


# ***IT 214W - Withdrawal - Income tax: dissolution of partnership and disposal of property - application of sections 59(2A) and 59(2D)***

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# Notice of Withdrawal

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## Taxation Ruling

### Income tax: dissolution of partnership and disposal of property – application of sections 59(2A) and 59(2D)

Taxation Ruling IT 214 is withdrawn with effect from today.

1. Taxation Ruling IT 214, which issued on 21 November 1978, deals with the application of subsection 59(2A) of the *Income Tax Assessment Act 1936* (ITAA 1936) in circumstances where a partnership is dissolved, property of the partnership is disposed of and the former partners individually acquire, in their own rights, property to replace that disposed of by the partnership. Taxation Ruling IT 214 states that the share of the depreciation adjustment, treated as a balancing charge under section 59(2A), can be used to reduce the cost of the new asset acquired.
2. From 1 July 2001, the uniform capital allowance regime, contained in Division 40 of the *Income Tax Assessment Act 1997* (ITAA 1997) came into effect.
3. Balancing adjustments are now covered by Subdivision 40-D of the ITAA 1997. Subdivision 40-D of the ITAA 1997 does not allow an assessable balancing adjustment amount arising from the disposal of a depreciating asset to be offset against the cost of a replacement depreciating asset, except where the balancing adjustment amount arises from an involuntary disposal. In the case which is the subject of Taxation Ruling IT 214, no offsetting of the balancing adjustment amount is allowable.
4. As subsection 59(2A) and subsection 59(2D) no longer apply, Taxation Ruling IT 214 is withdrawn.

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**Commissioner of Taxation**  
15 December 2004

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ATO references

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