

TD 93/56W - Income tax: substantiation: car expenses: can the "12% of cost method" under subsection 82KW(3) be used if a car has been obtained by inheritance, gift or prize at no actual cost?

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⚠ This document has changed over time. This is a consolidated version of the ruling which was published on *17 August 2005*



Notice of Withdrawal

Taxation Determination

Income tax: substantiation: car expenses: can the '12% of cost method' under subsection 82KW(3) be used if a car has been obtained by inheritance, gift or prize at no actual cost?

Taxation Determination TD 93/56 is withdrawn with effect from today.

1. Taxation Determination TD 93/56, which issued on 1 April 1993, deals with the cost of a car obtained by inheritance, gift or prize at no actual cost for the purposes of working out a deduction for car expenses using the '12% of cost method' under subsection 82KW(3) of the *Income Tax Assessment Act 1936*. The Determination states that, in accordance with the official practice for depreciation purposes (as set out in Taxation Ruling IT 2308), the cost of the car is based on a notional cost equal to the depreciated value or notional depreciated value of the car immediately prior to the date of acquisition.
2. For the 1997-98 income year and later years, deductions for car expenses using the '12% of original value' method are worked out under Subdivision 28-D of the *Income Tax Assessment Act 1997* (ITAA 1997).
3. From 1 July 2001, the former depreciation rules were replaced with Division 40 of the ITAA 1997. For the purposes of working out deductions for car expenses under Subdivision 28-D of the ITAA 1997, the cost of a depreciating asset obtained by inheritance, gift or prize at no actual cost is now worked out under section 40-180 of the ITAA 1997.
4. As Taxation Determination TD 93/56 is no longer current, it is accordingly withdrawn.

Commissioner of Taxation
17 August 2005

ATO references

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