


TD 93/D235 - Income tax:(i) When is the cost of a media placement incurred for the purposes of subsection 51(1) of the Income Tax Assessment Act 1936 (ITAA), by an accredited advertising agency for an advertisement published or broadcast on behalf of an advertiser client? (ii) What amount is 'incurred' for the purposes of subsection 51(1) of the ITAA by the accredited advertising agency ?

 This cover sheet is provided for information only. It does not form part of *TD 93/D235 - Income tax:(i) When is the cost of a media placement incurred for the purposes of subsection 51(1) of the Income Tax Assessment Act 1936 (ITAA), by an accredited advertising agency for an advertisement published or broadcast on behalf of an advertiser client? (ii) What amount is 'incurred' for the purposes of subsection 51(1) of the ITAA by the accredited advertising agency ?*

This document has been Withdrawn.

There is a [Withdrawal notice](#) for this document.

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

Draft Taxation Determination

Income tax :

(i) When is the cost of a media placement incurred for the purposes of subsection 51(1) of the *Income Tax Assessment Act 1936* (ITAA), by an accredited advertising agency for an advertisement published or broadcast on behalf of an advertiser client ?

(ii) What amount is 'incurred' for the purposes of subsection 51(1) of the ITAA by the accredited advertising agency ?

(i) The deduction is 'incurred' for the purposes of subsection 51(1) when the advertisement is published or broadcast when for the first time the liability becomes one to which the advertising agency is definitely committed. Our view is based on the reasons for judgement given by Sweeney and Ryan JJ. of the Full Federal Court in *Ogilvy & Mather Pty Ltd v. FC of T* (1990) ATC 4836, 21 ATR 841.

(ii) The amount 'incurred' for the purposes of subsection 51(1) is the cost of the placement of the advertisement less any commission, or rebate, to which the agency is entitled.

Commissioner of Taxation

16/9/93

FOI INDEX DETAIL: Reference No.

Subject Ref: advertising agencies; gross income

Legislative Ref: ITAA 51(1)

Case Ref: *Ogilvy & Mather Pty Ltd v. FC of T* (1990) ATC 4836, ATR 841

ATO Ref: SSOTD07

ISSN 1038 - 8982