


TD 16 - Capital Gains: What is the date of acquisition (or date of disposal) of an asset acquired (or disposed of) on the exercise of an option?

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 This ruling contains references to repealed provisions, some of which may have been rewritten. The ruling still has effect. Paragraph 32 in TR 2006/10 provides further guidance on the status and binding effect of public rulings where the law has been repealed or repealed and rewritten. The legislative references at the end of the ruling indicate the repealed provisions and, where applicable, the rewritten provisions.

 This document has changed over time. This is a consolidated version of the ruling which was published on *29 November 2006*

CGT Cell Determinations do not have the force of law, but can be relied upon as being the considered view of the ATO. Unless otherwise stated, the view expressed may be applied to transactions entered into both before and after the date of issue of the Determination.

CGT Determination Number 16

Capital Gains: What is the date of acquisition (or date of disposal) of an asset acquired (or disposed of) on the exercise of an option?

Determination

1. Where an option is exercised, the acquisition (or grant) of the option and the transaction entered into in exercising the rights and obligations under the option are treated as a single transaction (subsections 160ZZC(7) and (8)).

2. The date of acquisition (or date of disposal) of the asset is the date, determined in accordance with section 160U, of the transaction entered into as a result of the exercise of the option.

Note: This Determination applies whether or not the option was granted pre or post-CGT.

Example:

On 1 April 1990, a landowner grants a taxpayer an option to buy his or her property before 30 June 1991 for \$100,000.

The option fee is \$10,000.

The taxpayer exercises the option. The contract for the sale of the land pursuant to the exercise of the option is executed on 1 June 1991.

The date of the taxpayer's acquisition of the land is 1 June 1991, the date the contract for sale of the land was made (subsection 160U(3)). Correspondingly, this will also be the date of disposal for the vendor landowner.

COMMISSIONER OF TAXATION

31 October 1991

FOI INDEX DETAIL: Reference No. CGT16

Subject Ref: Date of acquisition
Exercise of an option

Legislative Ref: 160ZZC, 160U.

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