


# ***TD 2014/16 - Income tax: capital gains: what is the improvement threshold for the 2014-15 income year under section 108-85 of the Income Tax Assessment Act 1997?***

 This cover sheet is provided for information only. It does not form part of *TD 2014/16 - Income tax: capital gains: what is the improvement threshold for the 2014-15 income year under section 108-85 of the Income Tax Assessment Act 1997?*



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# Taxation Determination

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Income tax: capital gains: what is the improvement threshold for the 2014-15 income year under section 108-85 of the *Income Tax Assessment Act 1997*?

**i This publication provides you with the following level of protection:**

This publication (excluding appendices) is a public ruling for the purposes of the *Taxation Administration Act 1953*.

A public ruling is an expression of the Commissioner's opinion about the way in which a relevant provision applies, or would apply, to entities generally or to a class of entities in relation to a particular scheme or a class of schemes.

If you rely on this ruling, the Commissioner must apply the law to you in the way set out in the ruling (unless the Commissioner is satisfied that the ruling is incorrect and disadvantages you, in which case the law may be applied to you in a way that is more favourable for you – provided the Commissioner is not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.

## **Ruling**

1. For the 2014-15 income year, the improvement threshold is \$140,443.

## **Date of effect**

2. This Taxation Determination applies for the 2014-15 income year.

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**Commissioner of Taxation**

25 June 2014

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## Appendix 1 – Explanation

**❶** *This Appendix is provided as information to help you understand how the Commissioner's view has been reached. It does not form part of the binding public ruling.*

### Explanation

3. For the 2014-15 income year, the improvement threshold is \$140,443.
4. The improvement threshold is determined for the purposes of section 108-70 of the *Income Tax Assessment Act 1997* (ITAA 1997) (about when a capital improvement to a pre-CGT asset is a separate asset). It is also determined for the purposes of section 108-75 of the ITAA 1997 (about capital improvements to CGT assets for which a rollover may be available).
5. The improvement threshold is indexed annually – see subsection 108-85(2) of the ITAA 1997.
6. Subdivision 960-M of the ITAA 1997 (about indexation) provides guidance on how to index the improvement threshold amount and how to calculate the indexation factor – see sections 960-270 and 960-275 of the ITAA 1997.
7. This Taxation Determination must be published before the start of the 2014-15 financial year as required by subsection 108-85(3) of the ITAA 1997.

## References

*Previous draft:*

Not previously issued as a draft

- indexation
- improvement threshold
- separate CGT asset

*Related Rulings/Determinations:*

TD 94/56; TD 95/23; TD 96/30; TD 97/12;  
 TD 98/13; TD 1999/29; TD 2000/25;  
 TD 2001/12; TD 2002/12; TD 2003/13;  
 TD 2004/15; TD 2005/20; TD 2006/41;  
 TD 2007/19; TD 2008/13; TD 2009/12;  
 TD 2010/16; TD 2011/13; TD 2012/14;  
 TD 2013/19

*Legislative references:*

- TAA 1953
- ITAA 1997 108-70
- ITAA 1997 108-75
- ITAA 1997 108-85
- ITAA 1997 108-85(2)
- ITAA 1997 108-85(3)
- ITAA 1997 Subdiv 960-M
- ITAA 1997 960-270
- ITAA 1997 960-275
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*Subject references:*

- capital gains tax
- CGT asset

## ATO references

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| NO:           | 1-5JW04W0  |
| ISSN:         | 1038-8982  |
| ATOlaw topic: | Income Tax ~~ Capital Gains Tax ~~ cost base and reduced cost base |

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