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CGT GUIDE

When Do I Need a Property Valuation?



There isn't one single rule for when you need a property valuation for tax purposes — but there is a common thread: it comes up whenever a specific date, rather than today, determines what a property was worth. Understanding the handful of situations where this happens can save you from relying on a number that won't hold up if it's ever reviewed.

How to tell if you actually need one

As a general rule: if a specific date — not today — determines your tax position, an independent valuation prepared for that purpose and that date is the more defensible path than an estimate or informal opinion. If you're only asking "what's my house worth right now" ahead of a sale that's happening now, a formal CGT valuation usually isn't required — your actual sale price does that job.

The five most common triggers



A CGT event or legislative change

When legislation changes how a capital gain is calculated, it typically nominates a specific valuation date rather than asking taxpayers to work everything out from the original purchase price. Where a change like this applies to your property, the market value at that legislated date becomes the figure your CGT calculation is built from — not today's value, and not your original purchase price.



A former home turned into a rental (or the reverse)

This is the single most common trigger property owners run into. Under the ATO's "home first used to produce income" rule, if a property was your main residence and you later start renting it out, you may be treated as having acquired the property at its market value on the date you first used it to earn income — not what you originally paid for it. Separately, the ATO's six-year rule can let you continue treating a former home as your main residence for CGT purposes for up to six years after you move out and start renting it, provided you don't nominate another property as your main residence in the meantime. Get the interaction between these two rules wrong, and you can significantly over- or under-state your CGT position.



Inherited property

When a property passes to a beneficiary, its value at the date of death can determine the beneficiary's cost base going forward — particularly where the property was the deceased's main residence, or was acquired before CGT began on 20 September 1985. See our dedicated guide, [CGT Valuations for Inherited Property](#), for the full detail.



A related-party transfer

Transferring property to a family member, an SMSF, a trust or another related party — including as a gift — engages the ATO's market value substitution rule. Where parties aren't dealing with each other at arm's length, or where nothing (or less than market value) changes hands, the transaction is generally treated as if it occurred at market value for CGT purposes, regardless of what was actually paid.



A retrospective requirement

Sometimes the relevant date has already passed by the time you realise a valuation is needed — a historical change of use, an old related-party transfer now under review, or an estate that's taken years to finalise. In these cases, a retrospective valuation reconstructs the property's value as at that earlier date. See our dedicated guide, [Retrospective Property Valuations](#), for how this works.

What "acceptable evidence" generally looks like

Not every figure carries the same weight for CGT purposes. Generally acceptable: an independent valuation from a suitably qualified valuer, prepared for the specific purpose and as at the relevant date, and supported by comparable sales evidence. Generally not accepted on its own: a free automated online estimate, a real estate agent's appraisal, a council rates notice, an insurance valuation, or any valuation from someone with a personal or financial interest in the outcome.

What happens if you skip it

Without a supportable, independently established value at the relevant date, you may need to fall back on a less precise apportionment method — essentially, drawing a straight line between two dates rather than reflecting the property's actual value at the date that matters. Because property markets rarely move in a straight line, this can work against you as easily as for you. If your position is ever reviewed and the figure you've used isn't supportable, you risk an amended assessment, interest, and potentially penalties.

Who typically needs to think about this

- Property investors changing how a property is used
- Executors and beneficiaries of a deceased estate
- Families transferring property between related parties
- SMSF trustees acquiring or disposing of property
- Anyone advised by their accountant that a specific date applies to their situation



FAQs

Do I need a valuation every time I sell an investment property?

Not always. If a property has been used to earn income for its entire ownership period, with no related-party transfer involved, your actual purchase price and sale price are generally the relevant CGT figures. A valuation becomes important once a specific past date, not the sale date, determines your cost base, such as a change of use or an inheritance.

What's the difference between the six-year rule and the home-first-used-to-produce-income rule?

The six-year rule can preserve your full main residence exemption for up to six years after you move out and rent out a former home, provided you don't nominate another main residence in that time. The home-first-used-to-produce-income rule is a separate cost-base rule that resets your acquisition value to market value on the date you first rent the property out, and typically applies once the six-year exemption no longer covers the full ownership period.

Can I use my council rates notice or a bank valuation instead?

Generally, no. A council rates notice reflects a statutory site value used for local rating purposes, not the property's actual market value, and a bank valuation is prepared for lending purposes rather than as tax evidence. Neither is typically accepted as independent, adequately supported proof of value for CGT purposes — an independent valuation prepared for the specific date is the safer option.

What if I've never had the property valued and it's been years?

This is exactly what a retrospective valuation is for. A qualified valuer can establish what the property was worth at a historical date using period-appropriate comparable sales and market evidence, even if the valuation itself is commissioned years after that date. The longer the gap, the more research is typically needed to reconstruct reliable evidence.

Is my own home affected by any of this?

Your main residence is generally exempt from capital gains tax for as long as it remains your home. That exemption can become partial once the property is used to produce income, for example if you rent out a room or move out and lease the whole property, which is exactly when the rules above start to matter.

Do I need a valuation for a related-party transfer even if no money changes hands?

Yes. Under the ATO's market value substitution rule, a property transferred as a gift, or between parties not dealing with each other at arm's length, is still treated as occurring at market value for CGT purposes, regardless of what was actually paid. An independent valuation is generally the safest way to support that figure if it's ever reviewed.

Note: General information only. This does not constitute tax advice. Whether a valuation is required, and which date applies, should be confirmed with your accountant or tax adviser.