

Cover sheet for: TR 98/23W

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TR 98/23W history

16 December 1998 **Original ruling**

You are here → 28 October 2015 **Withdrawn**



Notice of Withdrawal

Taxation Ruling

Income tax: mining exploration and prospecting expenditure

Taxation Ruling TR 98/23 is withdrawn with effect from today.

1. This Ruling set out the ATO view on the availability of deductions for exploration or prospecting expenditure, under former Division 330 of *Income Tax Assessment Act 1997* (ITAA 1997).
2. It is replaced by Draft Taxation Ruling TR 2015/D4 *Income tax: deductions for mining and petroleum exploration expenditure* which was issued today.
3. This Ruling is being withdrawn because it is written in terms of Division 330 of the ITAA 1997 which was repealed in July 2001 and replaced with the Uniform Capital Allowance regime (UCA) in Division 40 of the ITAA 1997. While there are many similarities between the two regimes in relation to deductions for exploration or prospecting expenditure, there are also a number of important differences. For example, the UCA regime provides an immediate deduction for the cost of depreciating assets 'first used' for exploration or prospecting where certain conditions are met, which was not previously available under former Division 330.
4. Three other reasons for replacing this Ruling include:
 - To clarify that the final investment decision (FID) point does not provide a 'bright line' for determining whether expenditure qualifies as exploration or prospecting or not.
 - To ensure the Commissioner's view on deductions for mining and petroleum exploration expenditure addresses current industry practices and concerns, several of which have changed or emerged since 1998.
 - To provide clearer guidance and reduce disputes on the application of the income tax law, so as to minimise compliance and administration costs.

5. It is proposed that when the draft Ruling is finalised, it will apply both before and after its date of issue. While it is anticipated that the final Ruling will not provide a less favourable outcome to taxpayers than TR 98/23 that it replaces, a process has been put in place to address situations where taxpayers have applied TR 98/23 in full to arrangements before its withdrawal and believe the outcome is more favourable than would otherwise be the case applying the views in the final Ruling.

Commissioner of Taxation

28 October 2015

ATO references

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expenditure area

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