


TD 93/D104 - Income tax: does the transfer of an asset between the statutory funds of a life insurance company constitute a disposal for income tax purposes?

 This cover sheet is provided for information only. It does not form part of *TD 93/D104 - Income tax: does the transfer of an asset between the statutory funds of a life insurance company constitute a disposal for income tax purposes?*

This document has been finalised by TD 94/43.

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: does the transfer of an asset between the statutory funds of a life insurance company constitute a disposal for income tax purposes?

1. No. An internal transfer of an asset between a life company's statutory funds does not result in taxation implications for the company because there is no disposal or sale for income tax purposes. The life company remains the beneficial owner of the asset both before and after the transfer, as the statutory fund is not a separate entity.
2. It is only upon disposal by a life company to an external party that any profit or loss is realised for taxation purposes.
3. This determination is applicable to both gains assessable under subsection 25(1) and Part IIIA of the *Income Tax Assessment Act 1936*.

Commissioner of Taxation

29/04/93

FOI INDEX DETAIL: Reference No.

Subject Ref: life insurance; asset; transfer of assets; disposal of assets

Legislative Ref: ITAA 25(1); ITAA Part IIIA

ATO Ref: Insurance Industry Cell

ISSN 1038 - 8982