



TD 92/170 - Income tax: are Household Support payments made under the States and Northern Territory Grants (Rural Adjustment) Act 1988, assessable income under subsection 25(1) or paragraph 26(g) of the Income Tax Assessment Act 1936 (ITAA)?

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 This document has changed over time. This is a consolidated version of the ruling which was published on 15 October 1992

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, the Determination applies to transactions entered into both before and after its date of issue.

Taxation Determination

Income tax: are Household Support payments made under the *States and Northern Territory Grants (Rural Adjustment) Act 1988*, assessable income under subsection 25(1) or paragraph 26(g) of the *Income Tax Assessment Act 1936* (ITAA)?

1. No. Where the farmer signs an agreement to repay as a condition of receiving Household Support Assistance, the payments are then in the form of loan advances which are not assessable under subsection 25(1) of the ITAA. Loans are not assessable income.
2. The dominant purpose of Household Support is to assist non-viable farmers to leave the rural industry. If the farmer leaves the industry and the loan is converted to a grant, it remains non-assessable. Subsection 25(1) does not apply because the grant is not part of the proceeds of carrying on a business. Nor is it a bounty or subsidy received in, or in relation to, the carrying on of a business within the meaning of paragraph 26(g) of the ITAA.

Commissioner of Taxation

15/10/92

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Related Determinations:

Related Rulings: IT 2302

Subject Ref: income; grants; subsidies; incentive payments

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