TD 2019/2 - Income tax: value of goods taken from stock for private use for the 2018-19 income year

⚠️ This cover sheet is provided for information only. It does not form part of *TD 2019/2 - Income tax: value of goods taken from stock for private use for the 2018-19 income year*

⚠️ This document has changed over time. This is a consolidated version of the ruling which was published on *27 February 2019*

Taxation Determination

Income tax: value of goods taken from stock for private use for the 2018–19 income year

ⓘ **Relying on this ruling**

This publication (excluding appendix) is a public ruling for the purposes of the *Taxation Administration Act 1953*.

If this ruling applies to you, and you correctly rely on it, we will apply the law to you in the way set out in the ruling. That is, you will not pay any more tax or penalties or interest in respect of the matters covered by this ruling.

Further, if we think that the ruling disadvantages you, we may apply the law in a way that is more favourable to you.

Ruling

1.   This Determination provides an update of amounts that the Commissioner will accept as estimates of the value of goods taken from trading stock for private use by taxpayers in named industries. The updated amounts are contained in the Schedule for the value of goods taken from trading stock (the Schedule) at paragraph 2 of this Determination.

Schedule for the value of goods taken from trading stock

2.   The Schedule for the value of goods taken from trading stock for private use in the 2018-19 income year is:

TYPE OF BUSINESS	AMOUNT (EXCLUDING GST) FOR ADULT/CHILD OVER 16 YEARS	AMOUNT (EXCLUDING GST) FOR CHILD 4 to 16 YEARS OLD
Bakery	$1,350	$675
Butcher	$830	$415
Restaurant/café (licensed)	$4,640	$1,750
Restaurant/café (unlicensed)	$3,500	$1,750
Caterer	$3,790	$1,895
Delicatessen	$3,500	$1,750
Fruiterer/greengrocer	$800	$400
Takeaway food shop	$3,430	$1,715
Mixed business (includes milk bar, general store and convenience store)	$4,260	$2,130

Date of effect

3.   This Determination applies to the 2018-19 income year. However, this Determination will not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of this Determination (see paragraphs 75 and 76 of Taxation Ruling TR 2006/10 *Public Rulings*).

Commissioner of Taxation
27 February 2019

Appendix 1 – Explanation

❶   ***This Appendix is provided as information to help you understand how the Commissioner's view has been reached. It does not form part of the binding public ruling.***

4.   In the context of self-assessment, each taxpayer should be able to demonstrate that the value attributed to goods taken from stock for private use was fair and reasonable. Taxpayers should always have regard to their own circumstances when determining the appropriate value.

5.   The Commissioner has previously issued 'goods own use' (GOU) amounts for a range of industries in recognition of the fact that in many cases it is difficult for accurate records to be kept of transactions involving goods taken from stock for private use. These amounts are estimates of the value of goods taken from trading stock for private use by taxpayers in named industries.

6.   It is also recognised that greater or lesser values may be appropriate in particular cases. Taxpayers may be able to justify a lower value for goods taken from stock than that shown in the Schedule. In that case the lower amount should be used. Where the value of goods ex-stock would be significantly greater, the actual amount should be used.

Methodology

Selection of industries

7.   Industries suitable for inclusion in the Schedule should:

- exhibit a transformation process of trading stock items (for example baking)

- have as trading stock a range of small items or ingredients, usually of low value

- not be suited to inventory systems, and

- have a high turnover of items, often for cash.

8.   Industries included in the Schedule are:

Bakery
Butcher
Restaurant/café (licensed)
Restaurant/café (unlicensed)
Caterer
Delicatessen
Fruiterer/greengrocer
Takeaway food shop
Mixed business (incorporating milk bar, general store and convenience store)

Determination of amounts

9.   The basis for determining values of goods taken from trading stock is derived from the latest[1] Household Expenditure Survey (HES) results issued by the Australian Bureau of Statistics (ABS) adjusted for Consumer Price Index (CPI) movements for each category of items.[2] The ABS collects at varying intervals detailed information about the expenditure, income, net worth and other characteristics of households resident in private dwellings throughout Australia. Information is collected during personal interviews and from diaries in which survey participants have recorded all personal expenditure over a two-week period. Interviews and diary-keeping are spread over the financial year of collection. At the 'fine' level of expenditure, the survey details household expenditure in over 700 categories of items across a range of household composition groups.[3] It is considered that these survey results provide reasonable and statistically valid estimates as to the community's level of spending on a wide range of items.

10.   Using the HES data, consideration has been given to the fine level expenditure items and which items would be present in the trading stock of the industries listed in the Schedule. The stock items are generally limited to the HES 'food and non-alcoholic beverage' broad category, except for Restaurants/Cafés (licensed) where 'alcoholic beverage' items are included[4], and Caterer where some 'household equipment' items are included.

11.   The main assumption in calculating GOU amounts is that if a business has an item in stock then the taxpayer would take the item from stock for own use rather than purchase the item elsewhere. However, the GOU amounts represent amounts that the Commissioner deems acceptable. Where a taxpayer considers the values provided in the Schedule do not reflect their particular circumstances, they may elect to maintain suitable records[5] of items taken from trading stock for personal use.

Updating the Schedule

12.   It is intended to adjust the values annually to reflect either the most recent HES data or the HES data uplifted for CPI movements and reissue the Schedule at the commencement of each income year.

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[1] 2015–16.

[2] This figure is rounded up to the nearest $10 for adults.

[3] For example, sole person, couple or couple with one dependant.

[4] For adults but not for children.

[5] See section 262A of the *Income Tax Assessment Act 1936* and Taxation Ruling TR 96/7 *Income tax: record keeping – section 262A – general principles*. Law Administration Practice Statement PS LA 2004/3 (GA) *Trading stock: valuation of goods taken from trading stock for private use by sole traders or partners in a partnership* sets out the approach the Commissioner will accept for valuing trading stock that is taken for private use by sole traders or partners in a partnership.

References

Previous draft:

Not previously issued as a draft

Related Rulings/Determinations:

TR 96/7; TR 2006/10; TD 2014/2;
TD 2015/9; TD 2016/9; TD 2017/9;
TD 2018/10

Legislative references:

- ITAA 1936
- ITAA 1936 262A
- TAA 1953

Other references:

- PS LA 2004/3 (GA)

ATO references
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