


TD 93/D76 - 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 been finalised by [TD 93/181](#).

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

Draft 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, because relocation costs are generally considered to be capital expenditure incurred for the purposes of enhancing the value of the post-CGT land.
2. 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/D79) in addition to such costs as professional fees and other charges.

Commissioner of Taxation

1/4/93

FOI INDEX DETAIL: Reference No.

Related Determinations: TD 93/D75; TD 93/D77; TD 93/D78; TD 93/D79

Subject Ref: Building relocated to post-CGT land; capital expenditure; cost base; relocation costs

Legislative Ref: ITAA 160ZH(1)(c)

ATO Ref: TD/92/0028/PAR (CGTDET 59)

ISSN 1038 - 8982