



# ***TD 12 - Capital Gains: What is the consideration for the acquisition of an asset purchased at the expiry of a lease agreement?***

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 This document has changed over time. This is a consolidated version of the ruling which was published on *10 September 1991*

*CGT Cell Determinations do not have the force of law, but can be relied upon as being the considered view of the ATO. Unless otherwise stated, the view expressed may be applied to transactions entered into both before and after the date of issue of the Determination.*

## CGT Determination Number 12

### Capital Gains: What is the consideration for the acquisition of an asset purchased at the expiry of a lease agreement?

#### Determination

It is accepted that in most cases the lessor and lessee will be dealing with each other at arm's length in connection with the acquisition.

2. This means that the consideration for the acquisition of the asset is the consideration actually given and not the market value of the asset, if that is different. That is, paragraph 160ZD(2)(c) does not apply.

*Example:*

*A lessee purchased the leased asset for \$20,000, being its residual value.*

*The lessee sold the asset six months later for \$60,000.*

*The consideration for the acquisition of the leased asset is taken to be \$20,000.*

COMMISSIONER OF TAXATION

10 September 1991

Subject Ref: Leased assets  
Consideration for acquisition

Legislative Ref: ATO Ref: CGT Cell

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