



# ***TR 2000/6W - Income tax: substantiation rules: calculation of balancing adjustment for cars***

 This cover sheet is provided for information only. It does not form part of *TR 2000/6W - Income tax: substantiation rules: calculation of balancing adjustment for cars*

 This document has changed over time. This is a consolidated version of the ruling which was published on 3 May 2005



## Taxation Ruling

### Income tax: substantiation rules: calculation of balancing adjustment for cars

Contents	Para
What this Ruling is about	1
Date of effect	7
Previous Ruling	8
Definitions	9
Ruling	20
Explanations	27
Examples	36
Detailed contents list	55

#### *Preamble*

*The number, subject heading, **Class of person/arrangement**, **Date of effect** and **Ruling** parts of this document are a ‘public ruling’ for the purposes of Part IVAAA of the **Taxation Administration Act 1953** and are legally binding on the Commissioner. The remainder of the document is administratively binding on the Commissioner. Taxation Rulings TR 92/1 and TR 97/16 together explain when a Ruling is a public ruling and how it is binding on the Commissioner.*

#### What this Ruling is about

1. This Ruling replaces Taxation Ruling IT 2493 following the rewriting of the relevant provisions of the income tax law.

#### Class of persons

2. This Ruling provides guidance on the application of Subdivisions 42-F and 42-G of Part 2-10 of the *Income Tax Assessment Act 1997* (‘the ITAA 1997’).

3. Subdivision 42-F of the ITAA 1997 sets out the rules for calculating a balancing adjustment for depreciable plant. These rules apply to a car that is subject to a balancing adjustment event, in respect of which a taxpayer has:

- (a) deducted or can deduct an amount for depreciation of the car in one or more years of income; **and has not**
- (b) chosen the ‘cents per kilometre’ method or the ‘12% of original value’ method for deducting their car expenses for one or more other income years.

4. Subdivision 42-G of the ITAA 1997 sets out the rules for calculating a balancing adjustment for a car that is subject to a balancing adjustment event, in respect of which a taxpayer has:

- (a) deducted or can deduct an amount for depreciation of the car in one or more years of income; **and has also**

**TR 2000/6**

- (b) chosen the ‘cents per kilometre’ method or the ‘12% of original value’ method for deducting their car expenses for one or more other income years.

5. The depreciation referred to in paragraphs 3(a) and 4(a) may have been claimed under the tax laws prior to and/or after the introduction of the substantiation rules in 1986. From the date of application of the substantiation rules, depreciation of a car only arises under the ‘log book’ and ‘1/3 of actual expenses’ methods. Neither Subdivision 42-F nor 42-G applies where a taxpayer has, since the use of the car began, only used the ‘cents per kilometre’ method or the ‘12% of original value’ method for calculating the amount of deduction claimed for car expenses, in respect of that car. In these situations no balancing adjustment is made.

**Cross-references**

6. Taxation Ruling IT 2493 deals with subsection 82KY(6) of the *Income Tax Assessment Act 1936* (‘the ITAA 1936’). That subsection was rewritten as section 59AAA, which was introduced into the ITAA 1936 with effect from 1 July 1994. Section 59AAA has since been restructured, renumbered and rewritten in the ITAA 1997. Subdivision 42-G now expresses the same ideas in the ITAA 1997 as subsection 82KY(6) and section 59AAA did in the ITAA 1936. The following table cross-references provisions in the ITAA 1997 to the corresponding provision in the ITAA 1936.

	<b>1997 Act</b>	<b>1936 Act</b>	
Years	1998 and later	1995, 1996 and 1997	1994 and earlier
Statute	<i>Income Tax Assessment Act 1997</i>	<i>Income Tax Assessment Act 1936</i>	<i>Income Tax Assessment Act 1936</i>
Ruling	This Ruling	IT 2493	IT 2493 on subsection 82KY(6)

<i>Balancing adjustment for cars for which depreciation has been claimed and cents per kilometre or 12% of cost methods chosen</i>	Subdivision 42-G	Section 59AAA	Subsection 82KY(6)
<i>Cents per kilometre method</i>	Subdivision 28-C	Division 3 of Schedule 2A	Subsection 82KX(1)
<i>12% of cost method</i>	Subdivision 28-D	Division 4 of Schedule 2A	Subsection 82KW(3)
<i>1/3 of actual expenses method</i>	Subdivision 28-E	Division 5 of Schedule 2A	Subsection 82KW(2)
<i>Log book method</i>	Subdivision 28-F	Division 6 of schedule 2A	Section 82KUD

## Date of effect

7. This Ruling applies to years commencing both before and after its date of issue. However, the Ruling does not apply to taxpayers to the extent that it conflicts with the terms of settlement of a dispute agreed to before the date of issue of the Ruling (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

## Previous Rulings

8. This Ruling rewrites and replaces Taxation Ruling IT 2493, which is now withdrawn. There is no change in the policy stated in IT 2493. However, this Ruling is broader in that it covers circumstances not covered in IT 2493.

## Definitions

9. Some of the terms used in this Ruling are explained below: **Balancing adjustment event** in relation to plant is defined in subsection 42-30(3). Such an event occurs when the owner<sup>1</sup> of the plant (in this Ruling, a car):

<sup>1</sup> Note that the term 'owner' here can include situations where a person or entity has some right or interest in the car, other than sole ownership.

- (i) disposes of the car;
- (ii) is taken to have ceased to be the owner of the car;
- (iii) is taken to have disposed of the car;
- (iv) the car is lost or destroyed; or
- (v) there is a change in ownership of the car, or in the interests of entities in the car, and one of the entities that owned the car before the change retained some interest after the change.

10. **Cost** in relation to plant and a car that is subject to depreciation is generally the cost incurred by a taxpayer in acquiring the car. However, there are certain specific situations where a different concept of cost may apply, e.g., it may be:

- (i) the amount of the overall cost reasonably attributable where the taxpayer acquired the car with other assets, without a specific value being allocated to the car;
- (ii) the transferor's cost where rollover relief applies;
- (iii) the arm's length cost if sold in the ordinary course of business where the taxpayer previously held the car as trading stock; or
- (iv) the amount required by the relevant rules if it is a luxury car.

11. Further, cost in the general case and the specified exceptions may be subject to adjustment in certain circumstances, ie where car discount, non arm's length, car limit, double deduction or previous depreciation limit rules apply.<sup>2</sup>

### **Depreciation days**

12. This means the total number of days that a taxpayer owned a car in each income year for which an amount of depreciation was deducted or can be deducted for that car. In cases where the depreciation claims commenced post introduction of the substantiation rules, this will be the number of days that the taxpayer used the log book method or the 1/3 of actual expenses method.<sup>3</sup>

### **Non-depreciation days**

13. This means the total number of days that a taxpayer owned a car in each income year for which the 'cents per kilometre' method or

<sup>2</sup> Section 42-65 of the ITAA 1997.

<sup>3</sup> Section 42-250 of the ITAA 1997.

the '12% of original value' method for deducting car expenses was chosen.<sup>4</sup>

### **Notional depreciation amount**

14. This is the sum of the amounts that a taxpayer could have deducted for depreciation of the car for the income years under the 'cents per kilometre' method or the '12% of original value' method for the car assuming that:

- (i) neither the 'cents per kilometre' method or '12% of original value' method were chosen;
- (ii) Division 28 (car expenses) of the ITAA 1997 had not applied to the car; and
- (iii) the car was used for the purpose of producing assessable income:
  - to the extent of 20% if you used the 'cents per kilometre' method; or
  - to the extent of one-third if you used the '12% of original value' method.<sup>5</sup>

### **Notional written down value**

15. This is the car's *written down value* less its *notional depreciation amount*.<sup>6</sup>

### **Reduction rule**

16. This is the requirement for the amounts calculated in subsections 42-240(2) and 42-245(3) of the ITAA 1997 to be multiplied by the fraction:

$$\text{Depreciation days} / (\text{Depreciation days} + \text{Non-depreciation days})^7$$

### **Termination value**

17. In the following situations, this means:

- (i) where the car has been sold for a specific price - the sale price less the reasonably attributable expenses of sale;

<sup>4</sup> Section 42-250 of the ITAA 1997.

<sup>5</sup> Section 42-255 of the ITAA 1997.

<sup>6</sup> Section 42-260 of the ITAA 1997.

<sup>7</sup> Section 42-250 of the ITAA 1997.

- (ii) where the car has been disposed of other than by sale - the market value of the car immediately before its disposal;
- (iii) where the car is lost or destroyed - the amount or value received or receivable under an insurance policy or otherwise for the loss or destruction.<sup>8</sup>

**Undeducted cost**

18. In respect of a car means the *cost* of the car less the sum of the amounts that could have been deducted for depreciation for any period that a taxpayer owned and used it, or had it installed ready for use, assuming that:

- (i) it was used wholly for the purpose of producing assessable income during that period; and
- (ii) the same calculation formula was used for that period as was used for the income year in which a depreciation deduction was first allowable to the taxpayer for the car; and
- (iii) no provision of the ITAA 1997 denied a depreciation deduction for it; and
- (iv) Division 28 (car expenses) of the ITAA 1997 did not apply.<sup>9</sup>

**Written down value**

19. This is the *cost* of the car less the sum of the amounts that have been deducted or can be deducted for depreciation in respect of that car. If the rules regarding 'roll-over relief' for related entities applied to your acquisition of the car, the *written down value* is the sum of the amounts that the transferor and earlier successive transferors deducted or can deduct for depreciation of the car.<sup>10</sup>

---

<sup>8</sup> Note that these values may be adjusted where the 'car limit' applies (see section 42-215). Situation (i), above, may also be adjusted where the sale is not an arm's length transaction (see section 42-210). A different termination value may also be applicable where the disposal event varies from those described above. See section 42-205 of the ITAA 1997.

<sup>9</sup> See paragraph 42-175(1)(c) of the ITAA 1997.

<sup>10</sup> Section 42-200 of the ITAA 1997.

---

## Ruling

---

**Situations in a year of income in which a balancing adjustment event arises:**

***A. Where depreciation has been claimed for a car in one or more years and no claims have been made in respect of that car using either the ‘cents per kilometre’ method or the ‘12% of original value’ method in respect of any year:<sup>11</sup>***

*There is assessable income*

20. An amount is assessable if the *termination value* of the car exceeds its *written down value*. To calculate the amount of the assessable income it is necessary to compare the amount by which the *termination value* exceeds the *written down value* to the sum of the amounts deducted or deductible for depreciation of the car for it is the lesser of these two amounts is the amount that must be included.

*There is a deductible amount*

21. An amount is deductible if the *termination value* of the car is less than its undeducted cost. To calculate the deduction, subtract the termination value from the undeducted cost and then reduce the remainder to reflect the extent to which the car was used, or installed ready for use, other than for the purpose of producing assessable income.

*There is no assessable income or deductible amount*

22. No balancing adjustment is made if:

- (i) the *termination value* of the car is less than its *written down value* but equal to or more than its *undeducted cost*; or
- (ii) the *termination value* of the car is equal to its *written down value*.

---

<sup>11</sup> These are illustrated in Example 1 in the Explanations segment of this ruling.



# TR 2000/6

**B. Where depreciation has been claimed for a car in one or more years and deduction claims have also been made in respect of that car using either the ‘cents per kilometre’ method or the ‘12% of original value’ method in one or more other years:<sup>12</sup>**

*There is assessable income*

23. An amount is assessable if the *termination value* of the car exceeds its *notional written down value*. To calculate the amount of assessable income compare:

- (i) the amount by which the *termination value* of the car exceeds its *notional written down value* to;
- (ii) the sum of the *notional depreciation amount* and the amounts that have been deducted or can be deducted for depreciation of the car.

24. The lesser of these amounts is then reduced by applying the *reduction rule*.

*There is a deductible amount*

25. An amount is deductible if the *termination value* of the car is less than its *undeducted cost*. Two steps must be taken to calculate the deductible amount:

*Step 1:* Determine the difference between the *termination value* and the *undeducted cost* of the car, then reduce that difference to reflect the extent to which the car was used, or installed ready for use, other than for the purpose of producing assessable income. Any reasonable basis for the calculation of this reduction that is based upon the following two assumptions is acceptable:

- (i) that the taxpayer used the car for income producing purposes to the extent of 20%, for years where deductions were calculated using the ‘cents per kilometre’ method; and
- (ii) that the taxpayer used the car for income producing purposes to the extent of 1/3, for years where deductions were calculated using the ‘12% of original value’ method.

A simple method for calculating this reduction is to multiply the difference by the following fraction:

$(A + B)/C$  Where:

---

<sup>12</sup> These are illustrated in Example 2 in the Explanations segment of this ruling.

A	is the <i>notional depreciation amount</i>
B	is the amounts that have been deducted or can be deducted for depreciation of the car
C	is the car's <i>cost</i> less its <i>undeducted cost</i> .

*Step 2: Apply the reduction rule to the amount calculated in Step 1*

*There is no assessable income or deductible amount*

26. No balancing adjustment arises if:

- (i) the *termination value* of the car is less than its *notional written down value* but equal to or more than its *undeducted cost*; or
- (ii) the *termination value* of the car is equal to its *notional written down value*.

## Explanations

27. Depreciation allows taxpayers to obtain deductions for the cost of plant over the period that it is used in income producing activities. Depreciation is only allowed to the extent that the plant is used for income producing purposes. Consequently, if plant, eg a car, is used partly for business purposes and partly for private purposes, only a partial depreciation deduction, based on the percentage of business use, is allowed. However, depreciation based on the effective life of the plant is only an estimate which is used to spread its cost over time.

28. When plant for which you have claimed depreciation is sold, lost or destroyed, it is necessary to compare its *termination value* on the sale, loss or destruction with its *undeducted cost* and its *written down value* at the time. This comparison shows whether the taxpayer has recovered some or all of the depreciation claimed, or whether a further amount should be allowed in the light of the termination value.

29. If the *termination value* for an item of plant is more than its *written down value*, then the taxpayer has recovered some of the depreciation previously claimed. In that case, the excess, up to the total amount of depreciation deductions claimed, is treated as assessable income. Conversely, if the *termination value* of the plant is less than its *undeducted cost*, a loss results, and the taxpayer may claim a deduction for the difference less the proportion for private use. These income or deduction amounts are referred to as balancing adjustments.

30. Subsection 42-30(2) of the ITAA 1997 requires balancing adjustment calculations to be performed in accordance with the rules set out in Subdivision 42-F or Subdivision 42-G where the *balancing adjustment event* occurs in respect to certain cars.

31. Subdivision 42-F sets out the standard rules for calculating balancing adjustments. These rules apply to a car, in respect of which a taxpayer has:

- (a) deducted or can deduct an amount for depreciation of the car in one or more years of income; and has not
- (b) chosen the 'cents per kilometre' method or the '12% of original value' method for deducting their car expenses for one or more other income years.

32. To avoid distortion of the balancing adjustments calculated for cars, allowance must be made for years where depreciation was not claimed in respect of the car, because the taxpayer chose to calculate the car expenses by using the 'cents per kilometre' or the '12% of original value' method.

33. Subdivision 42-G sets out the special rules for calculating a balancing adjustment for a car, in respect of which a taxpayer has:

- (a) deducted or can deduct an amount for depreciation of the car in one or more years of income; and has also
- (b) chosen the 'cents per kilometre' method or the '12% of original value' method for deducting their car expenses for one or more other income years.

34. The rules in Subdivision 42-G make allowance for the income years when actual depreciation was not claimed. The effect of these special rules is that any balancing adjustment (assessable or deductible) relates only to the actual depreciation allowed.

35. No balancing adjustments are made where a taxpayer has, since the use of a car began, only used the 'cents per kilometre' method or the '12% of original value' method for calculating the amount of deduction claimed for car expenses, in respect of that car. This is because no depreciation is claimed when these methods are used, and balancing adjustments only apply where depreciation has been claimed.

---

## Examples

### Example 1

36. This example illustrates the method used to calculate balancing adjustments for a depreciated asset. In the case of a car, this example

would apply where depreciation has been claimed using only the 'logbook' or '1/3 actual expenses' method, and no deductions have been claimed for the car using the 'cents per kilometre' or '12% of original value' method.<sup>13</sup>

***Calculations to reflect use of an asset only partly for business purposes***

37. Assume that Shelley:

- (i) purchases an asset on 1 July 1997 for \$1,000; and
- (ii) sells it on 30 June 1999; and
- (iii) used the 'log book' method to determine that she used the asset evenly for both business and private purposes for both years; and
- (iv) elected to use the prime cost method to work out her depreciation; and
- (v) the relevant prime cost depreciation rate is 24%.

The relevant calculations are:

	<b><i>undeducted cost</i></b> <b><i>(\$)</i></b>		<b><i>written down</i></b> <b><i>values (\$)</i></b>
Cost on 1.7.97	1,000		1,000
Less: Depreciation (24%) to 30.6.98	240	(50% business)	120
	760		880
Less: Depreciation to 30.6.99	240	(50% business)	120
	520		760
Closing Balance	520		760

***Example 1A***

*Where there is assessable income*

38. If the *termination value* on disposal is more than the *written down value*, the difference is to be included in assessable income. However, the assessable amount cannot be more than the sum of deductions actually allowed for depreciation on the asset.

<sup>13</sup> See also ATO publication: 'Guide to depreciation' for further information on these rules.

# TR 2000/6

39. Therefore, if Shelley sold the asset for \$800, she recovers \$40 in depreciation she has already claimed - the amount by which the *termination value* is more than the *written down value* of \$760. The amount of \$40 is treated as assessable income.

## **Example 1B**

*Where there is a deductible amount*

40. Where the *termination value* is less than its *undeducted cost*, the difference between *termination value* and the *undeducted cost* represents a loss. However, a taxpayer is only eligible for a deduction for the business or other income producing percentage of that loss.

41. Therefore, if Shelley sold the asset for \$400, she would calculate a loss of \$120 - the amount by which the *undeducted cost* of \$520 exceeds the *termination value*. Shelley could claim a deduction of \$60 - that is, 50% of the loss.

## **Example 1C**

*Where there is no assessable income or deductible amount*

42. Where the *termination value* is between the *written down value* and *undeducted cost*, no adjustment is made.

43. Thus, if Shelley sold the asset for \$700, there would be no adjustment because the *termination value* is less than the *written down value* of \$760 but greater than the *undeducted cost* of \$520.

## **Example 2**

44. This example illustrates the method used to calculate balancing adjustments for a car where depreciation has been claimed using the 'logbook' or '1/3 actual expenses' method for one or more years, and deductions have been claimed for the car using the 'cents per kilometre' or '12% of original value' method in one or more other years.

45. Assume that Carol:

- (i) purchases a car on 1 August 1995 for \$13,898; and
- (ii) sells it on 30 April 1999; and
- (iii) uses the 'log book' method to claim car expenses for the years ended 30 June 1996 and 30 June 1997. During those years 20% of the car's use was for income producing use; and

- (iv) for the years ended 30 June 1998 and 30 June 1999 elected to claim car expenses under the '12% of original value' method.

The relevant calculations are:

	<i>undeducted cost (\$)</i>		<i>written down value s (\$)</i>
Cost on 1.8.95	13,898		13,898
Less: Depreciation (22 1/2 %) to 30.6.96	2,866	(20% business)	573
	11,032		13,325
Less: Depreciation (22 1/2 %) to 30.6.97	2,482	(20% business)	496
	8,550		12,829
Less: Depreciation (22 1/2 %) to 30.6.98	1,924	(deemed 33 1/3% business)	641
	6,626		12,188
Less: Depreciation (22 1/2 %) to 30.4.99	1,242	(deemed 33 1/3% business)	414
Closing Balance	5,384		11,774

The following values are derived from the above calculations:

<b>Item</b>	<b>Amount (\$)</b>	<b>Calculation (\$)</b>
<i>written down value</i>	12,829	13,898 - 573 - 496
<i>notional depreciation amount</i>	1,055	641 + 414
The amounts that have been, or could have been, deducted for depreciation of the car	1,069	573 + 496
<i>notional written down value</i>	11,774	12,829 - 1,055
<i>undeducted cost</i>	5,384	13,898 - 2,866 - 2,482 - 1,924 - 1,242
Cost less <i>undeducted cost</i>	8,514	13,898 - 5,384

**TR 2000/6****Example 2A**

Where there is assessable income and termination value is less than cost

46. Assuming Carol sold her car for \$13,000 then an assessable amount would be calculated as follows:

	\$
<i>termination value</i>	13,000
Less	
<i>notional written down value</i>	11,774
	1,226

47. As the amount of \$1,226 is less than the sum of the *notional depreciation amount* and the amounts that have been deducted or could have been deducted for the car ( $\$1,055 + \$1,069 = \$2,124$ ) then the amount of \$1,226 is taken and reduced by applying the *reduction rule*.

48. Carol claimed depreciation in respect of the car for 700 days, and chose to use the '12% of original value' method to calculate her deduction claim in respect of the car for another 669 days. Therefore, the calculation for the reduction is:

$$\$1,226 \times 700 / (700 + 669) \text{ i.e., } \$626$$

The amount to be included in assessable income is \$626.

**Example 2B**

Where there is assessable income and termination value is more than cost

49. Assuming Carol sold her car for \$15,000 then an assessable amount would be calculated as follows:

	\$
<i>termination value</i>	15,000
Less	
<i>notional written down value</i>	11,774
	3,226

50. As the amount of \$3,226 is more than the sum of the *notional depreciation amount* and the amounts that have been deducted or could have been deducted for the car ( $\$1,055 + \$1,069 = \$2,124$ ) then

the amount of \$2,124 is taken and reduced by applying the *reduction rule*.

$$\$2,124 \times 700 / (700 + 669) \text{ i.e., } \$1,086$$

The amount to be included in assessable income is \$1,086.

51. Any excess of the sale price over the original cost (i.e., \$1,102) would usually constitute a capital gain but for the specific exclusion of most motor vehicles from the definition of 'asset' for capital gains tax purposes. Hence, the excess of the sale price over the original cost, in the case of most motor vehicles, is usually not assessable as a capital gain or as ordinary income. Where the disposal occurs after 11.45 am on 21 September 1999, the \$1,102 will also not be assessable under sections 42-192 or 42-223.<sup>14</sup> These sections include in assessable income, as a balancing adjustment, any amount that would have constituted a capital gain had the disposal occurred on or before that time. The exclusion of this amount from assessability under these sections maintains the capital gains treatment for cars.

### ***Example 2C***

*Where there is a deductible amount*

52. Assuming Carol sold her car for \$4,000 then, as the *termination value* (\$4,000) is less than the *notional written down value* (\$11,774) and the *undeducted cost* (\$5,384), a deductible amount would be calculated as follows:

	\$
<i>undeducted cost</i>	5,384
Less	
<i>termination value</i>	4,000
	1,384

53. The amount of \$1,384 must now be reduced to reflect the extent to which the car was used, or installed ready for use, other than the purpose of producing assessable income, as required by subsection 42-245(3).

$$\$1,384 \times (\$1,055 + \$1,069) / \$8,514 \text{ i.e., } \$345$$

The *reduction rule* is then applied.

$$\$345 \times 700 / (700 + 669) = \$176$$

The deductible amount is \$176.

<sup>14</sup> See subsection 42-198(1)



**TR 2000/6*****Example 2D***

*Where there is no assessable income or deductible amount*

54. Assuming Carol sold her car for \$9,500 then no adjustment would be made as the *termination value* exceeds the *undeducted cost* (\$5,384) but is less than the *notional written down value* (\$11,774).

**Detailed contents list**

55. Below is a detailed contents list for this Ruling:

	<b>Paragraphs</b>
<b>What this Ruling is about</b>	1
Class of person/arrangement	2
Cross-references	6
<b>Date of effect</b>	7
<b>Previous Rulings</b>	8
<b>Definitions</b>	9
Depreciation days	12
Non-depreciation days	13
Notional depreciation amount	14
Notional written down value	15
Reduction rule	16
Termination value	17
Undeducted cost	18
Written down value	19
<b>Ruling</b>	20
Situations in a year of income in which a balancing adjustment event arises:	20
<i>A. Where depreciation has been claimed for the car and in one or more years, and no claims have been made in respect of that car using either the 'cents per kilometre' method or the '12% of original value' method in respect of any year.</i>	20
<i>There is assessable income</i>	20
<i>There is a deductible amount</i>	21
<i>There is no assessable income or deductible amount</i>	22

<i>B. Where depreciation has been claimed for a car in one or more years, and deduction claims have also been made in respect of that car using either the 'cents per kilometre' method or the '12% of original value' method in one or more other years.</i>	23
<i>There is assessable income</i>	23
<i>There is a deductible amount</i>	25
<i>There is no assessable income or deductible amount</i>	26
<b>Explanations</b>	27
<b>Examples</b>	36
Example 1	36
<i>Calculations to reflect use of an asset only partly for business purposes</i>	37
Example 1A	38
<i>Where there is assessable income</i>	38
Example 1B	40
<i>Where there is a deductible amount</i>	40
Example 1C	42
<i>Where there is no assessable income or deductible amount</i>	42
Example 2	44
Example 2A	46
<i>Where there is assessable income and where termination value is less than cost</i>	46
Example 2B	49
<i>Where there is assessable income and termination value is less than cost</i>	49
Example 2C	52
<i>Where there is a deductible amount</i>	52
Example 2D	54
<i>Where there is no assessable income or deductible amount</i>	54
<b>Detailed contents list</b>	<b>55</b>

# TR 2000/6

*Previous draft:*

Previously issued as TR 1999/D12

*Subject references:*

- deductions and expenses
- depreciation
- income
- substantiation

*Legislative references:*

- ITAA 36 59AAA
  - ITAA 36 82KW(3)
  - ITAA 36 82KX(1)
  - ITAA 36 82KY(6)
  - ITAA 97 Subdiv 28-C
  - ITAA 97 Subdiv 28-D
  - ITAA 97 42-30(2)
- 

ATO references:

NO 99/13200-1

BO

FOI number: I 102459

ISSN: 1039-0731