

Free report about fc of t v consolidated fertilizers limited (1991)

[Law](#), [Criminal Justice](#)



FC of T v Consolidated Fertilizers Limited (1991)

The federal Commissioner of taxation entered a case he sued and filed for legal action against the Consolidated Fertilizers Limited (1991) due to taxation matters and related issues. According to the Federal Commissioner of Taxation, there were reasonable grounds and sufficient empirical evidence to warrant for the takeover of the Consolidated Fertilizers Limited in the year 1991. Thus, it filed a case at the court. The directors of Consolidated Fertilizers Limited (1991, felt that the intended and the proposed takeover by the Federal commissioner of taxation was not in the best interest of the shareholders. And thus they would stand to lose profits if the takeover were allowed. The directors in their defence singled out that the proposed takeovers by the Federal commissioner of taxation was in contravention and against the laws of the companies, specifically the takeover codes.

In retrospect, the reasons as to why the directors opposed the takeover costs was because of the stockbrokers' fees. The costs incurred and factored in consultations, for instance, the merchant bankers, the media and public relation costs would not be factored in during the takeover. In similar breadth, line of thought and argument, there was a legal and accounting costs. Similarly, the directors reasoned that the stockbrokers fees and charges were likely to be overlooked during the takeover thus the shareholders were likely to bear the brunt in this line of thought and respect. Additionally, it was argued that the salaries and the wages of the people who would render their services to Consolidated Fertilizers Limited (1991), during the takeover period were directed at the Consolidated Fertilizers Limited (1991), despite the urge by the Federal commissioner of taxation.

In its submission and applications, the federal commissioner of taxation reasoned that the takeover would follow due process and the law and nothing else. It is to say that the takeover was by means and way of gaining control over the Consolidated Fertilizers Limited (1991) shares and not the physical assets. Thus, since there were people at Consolidated Fertilizers Limited (1991) who held share value in terms of voting and decision making of between twenty and ninety percent, thus a different approach would be employed. There would be a gradual takeover or acquisition at a rate not exceeding three percent per semi-annum. There would also be a formal offer put forth to the initial or the original shareholders under the purported takeover scheme as a way of priority. In order to cover the services and costs raised by the stockbrokers. There would be an unconditional offer of a single month at the stock exchange floor so that the shareholders would not feel the pinch of the stockbrokerage facilities.

In making its determination and ruling, the courts considered in depth and principle, the superannuation aspect with segmented deductibles, that of thought and reasoning. Thus, the costs that would be incurred would focus solely on the income and amount factored in during the gaining of the assessable income. Similarly, any other amount incurred for gaining of such related income. The court also in its wisdom and guided judgment, outlined that the costs excluded were done so since they were financial losses or capital outgoings of domestic and private nature. Thus, it would be unreasonable unfair for them to be considered along other costs during the stipulated takeover period. Summarily, deductions were only to be made under the first and second limb of 51(1).