


TD 93/D149 - Income tax: where invoices for the cost of goods and/or services include offset amounts of a capital nature, is the deduction under subsection 51(1) of the Income Tax Assessment Act 1936 for the cost of the goods and/or services limited to the net amount payable under the invoices?

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This document has been finalised by [TD 93/172](#).

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Draft Taxation Determination

Income tax: where invoices for the cost of goods and/or services include offset amounts of a capital nature, is the deduction under subsection 51(1) of the *Income Tax Assessment Act 1936* for the cost of the goods and/or services limited to the net amount payable under the invoices?

1. No. The total cost of the goods and services is a liability incurred for the purposes of subsection 51(1). Offsets arising from any arrangements on capital account between the parties do not operate to reduce the amount of the liability incurred.

Example

Trade creditor was advanced a capital sum by A to be repaid by offset against the cost of goods provided to A by the trade creditor over a number of years. Where the invoices for the goods specifies their total cost and the offset amount and requires the payment of a net amount a deduction for the total cost of the goods is allowable under subsection 51(1).

Commissioner of Taxation

10/6/93

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Related Determinations:

Related Rulings:

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