



TD 92/D234 (Withdrawn) - Income tax: where a taxpayer has incurred section 122J exploration or prospecting expenditure in the search for minerals , does section 122K apply to give rise to either an assessable balancing charge or deductible balancing amount on a subsequent abandonment or disposal of that area?

 This cover sheet is provided for information only. It does not form part of *TD 92/D234 (Withdrawn) - Income tax: where a taxpayer has incurred section 122J exploration or prospecting expenditure in the search for minerals , does section 122K apply to give rise to either an assessable balancing charge or deductible balancing amount on a subsequent abandonment or disposal of that area?*

 This document has been Withdrawn.

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: where a taxpayer has incurred section 122J exploration or prospecting expenditure in the search for minerals , does section 122K apply to give rise to either an assessable balancing charge or deductible balancing amount on a subsequent abandonment or disposal of that area?

1. Exploration and prospecting can be carried forward indefinitely under section 122J even where the particular area to which the expenditure relates has been abandoned or disposed. This allows the taxpayer to carry forward unsuccessful exploration and prospecting expenditure indefinitely until a successful income generating tenement is discovered.
2. However, where the taxpayer no longer carries on or proposes to carry on prescribed mining operations or a business of exploring or prospecting for minerals obtainable by such operations, subsection 122J(4D) is no longer satisfied . The expenditure can no longer be carried forward or claimed as a deduction.
3. It is only once the taxpayer has ceased his general mining activities that section 122K will operate to allow a balancing adjustment.

Commissioner of Taxation
10/12/92

FOI INDEX DETAIL: Reference No.

Related Determinations:

Related Rulings:

Subject Ref: exploration; mining; prospecting

Legislative Ref: ITAA 122J; ITAA 122K

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