

# ***IT 64 - Investment allowance - mushroom growing units and associated plant and equipment***



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TAXATION RULING NO. IT 64

INVESTMENT ALLOWANCE - MUSHROOM GROWING UNITS AND  
ASSOCIATED PLANT AND EQUIPMENT

F.O.I. EMBARGO: May be released

REF

N.O. REF: 77/3503 F27

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1100144	MUSHROOM GROWING UNITS STRUCTURAL IMPROVE- MENTS INVESTMENT ALLOWANCE PLANT	82AB 82AF(1) (b) 82AE 82AA

FACTS

Representations were made concerning the availability of investment allowance in respect of controlled environment mushroom growing units and associated plant and equipment.

2. The complex consists of growing, peak heat and spawn running rooms and the new type bulk pasteurising and spawn running tunnels which are erected within a "shed" consisting of a roof, open walls and a concrete raft floor, that, apart from the special double floor structure in the bulk pasteurising and spawn running tunnels, the concrete floor the shed forms the floor of the rooms and tunnels and, in some cases, a concrete block wall is built on the outer edge of the floor of the shed to protect the rooms and tunnels from direct sunlight.

RULING

3. The whole of the shed (its roof, concrete raft floor, walls (if any) and any concrete block shielding wall) would be regarded as a structural improvement and not eligible for the investment allowance.

4. On the other hand, the growing, peak heat and spawn running rooms, and the bulk pasteurising and spawn running tunnels, including those rooms erected out of insulated concrete blocks, and Rudnev type rooms and tunnels, including those with an exposed end built of insulated concrete blocks, would each be regarded as a separate unit of property that is not excluded from the investment allowance as a structural improvement. Subject to other conditions being satisfied, it is considered that these rooms and tunnels would qualify for the investment allowance. In this regard, the special double floor, the walls and the ceiling of a bulk pasteurising tunnel would be treated as a unit of property.

5. The investment allowance would, of course, also be available in respect of associated items of plant such as air-conditioning

including pipes and ducting, heating equipment installed in the rooms and tunnels as well as mechanical loaders, harvesters, etc. The growing platforms ("shelving") in the growing room, the associated nylon nets and motor/gearbox would also qualify. It is considered that each unit of shelving, each net and each motor/gearbox would constitute a unit of property for investment allowance purposes.

6. It will be appreciated that the investment allowance conditions include the requirement that the deduction is available only in respect of separate units of property costing more than \$500. The foregoing comments, in particular those relating to plant and equipment set up in or associated with the use of the rooms and tunnels, should be read with this minimum cost limit on an eligible unit of property in mind.

7. In some cases the walls of a room would be replaced several times before its ceiling needs replacement. It is relevant to mention in this regard that the investment allowance would not be available unless a whole unit of property is replaced, e.g., all four walls and ceiling of a growing room or all four walls and ceiling and special double floor of a bulk pasteurising room.

8. The decision that these various rooms and tunnels are plant that are not structural improvements of a kind excluded from the investment allowance is based on the following considerations -

- (a) they are first and foremost items of plant and function wholly and exclusively as plant structures;
- (b) they are not -
  - (i) structures made primarily to improve the land;
  - (ii) structures or parts of buildings that are regarded as plant only because they are integral with attached items of plant; or
  - (iii) buildings or structures whose main function is to support plant or provide a setting for the operation of plant.

COMMISSIONER OF TAXATION