


IT 20 - Investment allowance and depreciation: steel moulds used in the production of castings for sewage treatment plant

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TAXATION RULING NO. IT 20

INVESTMENT ALLOWANCE AND DEPRECIATION. STEEL MOULDS
USED IN THE PRODUCTION OF CASTINGS FOR SEWAGE TREATMENT
PLANT.

F.O.I. EMBARGO: May be released

REF

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1100026	STEEL MOULDS SEWAGE PLANT INVESTMENT ALLOWANCE DEPRECIATION	55 82AF(2) (g)

FACTS

A branch office sought advice on the treatment for investment allowance and depreciation purposes of a steel mould used in the production of castings for a sewage treatment plant.

2. The mould is used in producing castings, the external dimensions of which are 4.2m x 2.2m x .8m for a core section and 4.2m x 2.2m x .9m for a base and top. In addition, the mould has the added features of:

- (a) Turnbuckles to permit lifting and turning around and/or over
- (b) Vibrators attached to facilitate filling with concrete
- (c) Four hydraulic rams fitted to a central console to separate the external skin of the mould and the product from the internal steel formwork
- (d) The capability, by use of selected internal steel formwork, to produce a variety of patterns.

RULING

3. Notwithstanding the size of the mould and the added features, there does not seem to be any compelling reason to treat the steel mould in question any differently from moulds used in the manufacture of concrete pipes. Accordingly it was directed that the investment allowance deduction should be refused. Reference to "concrete pipes" is made in the light of para. 109 of CITCM 830 which included a mould used in the manufacture of concrete pipes as an article to which section 62AA(3) (h) applies.

4. On the question of depreciation, it was agreed that the recommended effective life is five years. Accordingly, a rate of 20 per cent prime cost, 30 per cent diminishing value applies to the steel mould.

COMMISSIONER OF TAXATION