

TD 7 - Capital Gains: What are the CGT consequences of sub-dividing pre-CGT land?

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 This document has changed over time. This is a consolidated version of the ruling which was published on *10 March 1999*

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 7

Capital Gains: What are the CGT consequences of sub-dividing pre-CGT land?

Determination

1. Where pre-CGT land is sub-divided after 19 September 1985 the land will maintain its pre-CGT acquisition date because no CGT event has happened. The subdividing of the land is not itself a CGT event: section 112-25 of the ITAA97.

2. In such cases, subsections 108-70(2) and 108-70(3) may have application.

Note: Profits from the sub-division may be taxed as ordinary or statutory income under sections 6-5 or 6-10.

Note: The Addendum to this Determination that issued on 10 March 1999 amends this Determination from the beginning of the 1998-99 income year to change section references and terms used in this Determination to those used in the *Income Tax Assessment Act 1997* (ITAA 1997).

COMMISSIONER OF TAXATION

10 September 1991

FOI INDEX DETAIL: Reference No. CGT 7

Subject Ref: Sub-division of land

Legislative Ref: ITAA 1936 160P(6) ; ITAA 1997 6-5; ITAA 1997 6-10; ITAA 1997 108-70(2); ITAA 1997 108-70(3); ITAA 1997 112-25

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