

Collectables & Personal Use Assets

CGT assets can also include assets that are used or kept mainly for the personal use or enjoyment of a taxpayer or associate. These are known as 'personal-use assets' and 'collectables'. Generally they are not subject to CGT however where the personal use asset is acquired for more than \$10,000 or the collectable is acquired for \$500 or more then it may be subject to special CGT rules that are different to the CGT rules that apply to other CGT assets.

A 'personal-use' asset is an asset (excluding land & buildings) that is mainly for the personal use or enjoyment of a taxpayer or associate eg a boat. A personal use asset is only subject to capital gains if it was acquired for more than \$10,000. Capital losses are not taken into account for personal use assets. Personal use assets that are normally disposed of as a set will be taken to be one asset.

A collectable means any of the following:

- Artwork, jewellery, an antique, a coin or a medallion
- A rare folio, manuscript, or book, or
- A postage stamp or first-day cover

Artwork held as a long-term investment in the expectation of capital appreciation (as opposed to being held for business or profit making purposes) is a collectable. The ATO regards an 'antique' as an object of artistic and historical significance that is at least 100 years old at the time of its disposal.

A collectable is only subject to capital gains & losses if it is acquired for \$500 or more. If a capital loss from a collectable exceeds capital gains from collectables in an income year, the excess is carried forward to be applied against future gains from collectables. Unapplied net capital losses from collectables are applied in the order in which they were made. Capital losses from other assets can be offset against any 'net' capital gains from collectables.

If a collectable is jointly owned a taxpayer's interest in the collectable will still be subject to CGT if the market value of the collectable itself exceeds the \$500 threshold. The costs of holding a collectable cannot be included in the cost base.

Please see us for assistance if you think these rules may apply to you.