


IT 2592 - Income tax : cost of mains electricity connections

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TAXATION RULING NO. IT 2592

INCOME TAX : COST OF MAINS ELECTRICITY CONNECTIONS

F.O.I. EMBARGO: May be released

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F.O.I. INDEX DETAIL

REFERENCE NO: SUBJECT REFS: LEGISLAT. REFS:

I 1011998 MAINS ELECTRICITY 70A
CONNECTIONS
METERING POINTS

PREAMBLE This Office recently considered whether a deduction is allowable under section 70A of the Income Tax Assessment Act 1936 where the consumption of electricity is metered at a point outside the taxpayer's land.

2. A deduction is allowable under section 70A for the cost of connection of mains electricity facilities to land owned by the taxpayer claiming the deduction or to land in which the taxpayer has a leasehold, tenancy or other interest. A further requirement is that the taxpayer be carrying on a business on that land for the purpose of producing assessable income.

3. Subparagraph 70A(11) (a) (i) provides that the phrase "the connection to any land of mains electricity facilities" refers to the connection of mains electricity cables from a point either on or outside the taxpayer's land to a point on the taxpayer's land at which the consumption of electricity supplied through those cables is to be metered.

RULING 4. The provisions of section 70A require a taxpayer claiming a deduction for the cost of connection of mains electricity, to either own the land or have some other proprietary interest in the land on which the consumption of the electricity supplied through the cables is metered.

5. Where the consumption of electricity is metered at a point which lies outside the taxpayer's land, the cost of connection of mains electricity is not an allowable deduction under section 70A.

COMMISSIONER OF TAXATION
13 June 1990