


TD 93/51 - Income tax: is it always necessary for a retailer to make a police complaint before taking into account stock shortages for working out the value of trading stock on hand under subsection 28(1)?

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 This ruling contains references to repealed provisions, some of which may have been rewritten. The ruling still has effect. Paragraph 32 in [TR 2006/10](#) provides further guidance on the status and binding effect of public rulings where the law has been repealed or repealed and rewritten. The legislative references at the end of the ruling indicate the repealed provisions and, where applicable, the rewritten provisions.

 This document has changed over time. This is a consolidated version of the ruling which was published on *29 November 2006*

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part 4VAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, this Determination applies to years commencing both before and after its date of issue. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

Taxation Determination

Income tax: is it always necessary for a retailer to make a police complaint before taking into account stock shortages for working out the value of trading stock on hand under subsection 28(1)?

1. No. A police complaint is only one form of evidence of a stock shortage.
2. Where there is sufficient evidence establishing the shortage, the retailer is not required, under subsection 28(1) of the *Income Tax Assessment Act 1936*, to bring the missing items into the closing stock figure.

Example:

Grant is the owner of a jewellery store. After a physical stocktake and a comparison with inventory records, he discovers several jewellery items are missing. It is not the normal industry practice to report the shortage to the police where the circumstances of the loss are unknown. Accordingly a police report will not be required. Grant will not be required to include the missing items in his closing stock.

Commissioner of Taxation

25/3/93

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