TREASURER

PRESS RELEASE

NO. 48

EMBARGO Budget. Not for release before 7.30 pm AEST, 13 May 1997.

TAX EXEMPT ENTITIES WHICH BECOME TAXABLE — NOTIONAL DEPRECIATION

Financial Implications ($m)

1997-98	1998-99	1999-00	2000-01
–	–	–	–

Explanation

The Government has decided to amend the taxation law to ensure that tax exempt entities which became subject to taxation before 3 July 1995 obtain tax deductions for depreciation based on the notional written down values of their depreciable assets.

The Australian Taxation Office has consistently administered the law on the basis that exempt entities which become subject to taxation must claim deductions for depreciation as if the depreciable item were used to produce assessable income from the time of its acquisition.

The *Income Tax Assessment Act 1936* was amended in December 1996 to provide for a number of transitional issues of exempt entities which became taxable from 3 July 1995. One of those amendments clarified the long-held interpretation of the depreciation provisions.

The law will be amended to provide certainty with respect to those entities which became subject to taxation before 3 July 1995.

The above material is a full extract of the description of the measure as contained in *Budget Paper No 2: Budget Measures 1997-98*. This paper explains all outlays and revenue measures, and is available from Australian Government Bookshops or from the Treasury Internet site at http://www.treasury.gov.au/budget

CANBERRA
13 May 1997

Contact Officer: Chris Sheehan (Australian Tax Office)
(tel: (06) 216 1990)