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 *7 April 2004*

Generated on: 5 November 2026, 07:55:45 AM

This Determination, to the extent that it is capable of being a 'public ruling' in terms of PartáIVAAA 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.

[Note: This is a consolidated version of this document. Refer to the Tax Office Legal Database (http://law.ato.gov.au) to check its currency and to view the details of all changes.]

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 held 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.

Note: the Addendum to this Determination that issued on 7 April 2004 applies on and from 1 July 1997.

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