

# ***TR 2013/3A1 - Addendum - Income tax: research and development tax offsets: feedstock adjustments***

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# Addendum

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## Taxation Ruling

### Income tax: research and development tax offsets: feedstock adjustments

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Taxation Ruling TR 2013/3 to remove the discussion on the inclusion of goods or materials consumed during R&D activities from the meaning of feedstock input expenditure as a result of the AAT decision in *GHP 104 160 689 Pty Ltd v. Commissioner of Taxation*.<sup>1</sup>

#### TR 2013/3 is amended as follows:

**1. Footnote 8**

Omit the footnote; substitute:

<sup>8</sup> There is a distinction between goods or materials that are the subject of transformation or processing during R&D activities and those that subject those goods or materials to transformation or processing; see further, paragraph 18 of this Ruling.

**2. Paragraph 18**

Omit the paragraph; substitute:

18. However, subject to paragraphs 23 to 28 of this Ruling, the first condition does not apply to expenditure on the transformation or processing activities themselves. This limitation is consistent with the fact that where section 355-465 intends to bring such expenditure into the calculation of a feedstock adjustment it does so expressly; and then only where it is incurred on energy input directly into transformation or processing; see subparagraph 355-465(1)(b)(ii). This limitation also applies to expenditure on goods and materials which are merely acquired or created to subject other goods and materials to transformation or processing during R&D activities.<sup>19A</sup> Such items represent a cost of the process of transforming or processing other goods or materials, rather than something to be transformed or processed in their own right.

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<sup>1</sup> [2014] AATA 515; 2014 ATC 10-373.

<sup>19A</sup> *GHP 104 160 689 Pty Ltd v. Commissioner of Taxation* [2014] AATA 515; 2014 ATC 10-373.

### 3. Footnote 22

After the first sentence; insert:

See *GHP 104 160 689 Pty Ltd v. Commissioner of Taxation* [2014] AATA 515; 2014 ATC 10-373 at paragraphs 328–348.

### 4. Paragraph 174

At the end of the paragraph; insert:

<sup>71A</sup> See *GHP 104 160 689 Pty Ltd v. Commissioner of Taxation* [2014] AATA 515; 2014 ATC 10-373 at paragraphs 328-348.

### 5. Case references

Insert:

- *GHP 104 160 689 Pty Ltd v. Commissioner of Taxation* [2014] AATA 515; 2014 ATC 10-373

This Addendum applies on and from 1 July 2014.

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**Commissioner of Taxation**  
19 August 2015

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ATO references

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