


IT 2392 - INCOME TAX: DEPRECIATION : FLOATING MARINAS

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TAXATION RULING NO. IT 2392

INCOME TAX: DEPRECIATION : FLOATING MARINAS

F.O.I. EMBARGO: May be released

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1210705	DEPRECIATION	54
	FLOATING MARINAS	55
		57AG
		57AL

FACTS

A floating marina is a series of floating pontoons attached to concrete pylons driven into the sea bed. The floating pontoons are approximately 1.2 metres square and are constructed of polystyrene encased in a thin layer of concrete. The pontoons when connected form numerous berthing sections or docks and access to each berth is provided by walkways. The modular nature of the system allows for differing configurations of pontoons and the replacement of damaged pontoons. The pontoons surround the concrete pylons so that as the tide rises and falls the pontoons move up and down the pylons. Heavy rubber rollers hold the pontoons as they rise and fall with the tide.

2. Floating marinas are used to derive assessable income from rentals paid by boat owners for the mooring of their vessels.

RULING

3. Floating marinas are accepted as plant for the purpose of section 54 of the Income Tax Assessment Act.

4. Available information indicates that the effective life of the floating pontoons and the concrete pylons are approximately 20 years assuming that they are maintained in reasonably good order and condition.

5. An annual prime cost depreciation rate of 5% has been fixed under sub-section 55(1) of the Act. The general depreciation loading under section 57AG and the accelerated prime cost depreciation provisions of section 57AL will also apply in appropriate circumstances.

COMMISSIONER OF TAXATION
9 April 1987