


TD 93/D230 - Income tax: where a taxpayer acquires standing or growing crops and the crops remain unharvested at the end of the year, should they be accounted for as trading stock on hand?

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Draft Taxation Determination

Income tax: where a taxpayer acquires standing or growing crops and the crops remain unharvested at the end of the year, should they be accounted for as trading stock on hand?

1. No. Subsection 36 (1) of the *Income Tax Assessment Act 1936* does not extend the section 6 definition of 'trading stock' contained in section 6 to include unharvested crops.

2. The general principle established in *Case 14 (1944) 11 CTBR 52*, that crops, fruit and timber become trading stock only after they have been harvested or severed from the land, applies when determining what is to be valued as trading stock for the purposes of section 31.

Note: Subsection 36 (1) allows the purchaser to claim a deduction for the purchase of these crops, refer to TD 93/D231.

Commissioner of Taxation

9/9/93

FOI INDEX DETAIL: Reference No.

Related Determinations: TD 93/D231

Subject Ref: trading stock; crops

Legislative Ref: ITAA 6; ITAA 31; ITAA 36(1)

Case Ref: Case 14 (1944) 11 CTBR 52

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