



ASSISTANT TREASURER

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**PRESS
RELEASE**

DRAFT LEGISLATION TO PROVIDE HOME OWNERS CAPITAL GAINS TAX RELIEF FOR PARTIAL COMPULSORY ACQUISITIONS

The Assistant Treasurer, Senator Nick Sherry, has today released for public comment exposure draft legislation to extend the capital gains tax (CGT) main residence exemption for compulsory acquisitions of land or structures that are adjacent to a taxpayer's main residence.

"This legislation will ensure capital gains and losses from the compulsory acquisition of land that is adjacent to a taxpayer's main residence are CGT exempt," the Assistant Treasurer said.

"Because of the main residence exemption, home owners are already CGT exempt if their dwellings are compulsorily acquired and this measure will ensure any adjacent land or structure is treated in the same way."

"It corrects an inappropriate outcome to ensure home owners will not be made worse off by such compulsory acquisitions compared with the tax outcome that would apply if the dwelling were also being acquired."

A taxpayer will be able to disregard a capital gain or a capital loss where there is a compulsory acquisition, or similar arrangement, of adjacent land or an adjacent structure that is part of the taxpayer's main residence where the dwelling is not also being compulsorily acquired.

"To ensure consistency with the existing main residence CGT exemption, limits will apply to the area of land that can be covered under the new exemption," the Assistant Treasurer said.

The CGT exemption will apply to CGT events happening on or after the day which the amending Act receives Royal Assent. However, taxpayers will be able to choose to apply the provisions to CGT events that have happened since the beginning of the 2004-05 income year until the day before Royal Assent.

Copies of the consultation materials are available at www.treasury.gov.au.

The consultation period on the exposure draft legislation closes on 14 July 2010.

CANBERRA

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Media contact: Joe Scavo 0413 800 757