


IT 142 - Mining operations : harvesting and washing operations

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TAXATION RULING NO. IT 142

MINING OPERATIONS : HARVESTING AND WASHING OPERATIONS

F.O.I. EMBARGO: May be released

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MINING

DIVISION 10

HARVESTING OPERATIONS

WASHING OPERATIONS

CRYSTALLIZATION

FACTS

The Full High Court in FCT v I.C.I Australia Ltd. (1972) 46 ALJR 679 upheld the previous decision that the activities conducted by I.C.I. at Port Alma to the stage of crystallization of the salt were mining operations upon a mining property within the meaning of Division 10. However, the Court refrained from deciding whether the harvesting and washing operations, subsequent to crystallization, were part of the mining operations.

2. The salt produced at Port Alma is used largely by the company in the production of chlorine. It would be of advantage to the company to argue that the harvesting and washing operations were not mining operations but the first stages in the manufacture of chlorine - this approach would enable the company to obtain depreciation and investment allowance deductions on the cost of new plant used in these operations.

RULING

3. Bearing in mind, however, that the harvesting and washing are part of a continuous operation, it has been decided that it would be more natural and logical to regard the harvesting and washing as mining operations.

COMMISSIONER OF TAXATION