

TD 23 - Capital Gains: Can incidental costs incurred after an asset is disposed of form part of the cost base of the asset?

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 This ruling contains references to repealed provisions, some of which may have been rewritten.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in [TR 2006/10](#) provides further guidance on the status and binding effect of public rulings where the law has been repealed or repealed and rewritten. The legislative references at the end of the ruling indicate the repealed provisions and, where applicable, the rewritten provisions.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

CGT Cell Determinations do not have the force of law, but can be relied upon as being the considered view of the ATO. Unless otherwise stated, the view expressed may be applied to transactions entered into both before and after the date of issue of the Determination.

CGT Determination Number 23

Capital Gains: Can incidental costs incurred after an asset is disposed of form part of the cost base of the asset?

Determination

1. A capital gain or loss arises in the year in which a taxpayer disposes of an asset. The cost base of an asset includes incidental costs to the taxpayer in respect of the acquisition or disposal of the asset.
2. Incidental costs are defined in subsections 160ZH(5) and (7) as expenses incurred in connection with the acquisition or disposal. There is no requirement that the calculation of the cost base be limited to expenditure incurred before the time of disposal.

Example:

A taxpayer contracts to sell a post-CGT block of land on 23 June 1990. Legal and professional costs of \$500 are incurred in July 1990 on settlement. Such incidental costs of \$500 are included in the cost base of the land.

COMMISSIONER OF TAXATION

31 October 1991

FOI INDEX DETAIL: Reference No. CGT 23
Subject Ref: Incidental costs, Cost base.
Legislative Ref: 160ZH(5) and (7). ATO Ref: CGT Cell