

IT 2132 - Investment allowance - demonstration vehicles

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demonstration use is less than the ordinary demonstration use in the three month period.

5. Insofar as the suppliers or distributors are concerned motor vehicles used for demonstration purposes are normally available for sale and, for this reason, are regarded as retaining their character as trading stock. The question of investment allowance deduction does not arise. If, in a particular case, a claim is made by a supplier for investment allowance deduction in respect of expenditure on a demonstration vehicle and it emerges that the vehicle was available for sale, it would seem that section 82AH would operate to withdraw any investment allowance deduction.

6. The making available of a vehicle free of charge to a prospective customer for a limited period for demonstration purposes will not affect any investment allowance deduction which might otherwise be allowable to a supplier.

COMMISSIONER OF TAXATION
7 January 1985

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