


IT 2019 - Income tax : eligibility for depreciation under section 57AJ of equipment used to record petroleum sales and keep customer records

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TAXATION RULING NO. IT 2019

INCOME TAX : ELIGIBILITY FOR DEPRECIATION UNDER SECTION
57AJ OF EQUIPMENT USED TO RECORD PETROLEUM SALES AND
KEEP CUSTOMER RECORDS

F.O.I. EMBARGO: May be released

REF

H.O. REF: L80/56

DATE OF EFFECT:

B.O. REF:

DATE ORIG. MEMO ISSUED: 15.02.83

F.O.I. INDEX DETAIL

REFERENCE NO:

SUBJECT REFS:

LEGISLAT. REFS:

I 1102794

DEPRECIATION
PETROLEUM STORAGE
FACILITIES

57AJ

PREAMBLE

A firm of chartered accountants sought a ruling on whether certain equipment to be marketed in Australia for use in the petroleum retailing industry will qualify for the special 100% rate of depreciation under section 57AJ.

FACTS

2. The equipment consists of standing or wall-mounted consoles that are connected to gasoline pumps. There are several models that vary in the range and complexity of the functions they perform, but each allows customers to obtain fuel by inserting a special credit card, records each transaction in terms of money and fuel, and has a barring mechanism to prevent "overdrawn" customers from obtaining fuel. The more sophisticated models print details of each filling on a tape, including date, customer number, quantity of fuel etc., that information being duplicated on floppy disc.

RULING

3. To be eligible for depreciation under section 57AJ the equipment must be for use wholly and exclusively for the purpose of storage in Australia of petroleum fuel for the purpose of sale as fuel or for use as fuel in the course of the carrying on of the business. Alternatively, the equipment must be for use wholly and exclusively for the purpose of conveying petroleum fuel into or out of, or measuring the amount of petroleum fuel in, eligible storage.

4. The equipment under consideration could not be accepted as satisfying either of these eligibility requirements. Its essential purpose is to provide a range of customer transaction facilities. In these circumstances the equipment would not qualify for the special depreciation basis available under section 57AJ.

COMMISSIONER OF TAXATION
25 February 1983