

TAXATION RULING NO. IT 78

INVESTMENT ALLOWANCE : PETROLEUM PRODUCTS PIPELINE

F.O.I. EMBARGO: May be released

REF

H.O. REF: 80/3156 F40

DATE OF EFFECT:

B.O. REF:

DATE ORIG. MEMO ISSUED: 04.03.80

F.O.I. INDEX DETAIL

REFERENCE NO: SUBJECT REFS:

LEGISLAT. REFS:

I 1104696

DEPRECIATION

54

INVESTMENT ALLOWANCE

82AA - 82AQ

PETROLEUM PRODUCTS PIPELINE

PREAMBLE

Consideration has been given to the question of whether the costs of trenching and backfilling for an underground petroleum products pipeline form part of the capital cost of a pipeline for depreciation purposes and also qualify as "eligible expenditure" for investment allowance purposes.

RULING

2. It is considered that the costs of trenching and backfilling for a petroleum products pipeline would constitute an essential part of the installation cost of an underground pipeline. The view held is that such costs form part of the capital cost of a pipeline for depreciation purposes and qualify as eligible expenditure for purposes of calculating the investment allowance.

COMMISSIONER OF TAXATION