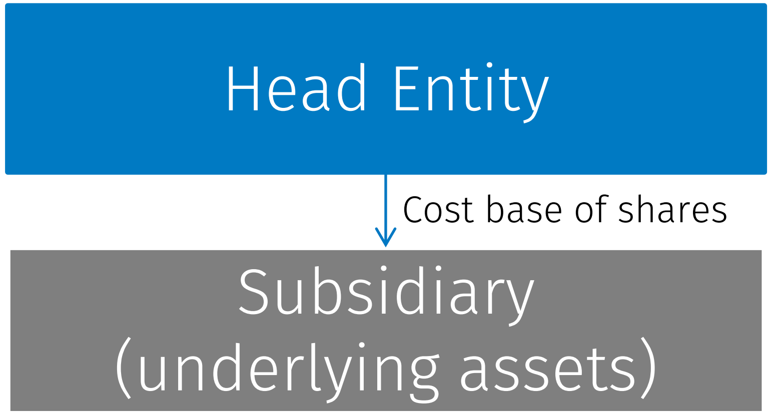
Reset Cost Base Assets

- A reset cost base asset is any asset that is not a retained cost base asset

Note:

- Even if goodwill is not recognised in the accounts, a cost is allocated to the goodwill in the head company.

Calculating ACA | Step 1: Cost base of shares



Market value of membership interest	Amount included in step 1 amount
Equal to or greater than its cost base	Its cost base
Less than its cost base but greater than its reduced cost base	Its market value
Less than or equal to its reduced cost base	Its reduced cost base

Step 1 | Example

- Note: Adjustments to cost base
    - Loss transfers
    - Value shifts
    - Other integrity measures (i.e. debt forgiveness)

Cost Base	$1,000
Reduced Cost Base	$800
Market Value	$1,500
Loss Transfer Adjustment	($500)

Step 1 Amount = Cost base $1,000 – loss transfer adjustment ($500) $500

Calculating ACA | Step 2: Add liabilities

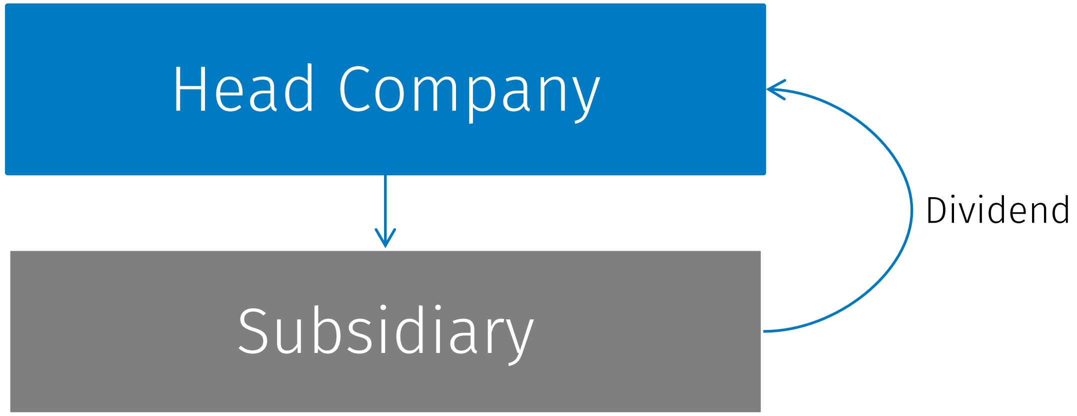
- Liabilities of the joining entity based on accounting concepts
- Certain other adjustments (e.g. deductible liabilities)

Calculating ACA | Step 3: Add undistributed profits

- Add any fully franked dividends which the joining entity could have distributed

Calculating ACA | Step 4: Less certain dividends

- Dividends paid by the joining entity to the head entity out of pre-acquisition profits (profits arising before the head entity had any interest in the joining entity):



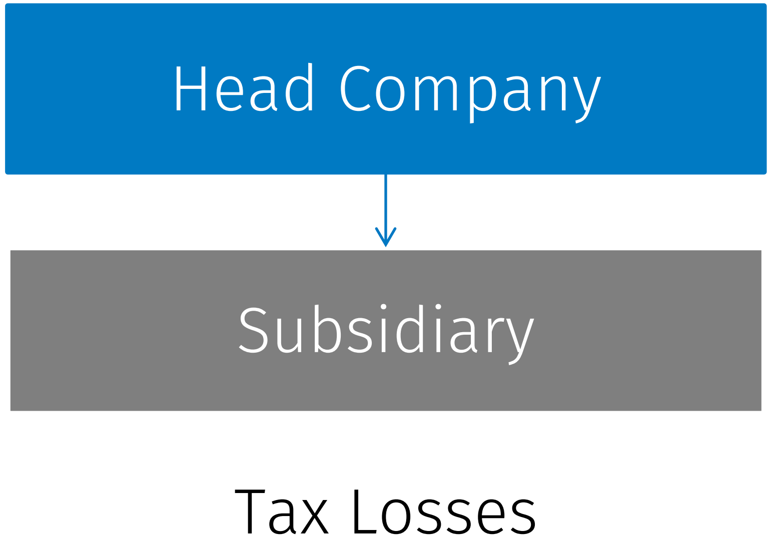
Head Company

Subsidiary

Dividend

Calculating ACA | Step 5: Less losses

- Carry forward tax losses ‘owned’ by head entity that have not been utilised are deducted from the ACA

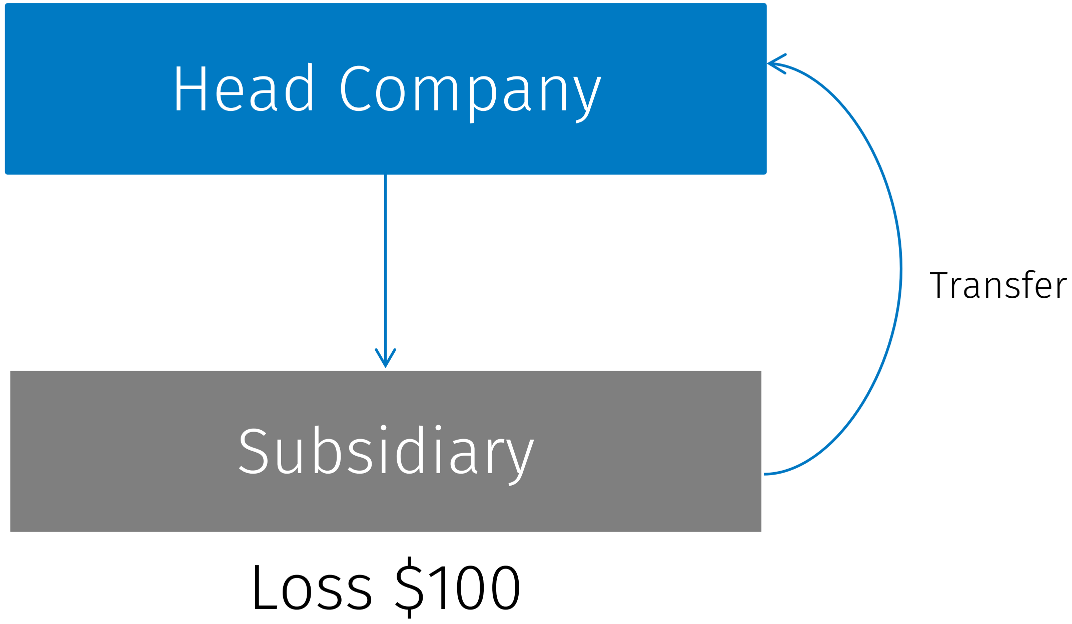

Head Company

Subsidiary

Tax Losses

Calculating ACA | Step 6:
Less losses transferred to Head Company

- Carry forward losses acquired by head entity deducted from ACA
- Reduction is total losses transferred multiplied by ‘company tax rate’
- Step 6 reduction e.g. $100 x 30% (tax rate) = $30
- Purpose of adjustment to prevent double benefit:
  - benefit of obtaining a deduction; and
  - benefit of a higher ACA if adjustment not made.



Calculating ACA | Step 7: Less inherited deductions

- Essentially deductions claimed over a period i.e. borrowing expenses, software development, etc.

Calculating ACA | Step 8: ACA

- Total of Steps 1 – 7
    - if amount is "+" = ACA
    - if amount is " – " = Nil
- Then reduce by retained cost base assets
- Remaining ACA is allocated to each of the joining entity's reset cost base assets in proportion to their market values (market valuations required)

Calculating ACA | Step 8: ACA

Note:

- Where the tax cost setting amounts for retained cost base assets exceeds joining ACA, then CGT event L3 is triggered.

- If there are no reset cost base assets, then the excess ACA remaining is treated as a capital loss in terms of CGT event L4.

Allocating ACA | Reset cost base assets limits

- Limits to amount that can be allocated to certain reset cost base assets
- Revenue assets (trading stock, depreciable assets)
  - limited to greater of asset's market value & terminating value of the asset
  - excess allocated to other reset cost base assets
- Accelerated depreciation assets:
  - choice to continue to use accelerated rates & no step up on tax WDV [excess amount attributed to those assets is not allocated to other assets (lost)]
  - choice to give up accelerated rates & achieve a ‘step up’
- Assets claimed under temporary full expensing and instant asset write-off:
  - Cost setting limited to terminating value (i.e. nil)
  - Excess not reallocated to remaining reset cost base assets

Pre-CGT interests

- Pre-CGT proportion rules apply to preserve the pre-CGT status of interests in a joining entity when the entity leaves the consolidated group
- Pre-CGT proportion is calculated as:

$$\frac{\text{Market value of pre-CGT interests held by head company \& subsidiary member/s}}{\text{Market value of all interests in the joining entity}}$$

Pre-CGT interests

- Integrity rule ensures consistent treatment for pre-CGT shares under pre-CGT proportion rules
- Triggered if any assets leaving entity brought to group, cease being pre-CGT assets under Division 149 ITAA 1997
    - leaving entity's pre-CGT proportion taken to be 'nil' at leaving time
    - broadly aligns treatment that would arise under Division 149 to entity that is not member of consolidated group

Note:

- If integrity rule does not apply, then need to consider possible application of CGT event K6.

Tax losses

Treatment of losses

- Consolidated group can transfer losses from companies & trusts in group to head entity
- Losses transferred to head entity remain with head entity even if joining entity subsequently leaves group
- Losses retain their loss type on transfer (i.e. revenue, capital)
- Restrictions on use of transferred losses to align rate of use with market value of transferring entity

Losses

- The loss company must pass continuity of ownership & control test or the same business test in order to transfer the losses

- The head company must pass modified versions of the continuity of ownership & control test or the same business test to use the transferred loss

- If joining entity is a trust must pass:
  - fixed trust – 50% stake test
  - non-fixed trust – modified pattern of distributions test

Loss bundles

Losses transferred form a loss bundle.

- All losses transferred by an entity constitute a single bundle
- Different types of losses in each bundle retain their character (i.e. revenue losses, capital losses, foreign losses)

Example:

- three subsidiaries in the consolidated group
- each have losses
- head company will have three loss bundles

Determining loss utilisation

- Ordering rules apply:
  - ‘group losses' (those incurred by consolidated group since the date of consolidation) used first
  - ‘transferred losses’ (those losses brought to the consolidated group upon consolidation or new member joining) used second
    - ‘transferred losses’ also known as ‘available fraction losses’

Note:

- Transferred losses always subject to ‘available fraction’ restriction on use
- Group losses not subject to available fraction

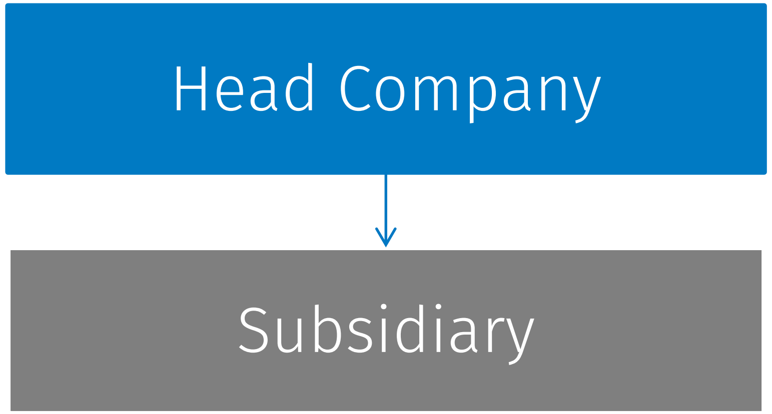
Determining loss utilisation

Example: Ordering of losses

- Head Co & Sub Co are members of a consolidated tax group. The group has carried forward tax losses at 1 July 2023 comprising:

Group losses	$100,000
Available fraction losses	$200,000

- The available fraction losses are the remainder of losses brought to group on consolidation 1 July 2021. The available fraction is 0.225



Determining loss utilisation

- The taxable income of the consolidated group in 2019/2020 is $800,000

	$
Taxable income	800,000
Less: Group losses	(100,000)
	700,000
Less: Available fraction losses	(157,500)
Net taxable income	$542,500

Note:

- Available fraction losses used = $700,000 x 0.225 = $157,500
- Available fraction losses carried forward = $42,500

Available fraction

- The available fraction is used to limit the rate at which each loss bundle can be recouped

- Each transferred loss bundle will have an available fraction
  - Includes pre-consolidation losses of head entity

- The available fraction is calculated by dividing the joining entity's market value by the market value of the whole group at the joining time, adjusted as follows:
  - modified market value of loss entity
  - adjusted market value of head entity

Available fraction

- Modified market value of loss entity assumes:
  - loss entity has no losses and balance of franking account nil
  - subsidiaries in the group are separate entities
  - does not include an amount that is attributable to an interest in another group member

- Adjusted market value of the head entity:
  - value of head entity including value of subsidiaries in the group & the loss entity
  - the value ignores any losses and assumes a ‘nil’ franking account balance

Note:

- Market valuations required.

Available fraction & capital injections

- The available fraction can be impacted by both pre-consolidation & post consolidation 'capital injections'
- Commissioner's view on the (wide) meaning of 'capital injections' set out in TR 2004/9 & includes transactions that result in:
  - wealth being introduced from outside
  - an enhancement of net assets
  - equity interests being affected
- Designed to prevent market value of loss entity being artificially inflated prior to joining group

Available fraction & group changes

- The available fraction also diluted where:
    - new member joins existing group and transfers a bundle of losses to head entity with pre-existing transferred losses
    - head company is acquired by another consolidated group

Note:

- Complex rules can impact the available fraction to further 'dilute' it & thus further restrict your ability to use losses in future
- Transferring losses results in reduction to joining entity's ACA – important to model transfer and utilisation of losses vs cancel losses and obtain uplift in tax cost base of joining entity's assets

Poll Question No. 2

Which ‘bundles’ of tax losses need to be used first in a consolidated group?

a) ‘Transferred losses’; or
b) ‘Group losses’.

Tax cost-setting on exit

Cost Setting on Exit

- 5-step process when a subsidiary leaves a consolidated tax group

- Head company recognises, just before leaving time, the membership interests in the leaving entity

- These membership interests are not recognised when the subsidiary is a member of the consolidated group

- The cost for the membership interest equals the head company's cost for the net assets that the leaving entity takes with it

Cost Setting on Exit

Calculating the Exit ACA

- Step 1
  - Start with the terminating values of the assets that the leaving entity takes with it
- Step 2
  - Add certain inherited deductions not reflected in the terminating value of the assets leaving the group

Cost Setting on Exit

- Step 3
    - Add intragroup liabilities owed to the leaving company at the leaving time.
- Step 4
    - Subtract liabilities & certain membership interests treated as liabilities for purposes of the calculation
- Step 5
    - ACA is remaining amount (if positive) or nil (if negative)

Cost Setting on Exit

A. Calculate ACA of leaving entity

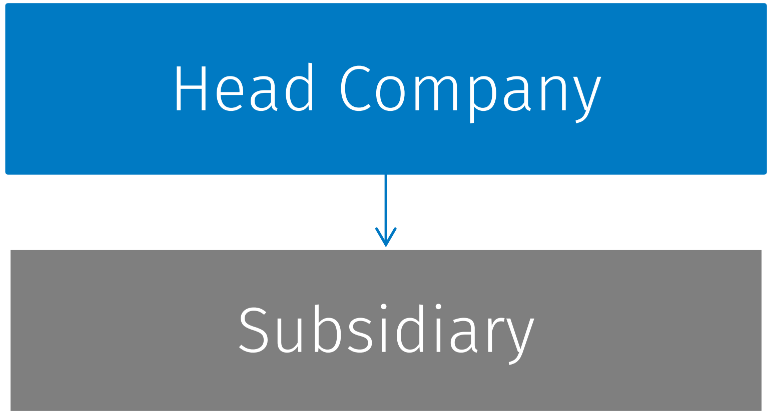
B. Allocate result to each of the membership interests by dividing the result by the number of those membership interests

C. If more than one class of membership interest in leaving entity, allocate ACA to each class in proportion to the market value of all of the membership interests in the class

D. Allocate results to each of the membership interests in the class proportionately

= Tax cost setting amounts for the leaving entity's membership interests

Cost Setting on Exit | Example



Cost base of subsidiary	$10,000

Income producing property	$200,000
Depreciating assets	$100,000
	$300,000

Equity	$100,000
Liability	$200,000
	$300,000

Exit ACA

	$
Step 1: Terminating value of assets	$300,000
Step 2: Add inherited deductions	Nil
Step 3: Add intragroup liabilities owed to leaving company at leaving time	Nil
Step 4: Subtract liabilities	($200,000)
Step 5: ACA for leaving company	**$100,000**

Tax sharing & funding agreements

Tax Sharing & Funding Agreements

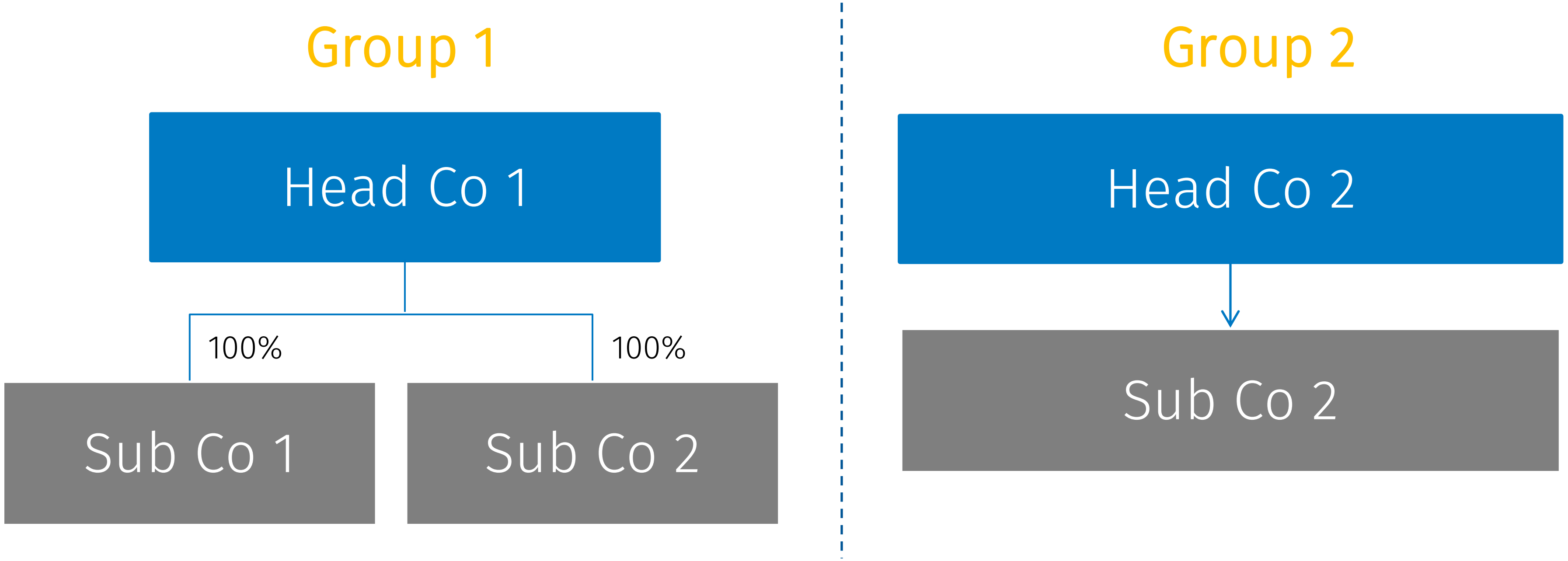
- Head company responsible, on behalf of group, for payment of income tax related liabilities (the group liability)
- If head company fails to discharge its full obligations, then subsidiary members (contributing members) become jointly and severally liable for the group liability
- The contributing members can avoid this liability be entering into a tax sharing agreement (TSA) before the tax is due and payable by the head company

Note:

- Vital to review as part of any tax due diligence process, especially if acquiring entity that has been a member of a consolidated group.

Tax Sharing & Funding Agreements

Example



Head Co 2 acquires Sub Co 1. If no TSA and TFA in Group 1 then Head Co 2 runs risk of future tax liabilities associated with Sub Co 1's membership of Group 1.

Tax Sharing & Funding Agreements

- TSA is an agreement between head company & one or more contributing members that allows the group liability to be apportioned between group members according to methodology set out in the agreement

- TSA recognises the tax assets and liabilities of the groups members to the head entity, Tax Funding Agreement (TFA) also entered into to document the 'mechanics' for making payments and recognising receipts

- TSA & TFA's vital in the context of members leaving a consolidated group – ensures 'clean exit'. All liabilities under TSA/TFA settled prior to exit

Practical tips

Practical tips: Franking credits and BRE’s

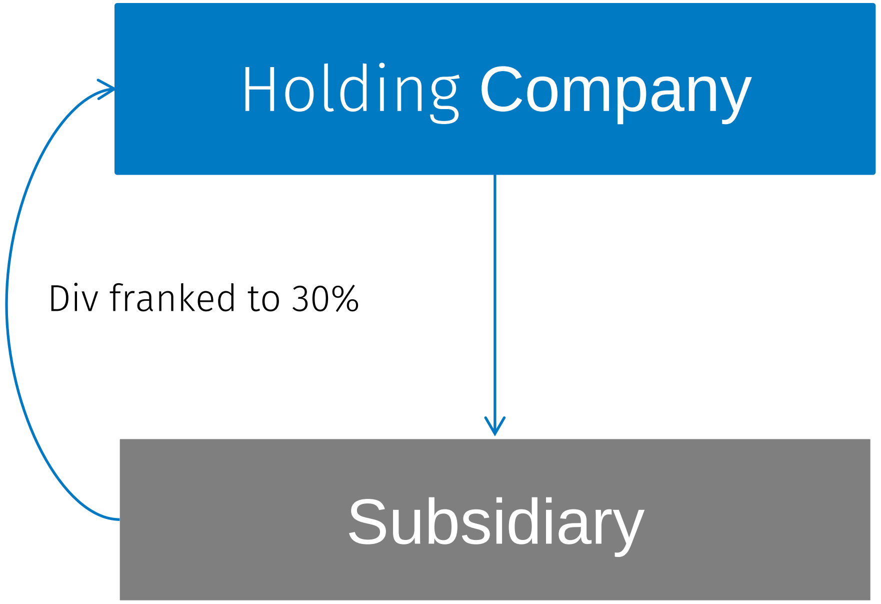
- Tax consolidation should be explored where companies in wholly owned group have different tax rates
    - i.e. members are mix of BRE and non-BRE taxpayers
    - issue where holding company is BRE, received dividend from non-BRE subsidiary

- BRE passive income percentage calculated on whole of group basis

Practical tips: Franking credits and BRE’s

Example

- Subsidiary not a BRE - >80% BRE passive income
- Dividend paid to holding company is non-portfolio dividend - not BRE passive income
- Holding company tax rate only 25%, excess franking credit converted to tax loss
- Dividend paid by holding company only franked to 25%
- Electing to consolidate will mean:
  - dividend from subsidiary to holding company ignored
  - group income taxed at 30%
  - dividend paid by holding company franked to 30%



Only income:

- Non-portfolio dividend from subsidiary

BRE – tax rate 25%

Only income:

- Rental income
- Interest

Not a BRE – tax rate 30%

Practical tips: Franking credits and NANE

- Tax consolidation should be explored where companies in group derive NANE income (e.g. branch income, non-portfolio foreign dividends)
  - problem arises where subsidiary receiving NANE pays unfranked taxable dividend to parent company

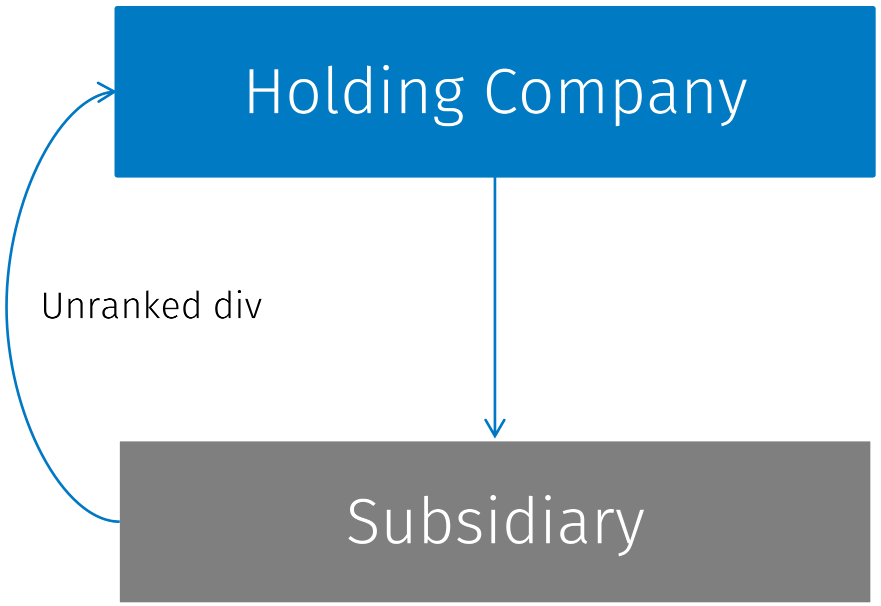
- Unfranked dividends within consolidated group not taxable
  - no tax effect paying on unfranked dividends between group members under consolidation

Practical tips: Franking credits and NANE

Example

- Subsidiary derives foreign branch income – exempt from Australian tax under s23AH ITAA 1936
- Dividend paid to holding company is unfranked
- Holding company taxed on unfranked dividend
- Electing to consolidate will mean:
  - dividend from subsidiary to holding company ignored
  - no tax payable on dividend paid to holding company
  - potential unfranked dividend when dividend paid by holding company

Unfranked dividend received from subsidiary assessable



Holding Company

Unranked div

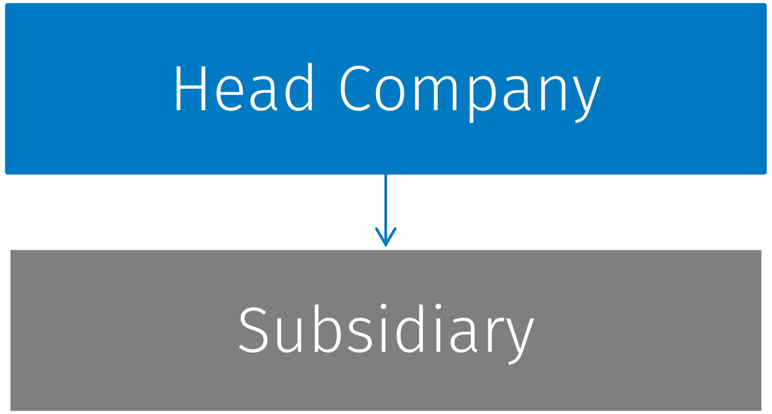
Subsidiary

Only income:

- Foreign branch income exempt under s23AH ITAA36

Practical tips: Deemed capital gains on entry

Example: CGT event L3


Head Company

Subsidiary

Membership interest	$100,000

Trade debtors	$500,000
Cash	$100,000
Land & buildings	$200,000
Trade creditors	$50,000

Retained cost base assets	$600,000
Joining ACA	$150,000
L3 capital gain	$450,000

Practical tips: Liquidation of subsidiaries

- There are a number of advantages of liquidating a subsidiary after consolidation:
  - utilise franking credits
    - franking credits transferred to head entity
    - aren't lost when subsidiary exits group
  - utilise tax losses
    - tax losses transferred to head entity
    - aren't lost when subsidiary exits group

Practical tips: Liquidation of subsidiaries

- Potential asset cost base ‘step-up’
  - given that liquidation involves ‘selling’ assets the capital gain may be reduced by a cost base ‘step up’ under consolidation
  - important to model entry ACA calculation before electing to consolidate

Practical tips: Acquisition of entities

- When selling a business generally been a reluctance by purchaser to acquire the entity
- Selling entity rather than underlying business may provide a better after-tax result
- Purchaser can now acquire entity and consolidate with existing entity
- Subsequently, liquidate acquired entity
  - overcomes concern of potential legal claims in acquired company – it no longer exists
- Assets remain with head entity without triggering income tax

Note:

- Acquiring shares rather than the underlying business can result in lower duty. If liquidate and distribute assets *in specie* generally no duty.

Practical tips: Establish correct membership interest cost base on entry

Example

- Financial statements of Head Co show that it acquired Sub Co for $4.5 million
- The sum of the carrying value of Sub Co's assets on entry was $1.5 million, principally internally generated goodwill. Sub Co's liabilities were $0.5 million
- The entry ACA was performed resetting and uplifting the cost base of Sub Co's assets by $3.5 million ($4.5 m + $0.5 m - $1.5 m)

Practical tips: Establish correct membership interest cost base on entry

Example

- Income tax returns lodged for 2 years claiming depreciation on uplifted tax terminating values
- Subsequent review revealed Sub Co acquired under a scrip-for-scrip rollover and that cost base of Head Co's shares was only $0.2 million
- The real effect of resetting the cost bases of assets was a reduction in cost base of $0.8 m [$0.2 m + $0.5 million - $1.5 m]

Practical tips: Deemed capital gains on entry

CGT event L2 [s104-505]

- Triggered when the amount remaining after Step 3A of joining allocable cost amount is a negative
- Time of event: just after entity becomes subsidiary member
- Capital gain: amount remaining
- Capital loss: no capital loss

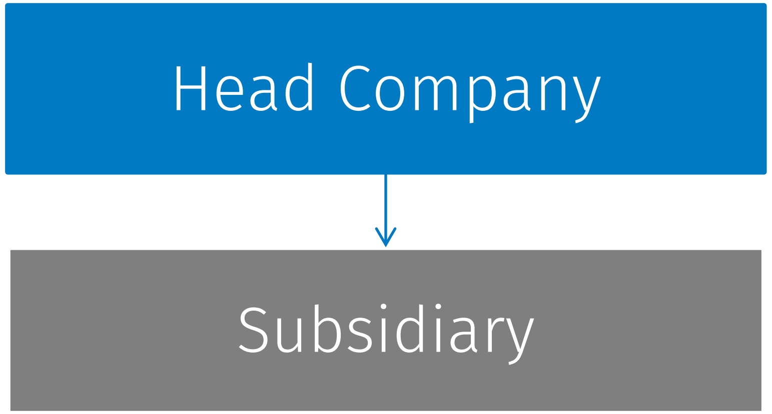
Practical tips: Deemed capital gains on entry

CGT event L3 [s 104-510]

- Applies when the tax cost setting amounts for retained cost base assets exceeds joining ACA
- Time of event: just after entity becomes subsidiary member
- Capital gain: amount of excess
- Capital loss: no capital loss

Practical tips: Deemed capital gains on entry

Example: CGT event L3



Membership interest	$100,000

Trade debtors	$500,000
Cash	$100,000
Land & buildings	$200,000
Trade creditors	$50,000

Retained cost base assets	$600,000
Joining ACA	$150,000
L3 capital gain	**$450,000**

Practical tips: Deemed capital gains on exit

CGT event L5 [s 104-520]

- Triggered when the amount remaining after Step 4 of leaving ACA amount is negative
- Time of event: when entity ceases to be subsidiary member
- Capital gain: amount remaining
- Capital loss: no capital loss

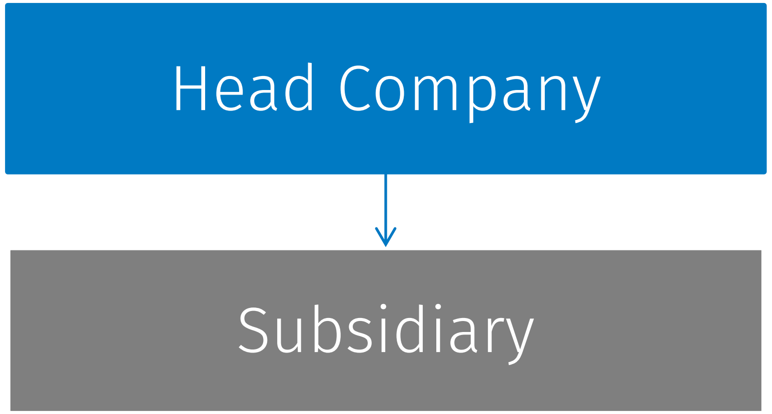
Practical tips: Deemed capital gains on exit

Example: CGT event L5

- Sub Co is a $2 company that incurred material trading losses funded by its parent Head Co
- The accounts of Sub Co showed a net asset deficit of $500,000. In an effort to turn things around, Head Co sold 10% of Sub Co to two key employees for $1 each
- Because only nominal consideration given, their tax adviser did not check the tax consequences of Sub Co exiting the consolidated tax group
- Only after the sale had settled was it realised that Head Co had a deemed capital gain of $500,000 as a result of selling the shares for $2

Practical tips: Deemed capital gains on exit

Example: CGT event L5



↑	Inter company liability	$500,000

Deemed capital gain triggered from Step 4 cost setting amount on exit ACA	$(500,000)

Practical tips: Missing cost base uplift on entry

- Mechanics of the ACA can skew the allocation towards long-term CGT assets like goodwill or intangibles
- This is because the values are allocated based on relative market values of these items
- Ultimately, there is may be a benefit of increased cost base that will reduce any capital gain on future disposal
- 'Missing' the potential cost base uplift by not following the ACA process correctly, costs money

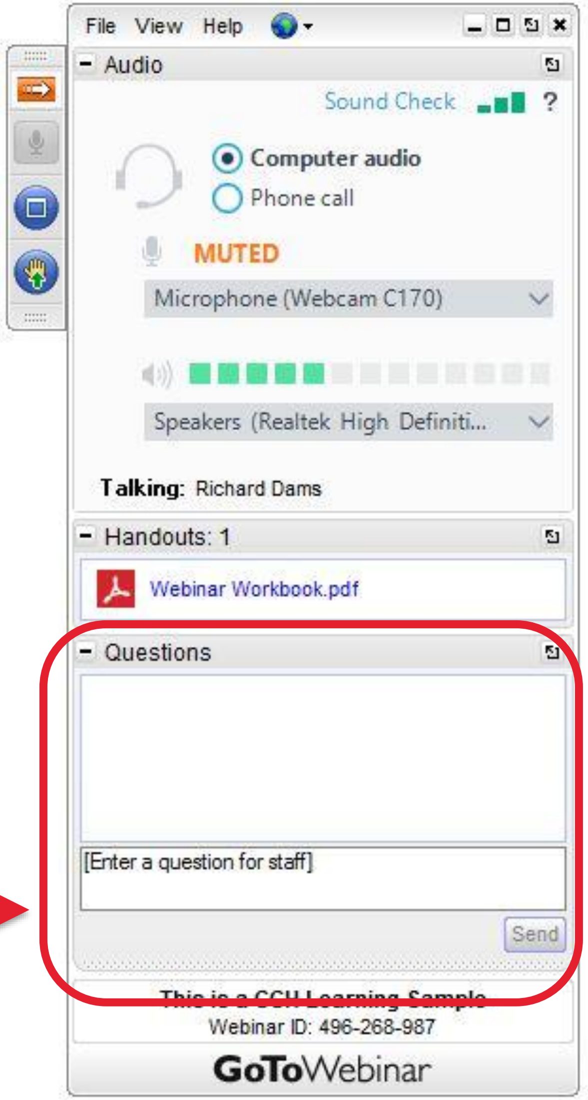
Practical tips: ‘Losing’ tax losses

- Tax losses need to be 'tested' by reference to COT and SBT on entry
- The quantum of the 'available fraction' losses has also to be determined
- There are valuation issues associated with accurately determining the available fraction
- Losses also have to be 'tested' on a prospective basis to ensure they can be preserved
- Do not lose the tax value of losses because the rules are difficult

Questions?

Alison Wood
CCH Learning Moderator

Type your question and hit Send



● Computer audio
○ Phone call

MUTED

Microphone (Webcam C170)

Speakers (Realtek High Definiti...

Talking: Richard Dams

Handouts: 1

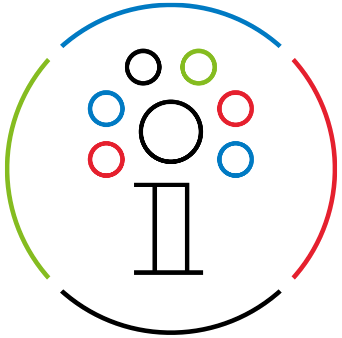
Webinar Workbook.pdf

Questions

[Enter a question for staff]

This is a CCH Learning Sample
Webinar ID: 496-268-987

Upcoming Webinars



View all Webinars

- 8 May – Combining Strategic and Operational Leadership – Grow your business as you work
- 9 May – Sell More to Existing Clients
- 14 May – The Role of the Financial Adviser and the rising concerns of Elder Abuse
- 15 May – Update on Handling ATO Debt Strategies
- 15 May – Tax and Motor Vehicles (including Electric Vehicles)
- 16 May – Transition to Retirement Pensions – The 2025 Boom and the Traps Within

Questions?

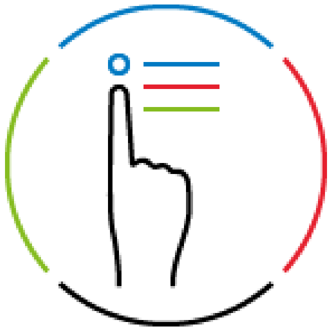
You can type them in the “Questions” box now,
Or contact me via:

Corey Beat
Partner - Tax Advisory
Crowe Australasia, an affiliate of Findex
E | corey.beat@crowe.com.au

Next Steps

Please complete the Feedback Survey.

Within 24-48 hours you will receive an email when the following is ready;



- E-Learning Recording
- Verbatim Transcript
- CPD Certificate
- PowerPoint Presentation

Thank you for attending

Wolters Kluwer

Crowe