

TD 93/D2 - Income tax: is rollover relief available under section 160ZZK of the Income Tax Assessment Act 1936 for an involuntary disposal of an asset where taxpayers are forced to dispose of an asset due to an adverse change in their financial circumstances?

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This document has been finalised by TD 93/82.

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: is rollover relief available under section 160ZZK of the *Income Tax Assessment Act 1936* for an involuntary disposal of an asset where taxpayers are forced to dispose of an asset due to an adverse change in their financial circumstances?

1. No. Rollover relief is only available under section 160ZZK where the disposal is brought about by the compulsory acquisition of the asset, or by the loss or destruction of the asset.
2. 'Compulsory acquisition' is defined in subsection 160ZZK(7C) to mean a compulsory acquisition of the asset by an Australian Government or by an Australian Government Authority.

Example :

A taxpayer acquires a block of land to construct a building. The taxpayer subsequently discovers that he cannot afford to construct the building and has to sell the property.

This does not constitute an involuntary disposal for the purposes of section 160ZZK. The taxpayer is therefore not entitled to rollover relief.

Commissioner of Taxation

21/01/93

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