

TD 93/181 - Income tax: capital gains: a building acquired pre-CGT is relocated to land acquired post-CGT. Can the relocation costs be included in the cost base of the post-CGT land?

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 This document has changed over time. This is a consolidated version of the ruling which was published on 9 September 1993

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVAAA 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, this Determination applies to years commencing both before and after its date of issue. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

Taxation Determination

Income tax: capital gains: a building acquired pre-CGT is relocated to land acquired post-CGT. Can the relocation costs be included in the cost base of the post-CGT land?

1. Yes. Relocation costs are generally considered to be capital expenditure incurred for the purposes of enhancing the value of the post-CGT land.
2. For expenditure to form part of the cost base, paragraph 160ZH(1)(c) of the *Income Tax Assessment Act 1936* requires the following two conditions to be met :
 - (i) the expenditure must enhance the value of the asset; and
 - (ii) the expenditure must be reflected in the state or nature of the asset at the time of disposal.
3. If both conditions are met, the relocation costs may be included in the cost base of the post-CGT land.
4. Relocation costs may include costs associated with construction (see TD 93/184) in addition to such costs as professional fees and other charges.

Commissioner of Taxation
9/9/93