

# ***TD 92/132 - Income tax: property development: if land is trading stock, do related interest costs, council rates and land taxes, form part of the cost price for trading stock valuation purposes?***

! This cover sheet is provided for information only. It does not form part of *TD 92/132 - Income tax: property development: if land is trading stock, do related interest costs, council rates and land taxes, form part of the cost price for trading stock valuation purposes?*

! This ruling contains references to repealed provisions, some of which may have been rewritten. The ruling still has effect. Paragraph 32 in [TR 2006/10](#) provides further guidance on the status and binding effect of public rulings where the law has been repealed or repealed and rewritten. The legislative references at the end of the ruling indicate the repealed provisions and, where applicable, the rewritten provisions.

! This document has changed over time. This is a consolidated version of the ruling which was published on *29 November 2006*

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part 4VAAA 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.

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## Taxation Determination

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### **Income tax: property development: if land is trading stock, do related interest costs, council rates and land taxes, form part of the cost price for trading stock valuation purposes?**

1. No. If land is acquired by a business as trading stock, interest, council rates and land tax incurred on and after the acquisition of the land do not form part of the cost price for the purposes of subsection 31(1) of the *Income Tax Assessment Act 1936* (the Act). These costs are incurred in holding the land whether or not it is subject to any future development.
2. Provided the requirements of the Act are met, related interest, council rates and land tax are deductible in the year in which they are incurred.

**Commissioner of Taxation**  
30/7/92

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FOI INDEX DETAIL: Reference No. I 1213013

Related Determinations: TD 125

Subject Ref: valuation of land as trading stock; property development; trading stock

Legislative Ref: ITAA 31(1)

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