

IT 2611 - Income tax: depreciation of radar detectors

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TAXATION RULING NO. IT 2611

INCOME TAX: DEPRECIATION OF RADAR DETECTORS

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I 1012341	RADAR DETECTORS DEPRECIATION	51(4) 54

PREAMBLE

This Ruling considers whether depreciation of radar detectors installed in motor vehicles used for income producing purposes is an allowable deduction under section 54 of the Income Tax Assessment Act 1936 (the Act). Generally speaking, that section requires that plant or articles be used by the taxpayer during the year of income for the purpose of producing assessable income or that they be installed ready for use for that purpose.

2. The reason put forward in support of deductibility of these items is that a radar detector is usually attached to a vehicle and therefore forms part of the vehicle in the same way as a radio, air conditioner or other equipment within the car. According to this view, a deduction for depreciation would be available provided the motor vehicle was used by the taxpayer during the year of income for the purpose of producing assessable income.

3. Alternatively, it was argued that even if a radar detector did not form part of the vehicle, it could be depreciated as a separate item of plant or equipment used for the purpose of producing assessable income.

RULING

4. Claims for depreciation of a motor vehicle that include the cost of a radar detector are not allowable to the extent that the claim is attributable to the radar detector. This is because a distinction must be drawn between radar detectors and other items such as radios, air conditioners, etc. Items such as radios and air conditioners are extras (not always optional) usually provided by the vehicle manufacturer or dealer. If they are attached to the vehicle at the time of purchase there is no practical option other than to accept them as part of the vehicle. If they are added on after purchase they would not necessarily form part of the cost of the vehicle for depreciation purposes.

5. On the other hand, radar detectors are not an extra available from vehicle manufacturers. They are purchased

completely separate from the vehicle and their cost is readily identifiable. They are a separate addition to the vehicle and are not part of the cost of the vehicle.

6. As to the issue of whether radar detectors can be depreciated under section 54 as separate items of plant or equipment, the question that arises is whether they are used for the purpose of producing assessable income.

7. It is considered that radar detectors are not used for the purpose of producing assessable income. They merely reduce the likelihood of speeding drivers being detected by police and thereby incurring a traffic fine. Because of the operation of subsection 51(4) of the Act, such fines if incurred would not be tax deductible.

8. Taxpayers who purchase radar detectors do so with the intention of avoiding the penalty for breaching the law. These devices are used primarily to frustrate the law and as such do not have the character of a business expense. Consequently, depreciation on radar detectors under section 54 of the Act is not allowable.

COMMISSIONER OF TAXATION
30 August 1990