# TD 92/124 - Income tax: property development: in what circumstances is land treated as 'trading stock'?

This cover sheet is provided for information only. It does not form part of TD 92/124 - Income tax: property development: in what circumstances is land treated as 'trading stock'?

Units document has changed over time. This is a consolidated version of the ruling which was published on *7 April 2004* 

### Taxation Determination TD 92/124

FOI Status: may be released Page 1 of 1

This Determination, to the extent that it is capable of being a 'public ruling' in terms of PartáIVAAA of the *Taxation Administration Act* 1953, is a public ruling for the purposes of that Part . Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, the Determination applies to transactions entered into both before and after its date of issue.

[Note: This is a consolidated version of this document. Refer to the Tax Office Legal Database (http://law.ato.gov.au) to check its currency and to view the details of all changes.]

#### **Taxation Determination**

## Income tax: property development: in what circumstances is land treated as 'trading stock'?

- 1. Land is treated as trading stock for income tax purposes if:
  - it is held for the purpose of resale; and
  - A business activity which involves dealing in land has commenced.
- 2. Both the required purpose and the business activity must be present before land is treated as trading stock. The business activity is taken to have commenced when a taxpayer embarks on a definite and continuous cycle of operations designed to lead to the sale of the land.
- 3. It is not necessary that the acquisition of land be repetitive. A single acquisition of land for the purpose of development, subdivision and sale by a business commenced for that purpose would lead to the land being treated as trading stock.

**Note:** the Addendum to this Determination that issued on 7 April 2004 applies on and from 1 July 1997.

#### **Commissioner of Taxation**

16/07/92

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Related Determinations: TD 92/125; TD 92/126; TD 92/127; TD 92/128

Subject Ref: land development; trading stock

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