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Purpose in consolidation – no more purpose? – *Sunita Jogarajan*

This article argues that the current test of purpose used to characterise a gain or loss on disposal of an asset as being on capital or revenue account is inappropriate in a tax consolidated environment. The article focuses on the sale of shares in a subsidiary member of a consolidated group and argues that the test should be abolished in this context. It suggests that all such disposals should be treated as being on capital account to provide taxpayers with certainty and to achieve the policy objectives of the tax consolidation regime. 253

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