

When an Isolated transaction forms a Business in Itself (Whitfords Beach 1982):

ISOLATED TRANSACTION

If the transaction shows certain amounts of **effort, capital and planning** then this is more likely to be the case;

We need to recognise whether selling land or house, unit was **Merely realization (Not OI)** or involves **Carrying out a business (OI)**

Mere realization:

Own large piece of land, sell it without undertaking much development → does not 'form a business in itself' (Whitfords Beach not apply)

Carrying out a business

Before sell land: subdivide it, put water, gas facilities, build units and then sell → extensively develop the land. → Whitfords Beach would apply and generate OI.

Scottish Australian Mining v FCT (1950): → court decided no OI, but now it's wrong

FCT v Whitfords Beach (Full High Court) 1982

Stevenson v FCT (1991): subdivided farmland, very extensively developed. → OI

Statham v FCT (1988): arrange city council to subdivide land, connecting land to electricity, construction roads → **Not OI, handed over process to city council, no involvement in selling process**

Consider:

- The scope of development
- Whether was merely subdivided and nothing else was done (no physical development)

Extraordinary transactions (still apply **Whitfords**)