

IT 2124W - Withdrawal - Income tax: partnership with partner exempt from income tax - partnership depreciation and investment allowance deductions



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Notice of Withdrawal

Taxation Ruling

Income tax: partnership with partner exempt from income tax – partnership depreciation and investment allowance deductions

Taxation Ruling IT 2124 is withdrawn with effect from today.

1. Taxation Ruling IT 2124, which issued on 10 December 1984, deals with whether a partnership would be entitled to the full amount of annual depreciation under sections 54 and 61 of the *Income Tax Assessment Act 1936* (ITAA 1936) and investment allowance deductions in respect of plant, under section 82AB of the ITAA 1936, in circumstances where one of the partners is exempt from income tax.
2. Section 53I of the ITAA 1936 provides that, subject to three exceptions which do not apply to the Ruling, the depreciation provisions contained in sections 54 to 62AAV inclusive do not apply to the 1997-98 income year and later years. Division 42 of the *Income Tax Assessment Act 1997* (ITAA 1997), which effectively replaced these provisions, was repealed by the *New Business Tax System (Capital Allowances) Act 2001* (Act 76 of 2001). Division 42 of the ITAA 1997 only applied for the 1997-98 income year to the 2000-2001 income year.
3. The depreciation rules in Division 42 were replaced with general effect from 1 July 2001 with the uniform capital allowance regime contained in Division 40 of the ITAA 1997.
4. From 1 July 2001, deductions for the decline in value of partnership assets are worked out under section 40-25 of the ITAA 1997.
5. A deduction for development allowance (formerly investment allowance) under section 82AB of the ITAA 1936 is not available in respect of a unit of property first used or installed ready for use after 30 June 2002.
6. As the legislation dealt with in Taxation Ruling IT 2124 no longer applies, the Ruling is withdrawn.

IT 2124

Commissioner of Taxation

15 December 2004

ATO references

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