

TD 92/D233 - Income tax: can a claim be made under section 124ADG in the current year if the taxpayer has no petroleum field but has acquired a permit interest with a valid section 124AB notice transferring an expenditure balance? The expenditure (section 124AB) qualifies as allowable expenditure under section 124AA.

 This cover sheet is provided for information only. It does not form part of *TD 92/D233 - Income tax: can a claim be made under section 124ADG in the current year if the taxpayer has no petroleum field but has acquired a permit interest with a valid section 124AB notice transferring an expenditure balance? The expenditure (section 124AB) qualifies as allowable expenditure under section 124AA.*

This document has been finalised by TD 93/24.

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

Draft Taxation Determination

Income tax: can a claim be made under section 124ADG in the current year if the taxpayer has no petroleum field but has acquired a permit interest with a valid section 124AB notice transferring an expenditure balance? The expenditure (section 124AB) qualifies as allowable expenditure under section 124AA.

1. No a claim cannot be made under section 124ADG in the current year where no petroleum field exists. Subsection 124ADG(3) requires a comparison to be made between 10 years, reducing for the number of years a deduction has already been claimed, and the estimated life of the field or proposed field.
2. Where there is no field or proposed field, there is no basis on which to allow a deduction.
3. Subsection 124ADG(8) denies a deduction for capital expenditure on property where the properties have been used for the purpose of carrying on prescribed petroleum operations have ceased.
4. Similarly, a deduction under section 124AH for exploration or prospecting expenditure is only available where the taxpayer carries on or proposed to carry on prescribed petroleum operations or carry on a business of exploring or prospecting for petroleum.

Commissioner of Taxation

10/12/92

FOI INDEX DETAIL: Reference No.

Related Determinations:

Related Rulings:

Subject Ref: allowable expenditure; petroleum prospecting

Legislative Ref: ITAA 124ADG; ITAA 124AH

Case Ref:

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