


# ***IT 182 - Income tax: section 26AAA - sale of lease and attached goodwill***

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TAXATION RULING NO. IT 182

SECTION 26AAA - SALE OF LEASE AND ATTACHED GOODWILL

F.O.I. EMBARGO: May be released

REF

H.O. REF: J.153/117/13 P3 F5

DATE OF EFFECT:

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F.O.I. INDEX DETAIL

REFERENCE NO:

SUBJECT REFS:

LEGISLAT. REFS:

I 1102159

PROPERTY SOLD WITHIN  
12 MONTHS  
LEASE AND GOODWILL

26AAA

FACTS

Representations were received from a firm of public accountants concerning the application of section 26AAA in a situation where a value is placed on goodwill of a business at the time of its sale to a company. The sale encompassed a wholesale business that was started up within the last twelve months when the proprietors acquired a lease of the business premises. The business was to be taken over by a company, shares in which would be owned by the present proprietors.

RULING

2. On these facts it would appear that the sale of the lease with the attached goodwill would be within the provisions of section 26AAA if the sale is made at a profit and takes place within the period of one year from when the lease of the business premises was acquired. The view is held that, in measuring the profit arising on the sale of an estate or interest in land or other property, the amount of any part of the sale price that is attributed to goodwill attaching to the property is to be taken into account.

COMMISSIONER OF TAXATION