TD 57 - Capital Gains: How are compensation payments for the loss or destruction of an uninsured asset treated?

This cover sheet is provided for information only. It does not form part of *TD 57 - Capital Gains: How are compensation payments for the loss or destruction of an uninsured asset treated?*

This ruling contains references to repealed provisions, some of which may have been rewritten.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32 in TR 2006/10 provides further guidance on the status and binding effect of public rulings where the law has been repealed or repealed and rewritten. The legislative references at the end of the ruling indicate the repealed provisions and, where applicable, the rewritten provisions.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 57

Capital Gains: How are compensation payments for the loss or destruction of an uninsured asset treated?

Determination

1. The entire loss or destruction of an asset, or loss or destruction of part of an asset, constitutes a disposal of that asset, or part of that asset (section 160N).

2. Where an uninsured asset, or part of an uninsured asset is lost or destroyed, any payment received as compensation by a taxpayer, is taken to be an amount of money received "as a result of or in respect of" the disposal of that asset or part of that asset (section 160ZD). If an uninsured asset was acquired before 20 September 1985, no part of the compensation payment received in relation to that asset would be subject to CGT.

Note: This Determination should be read in conjunction with CGT Determination No.31 which deals with the treatment of proceeds from insurance policies.

COMMISSIONER OF TAXATION
21 May 1992

FOI INDEX DETAIL: Reference No. CGT 57

Subject Ref: Lost or destroyed assets; uninsured assets, compensation payments

Legislative Ref: 160N;160ZD ATO Ref: CGT Cell; CGT 31

ISSN 1037 - 1419