

TD 93/189W - Income tax: can the cost of plant purchased for a specific project, and fully charged to the client, but which is still held after that project was completed and able to be used again, be treated as fully deductible under subsection 51(1) or under the depreciation provisions of the Income Tax Assessment Act 1936?

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! This Determination has been replaced by TD 2006/33

! This document has changed over time. This is a consolidated version of the ruling which was published on *10 May 2006*



Notice of Withdrawal

Taxation Determination

Income tax: can the cost of plant purchased for a specific project, and fully charged to the client, but which is still held after that project was completed and able to be used again, be treated as fully deductible under subsection 51(1) or under the depreciation provisions of the *Income Tax Assessment Act 1936*?

Taxation Determination TD 93/189 is withdrawn with effect from today.

1. Taxation Determination TD 93/189, which issued 30 September 1993, considers the deductibility, under subsection 51(1) and the depreciation provisions of the *Income Tax Assessment Act 1936* (ITAA 1936), of the cost of a depreciating asset that a taxpayer acquires to assist them to undertake a specific client project for which they receive an assessable fee. The Taxation Determination states that the cost is dealt with under the depreciation provisions.
2. Both of these provisions were rewritten in 1997 as part of the Tax Law Improvement Project. Subsection 51(1) of the ITAA 1936 was replaced by section 8-1 of the *Income Tax Assessment Act 1997* (ITAA 1997) and the depreciation provisions were replaced by Division 42 of the ITAA 1997. From 1 July 2001, Division 42 was replaced by Division 40 of the ITAA 1997.
3. As TD 93/189 is no longer current, it is accordingly withdrawn, and is replaced by Taxation Determination TD 2006/33 to reflect the current provisions. There is no change to the views expressed.

Commissioner of Taxation

10 May 2006

ATO references

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ATOlaw topic: Income Tax ~~ Capital allowances ~~ immediately deductible expenditure

Income Tax ~~ Deductions ~~ capital v revenue expenditure