TD 93/D286 - Income tax: capital gains: does subsection 160ZH(9) of the Income Tax Assessment Act 1936 deem market value consideration in subsection 160ZZI(3) where no amount of money or other consideration is given for the acquisition of rights under a policy of life assurance, and the person acquiring the rights is not the original beneficial owner?

This cover sheet is provided for information only. It does not form part of *TD 93/D286 - Income tax: capital gains: does subsection 160ZH(9) of the Income Tax Assessment Act 1936 deem market value consideration in subsection 160ZZI(3) where no amount of money or other consideration is given for the acquisition of rights under a policy of life assurance, and the person acquiring the rights is not the original beneficial owner?*

This document has been finalised by TD 94/32.

Generated on: 30 November 2026, 04:44:52 AM

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Draft Taxation Determination

Income tax: capital gains: does subsection 160ZH(9) of the *Income Tax Assessment Act 1936* deem market value consideration in subsection 160ZZI(3) where no amount of money or other consideration is given for the acquisition of rights under a policy of life assurance, and the person acquiring the rights is not the original beneficial owner?

1. No. Market value consideration will not be deemed to have been paid by a person in situations where that person is not the original beneficial owner of a policy of life assurance and he or she did not give money or other consideration for its acquisition. Subsection 160ZH(9) will not step in to trigger subsection 160ZZI(3).

Example:

In July 1990, George took out a 10 year endowment life assurance policy. George is the original beneficial owner of the rights under the policy.

In December 1992, George disposed of his rights under the policy to his wife, Joan, who did not pay an amount of money or give any other consideration in respect of the acquisition.

Subsection 160ZZI(2) will apply to any subsequent disposal by Joan of the rights under the policy.

Commissioner of Taxation
16/12/93

FOI INDEX DETAIL: Reference No.
Related Determinations: TD 93/D284; TD 93/D285; TD 93/D287; TD 93/D288
Subject Ref: exemption; life assurance policy; market value; original beneficial owner; capitals gains tax
Legislative Ref: ITAA 160ZH(9); ITAA 160ZZI(2); ITAA 160ZZI(3)
ATO Ref: CGTDET92

ISSN 1038 - 8982