Tax Facts - General Value Shifting

The General value shifting regime (GVSR) applies to arrangements that shift value between assets, causing discrepancies between the market values and tax values of the assets. Most value shifts happen when parties don't deal at the market value, causing one asset to decrease while the other increases.

Three scenarios are targeted under the GVSR. Exclusions apply to small values in each of the scenarios, as follows:

- indirect value shifting (exclusion applies if total value shifts under a scheme are less than $150,000)
- direct value shifts on interests (exclusion applies if total value shifted is equal to or less than $50,000)
- direct value shifts by creating rights (exclusion applies if the market value of the right granted exceeds the proceeds for the grant by $50,000 or less).

Generally, the GVSR does not apply to normal commercial dealings conducted at market value, or dealings within consolidated groups. There are several other exclusions and safe harbours in the rules.