



TD 96/32W - Income tax: capital gains: can an index number for a quarter of a year of income be estimated in calculating the indexation factor under subsection 160ZJ(5) or (5A) of the Income Tax Assessment Act 1936 ?

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 This document has changed over time. This is a consolidated version of the ruling which was published on *21 April 2010*



Notice of Withdrawal

Taxation Determination

Income tax: capital gains: can an index number for a quarter of a year of income be estimated in calculating the indexation factor under subsection 160ZJ(5) or (5A) of the *Income Tax Assessment Act 1936*?

Taxation Determination TD 96/32 is withdrawn with effect from today.

1. Taxation Determination TD 96/32 explains that an estimated index number cannot be used to calculate an indexation factor under subsections 160ZJ(5) or 160ZJ(5A) of the *Income Tax Assessment Act 1936* (ITAA 1936) (used to index the cost base of a CGT asset).
2. Subsections 160ZJ(5) and 160ZJ(5A) of the ITAA 1936 were rewritten into sections 960-270 and 960-275 of the *Income Tax Assessment Act 1997* (ITAA 1997). Subsections 160ZJ(5) and 160ZJ(5A) of the ITAA 1936 were later repealed by the *Tax Laws Amendment (Repeal of Inoperative Provisions) Act 2006* (Act No. 101 of 2006), with effect from 14 September 2006.
3. The indexation method for calculating the cost base of a CGT asset has been 'frozen'. That is, it can only be used in working out a capital gain on a CGT asset acquired before 21 September 1999 and, if chosen (in preference to the discount method in Division 115 of the ITAA 1997), relevant cost base expenditure can only be indexed up until 30 September 1999: refer to Division 114 of the ITAA 1997 and the method of calculating the indexation factor in section 960-275 of the ITAA 1997 (in particular the numerator in each of the fractions in subsections 960-275(2) and 960-275(3) of the ITAA 1997).
4. Therefore, TD 96/32 will be withdrawn (rather than updated to reflect the relevant provisions in the ITAA 1997) because the issue dealt with by the Determination can no longer arise.

TD 96/32

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ATO references

NO: 2006/20258

ISSN: 1038-8982

ATOlaw topic: Income Tax ~~ Capital Gains Tax ~~ miscellaneous