

TD 92/124 - Income tax: property development: in what circumstances is land treated as 'trading stock'?

 This cover sheet is provided for information only. It does not form part of *TD 92/124 - Income tax: property development: in what circumstances is land treated as 'trading stock'?*

 This document has changed over time. This is a consolidated version of the ruling which was published on *16 July 1992*

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, the Determination applies to transactions entered into both before and after its date of issue.

Taxation Determination

Income tax: property development: in what circumstances is land treated as 'trading stock'?

1. Land is treated as trading stock for income tax purposes if:
 - . it is acquired for the purpose of resale; and
 - . a business activity which involves dealing in land has commenced.
2. Both the required purpose and the business activity must be present before land is treated as trading stock. The business activity is taken to have commenced when a taxpayer embarks on a definite and continuous cycle of operations designed to lead to the sale of the land.
3. It is not necessary that the acquisition of land be repetitive. A single acquisition of land for the purpose of development, subdivision and sale by a business commenced for that purpose would lead to the land being treated as trading stock.

Commissioner of Taxation

16/07/92

FOI INDEX DETAIL: Reference No. I 1212935

Related Determinations: TD 92/125; TD 92/126; TD 92/127; TD 92/128

Subject Ref: land development; trading stock

Legislative Ref: ITAA 25(1)

ATO Ref: PD/1 A

ISSN 1038 - 3158