


TD 1999/D96 - Income tax: capital gains: in what circumstances does the expression 'proceeds cannot be valued' in paragraph 116-30(2)(a) of the Income Tax Assessment Act 1997 (market value substitution rule) apply?

 This cover sheet is provided for information only. It does not form part of *TD 1999/D96 - Income tax: capital gains: in what circumstances does the expression 'proceeds cannot be valued' in paragraph 116-30(2)(a) of the Income Tax Assessment Act 1997 (market value substitution rule) apply?*

This document has been finalised by TD 1999/84.



Draft Taxation Determination

Income tax: capital gains: in what circumstances does the expression ‘proceeds cannot be valued’ in paragraph 116-30(2)(a) of the *Income Tax Assessment Act 1997* (market value substitution rule) apply?

Preamble

Draft Taxation Determinations (DTDs) present the preliminary, though considered, views of the Australian Taxation Office. DTDs should not be relied on; only final Taxation Determinations represent authoritative statements by the Australian Taxation Office.

1. The expression applies if capital proceeds cannot be valued at all. Situations where capital proceeds cannot be valued are likely to be rare. Paragraph 116-30(2)(a) of the *Income Tax Assessment Act 1997* does not apply if valuing capital proceeds is merely difficult, costly or inconvenient.
2. As a matter of policy it is inappropriate to apply the market value substitution rule to deem the market value of an asset being sold to constitute the capital proceeds from a CGT event if it is at all possible to value the capital proceeds given. The substitution of market value should, therefore, be used in these circumstances only as a last resort.

Note

3. The above analysis also applies to expenditure that cannot be valued in paragraph 112-20(1)(b) of the cost base market value substitution rule.

Your comments

4. **We invite you to comment on this Draft Taxation Determination. We are allowing 4 weeks for comments before we finalise the Determination. If you want your comments considered, please provide them to us within this period.**

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Commissioner of Taxation

25 August 1999

Previous draft:

Not previously released in draft form

Related Rulings/Determinations:

Subject references:

asset; cannot be valued; capital gains; capital proceeds; CGT asset; CGT event; cost base; market value; market value substitution rule; valuation; value

Legislative references:

ITAA 1997 112-20(1)(b); ITAA 1997 116-30(2)(a)

Case references:

ATO references:

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BO CGT disposal summit 1999; CPL99/81

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