


***TD 92/D224 - Income tax: capital gains: do borrowing expenses form part of the consideration in respect of the acquisition of an asset pursuant to paragraph 160ZH(1)(a)?***

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This document has been finalised by TD 93/1.

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## Draft Taxation Determination

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### **Income tax: capital gains: do borrowing expenses form part of the consideration in respect of the acquisition of an asset pursuant to paragraph 160ZH(1)(a)?**

1. No. As borrowing expenses are costs incurred in obtaining a loan or other finance, they are not part of "any consideration in respect of the acquisition of an asset" (paragraph 160ZH(1)(a) of the *Income Tax Assessment Act 1936*).

2. Although interest incurred on a loan taken out to finance the acquisition of an asset may constitute a 'non-capital cost' and hence be included in the cost base of the asset under paragraph 160ZH(1)(ba), borrowing expenses are not expenses of a non-capital nature as they do not satisfy the requirements of subsection 160ZH(6A).

N.B. Section 67 may permit a deduction to be claimed where loan funds are used to acquire an income-producing asset.

**Commissioner of Taxation**  
26/11/92