


***TD 93/D46 - Income tax: what is the value to be allocated to live oyster shell used for the purpose of pearl culture pursuant to section 32 of the Income Tax Assessment Act (ITAA)?***

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This document has been finalised by TD 93/70.

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.

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## Draft Taxation Determination

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### **Income tax: what is the value to be allocated to live oyster shell used for the purpose of pearl culture pursuant to section 32 of the *Income Tax Assessment Act* (ITAA)?**

1. Subsection 32 (5) (ITAA) enables a primary producer to value live shell at cost price or market selling value. Case precedent has established that market selling is only appropriate where the item is one traded in and is one for which a market exists.
2. As seeded live shell are not generally traded in by pearl producers, a market selling value does not exist.
3. The Commissioner is, however, satisfied that the unusual nature of the pearl producers' circumstances justifies the adoption of an alternative valuation under subsection 32(6).
4. The above concession is limited to shell that are to be terminated at harvest (which occurs in August shortly after the close of the financial year). These shell may be valued at the "mother of pearl" market selling value. The concession does not extend to shell that are to be terminated at harvest because of half pearl extraction. These, and all other shell, are to be valued at cost price.
5. Cost price is to be determined using full absorption costing . Costs include all costs up to, but not including the cost of the operation to insert a nuclei.

**Commissioner of Taxation**  
04/03/93

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FOI INDEX DETAIL: Reference No.

Related Determinations:

Subject Ref: valuation; live stock; oyster shell

Legislative Ref: ITAA 32(5);32(6)

Case Ref:

ATO Ref: NOR J36/355/2

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