

# ***IT 190 - Investment allowance - computer used on a time-sharing basis***

 This cover sheet is provided for information only. It does not form part of *IT 190 - Investment allowance - computer used on a time-sharing basis*

This document has been Withdrawn.

There is a [Withdrawal notice](#) for this document.

TAXATION RULING NO. IT 190

INVESTMENT ALLOWANCE - COMPUTER USED ON A TIME-SHARING  
BASIS

F.O.I. EMBARGO: May be released

REF

H.O. REF: 78/3692 F5

DATE OF EFFECT:

B.O. REF:

DATE ORIG. MEMO ISSUED: 07.07.78

F.O.I. INDEX DETAIL

REFERENCE NO:

SUBJECT REFS:

LEGISLAT. REFS:

I 1102256

COMPUTER EQUIPMENT  
COMPUTER SERVICES  
INVESTMENT ALLOWANCE

82AA

PREAMBLE

Representations were made on behalf of a computer service company concerning the application of the investment allowance to computer equipment which is to be used in providing computer services to its customers on a time-sharing basis.

2. Briefly, "time-sharing" refers to a method of use of a computer under which a number of customers may have their work processed on the computer simultaneously. The customer does not have a right to use the computer at any time but has the means to have data processed in the bureau facilities if they are not committed fully already.

3. All computer equipment used by the above company on a time-sharing basis is operated by employees of that company and the customers' employees do not operate the equipment at any time. Data is prepared at the premises of the customer and then, if the computer time is available, it is input into the company's computer equipment at the bureau by means of the customer's terminal at his premises which is connected through the telephone network.

RULING

4. On the understanding that the company's computer is operated only by the company's employees and, where a customer's terminal on his premises is involved, only the customer's employees operate the terminal, the use of the abovementioned company's computer equipment in the way described would not adversely affect the availability of an investment allowance deduction in respect of that equipment. In this regard, it is considered that those arrangements would not have the effect of the abovementioned company in relation to its computer equipment or of the customer in relation to its terminal granting right to use that equipment or that terminal to any other person. Nor would the company or the customer be regarded as ceasing to use that computer or that terminal, as the case may be, wholly and exclusively.

COMMISSIONER OF TAXATION