


IT 7 - Rates of depreciation - curtains and drapes

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TAXATION RULING NO. IT 7

RATES OF DEPRECIATION - CURTAIN AND DRAPES

F.O.I. EMBARGO: May be released

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FACTS

It has been a long established practice that the cost of curtains and drapes used in income producing properties or business premises would be allowed as an outright deduction in the year that the furnishings were replaced.

2. A review of this policy was undertaken in 1964 but it was decided that, because of the variations in materials used, it was not practicable to estimate an effective life upon which to base a rate which could be applied generally.

3. The matter has now been re-examined in the light of changing circumstances and increased costs in recent year. Regard has also been had to the decision of the High Court in *FC of T v Faichney*, (1972) 129 CLR3B, where Mason, J. held, inter alia, that curtains were "articles" within the meaning of Section 54(1) of the Assessment Act.

RULING

4. It has accordingly been decided that a depreciation rate of 15% Prime Cost (22 1/2% Diminishing Value), based on an effective life of approximately 7 years, will be applicable to all curtains and drapes acquired after 30 June 1981 and used in connection with the production of assessable income. However, assessors may continue to allow claims on a replacement basis where the amounts involved are of a minor nature.

COMMISSIONER OF TAXATION