



# ***TD 92/171 - Income tax: capital gains : does the principal residence exemption extend to additional land acquired after the time of acquisition of the residence?***

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 This document has changed over time. This is a consolidated version of the ruling which was published on *22 October 1992*

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part 4VAAA 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.

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## Taxation Determination

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### **Income tax : capital gains : does the principal residence exemption extend to additional land acquired after the time of acquisition of the residence?**

1. Yes. The exemption is available provided the following requirements of subsections 160ZZQ(3) and 160ZZQ(4) are satisfied:

- (i) the additional land is adjacent to that on which the dwelling is situated;
- (ii) the total area of land is not greater than 2 hectares;
- (iii) the additional land is used primarily for private or domestic purposes in association with the dwelling; and
- (iv) the additional land is not sold separately from the dwelling.

**Note:** The exemption applies whether or not the dwelling is a pre or post-CGT dwelling.

*Example:*

*Tom and Mary purchase a home in 1987 and occupy it as their sole or principal residence. The home has never been used for income producing purposes.*

*In 1989, they purchase the adjoining vacant block of land on which they construct a private swimming pool. The total of the area of additional land and the area of the land on which the home is situated is less than 2 hectares. In 1991, they enter into a contract to sell the home with the adjoining block.*

*A full principal residence exemption is available.*

**Commissioner of Taxation**

22/10/92

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FOI INDEX DETAIL: Reference No. I 1213449

Previously Draft TD 92/D152

Related Determinations: TD92/115

Subject Ref: Principal residence exemption; adjacent land; separately acquired land

Legislative Ref: ITAA 160ZZQ(3); ITAA160ZZQ(4)

ATO Ref: CGT Cell PRE

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ISSN 1038 - 3158