TD 1999/D65 - Income tax: capital gains: if Australian currency facilitates a CGT event happening to a CGT asset, how is the Australian currency treated for capital gains purposes?

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Australian Taxation Office

Draft Taxation Determination

TD 1999/D65

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Income tax: capital gains: if Australian currency facilitates a CGT event happening to a CGT asset, how is the Australian currency treated for capital gains purposes?

Preamble

Draft Taxation determinations (DTDs) present the preliminary, though considered, views of the Australian Taxation Office (ATO). DTDs should not be relied on; only final Taxation Determinations represent authoritative statements by the ATO.

1. Currency, being notes and coins, is generally the medium of exchange for a CGT event. For the CGT event, the use of the currency as the medium of exchange, of itself, has no direct capital gains consequences.

2. We focus on the CGT asset, the subject of the CGT event. The amount of the Australian currency forms part of the capital proceeds and cost of acquisition for the parties concerned.

Example

3. Grant pays $10,000 in notes to purchase a painting from Debbie. For capital gains purposes we focus on the disposal by Debbie of the painting. The notes merely facilitate the exchange.

Your comments

4. We invite you to comment on this Draft Taxation Determination. We are allowing 4 weeks for comments before we finalise the Determination. If you want your comments considered, please provide them to us within this period.

Comments by date:	10 September 1999
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Commissioner of Taxation
11 August 1999

Subject references:
asset; Australian currency; CGT asset; CGT event; coins; currency; exchange; medium of exchange; notes

Legislative references:

ATO references:
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