


IT 47 - Investment allowance - lift installations in buildings

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TAXATION RULING NO. IT 47

INVESTMENT ALLOWANCE - LIFT INSTALLATIONS IN BUILDINGS.

F.O.I. EMBARGO: May be released

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LIFT INSTALLATION
INVESTMENT ALLOWANCE

82AA

FACTS

Representations were made concerning the application of the investment allowance to new equipment which forms part of a lift installation.

2. It was submitted that a lift installation can be broken down into numerous equipment areas that perform specific functions and are identifiable. The different areas submitted for consideration were:

New Controllers - described as being the nerve centre of a lift, which identifies passenger demands.

Motor Generator Sets - converts normal alternating current to a direct current supply which is essential for most lift power controls

Landing Enclosure Equipment - primary function is to safeguard the user, e.g., fire rated door panels and to improve door operations.

Car Equipment - primary function is to transport passengers.

Sundry Equipment - cables, ventilation and lighting systems, etc.

RULING

3. It is considered that the investment allowance is not available when only part of an installation is renewed. The investment allowance is, of course, available in respect of a new lift installation. Moreover, it is considered that a lift installation may be separated into a number of identifiable units of property. Nevertheless, it is not accepted that the renewal of any one or more of those units would attract the investment allowance unless the renewal constitutes an improvement.

4. In this regard, it is considered that the cost of renewing any part of a lift installation usually would not involve capital expenditure, that the renewal would be more in the nature of repair, its cost wholly deductible when incurred, non

depreciable and therefore not eligible for the investment allowance.

COMMISSIONER OF TAXATION