


TD 93/D100 - Income tax: where a taxpayer receives an asset other than land as compensation for the compulsory acquisition of a portion of land which he or she used in carrying on a business, is rollover relief under section 160ZZL of the Income Tax Assessment Act 1936 available?

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Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

Draft Taxation Determination

Income tax: where a taxpayer receives an asset other than land as compensation for the compulsory acquisition of a portion of land which he or she used in carrying on a business, is rollover relief under section 160ZZL of the *Income Tax Assessment Act 1936* available ?

1. Yes. Rollover relief is available.
2. Section 160ZZL does not require the replacement asset to be of the same nature as, or used for a similar purpose to, the original asset. Provided the replacement asset is not trading stock it need only be received by the taxpayer as compensation for the compulsory acquisition of the original asset.

Notes:

- (i) Where the original asset is acquired on or after 20 September 1985 the market value of the replacement asset must exceed the amount that would have been the indexed cost base of the resumed portion of land.
- (ii) The taxpayer must make an election that section 160ZZL is to apply.

Example:

X operates a business of commercial development and leasing. X acquires a parcel of land in 1988 for the purpose of constructing office buildings for lease. The State Government compulsorily acquires a portion of this land in exchange for shares in a Government owned investment company. The market value of the shares exceeds the indexed cost base of the resumed portion of land. X intends to hold these shares long term and does not regard them as trading stock.

Section 160ZZL rollover relief is available to X so that the resumed portion of the land will not be taken to have been disposed of and the investment company shares will be deemed to have been acquired for the indexed cost base of the resumed portion of land.

Commissioner of Taxation

29/04/93

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