

IT 2166 - Income tax: basis of assessment for income from chattel leasing transactions

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companies that balance after 30 June.

RULING

5. The requirement in paragraph 4 of Ruling No. IT 2162 will be satisfied if the common basis of returning income from chattel lease transactions is applied to all transactions entered into on and after 1 July 1985. The income from chattel leases entered into prior to 1 July 1985 may be returned on the same basis as is presently used.

6. Where a company in a group is not a wholly owned subsidiary, the method of bringing to account income from chattel lease transactions entered into on or after 1 July 1985 will depend upon the particular circumstances of each case. As a general rule it would be expected that the same method would be used as is used by the company's shareholders. If the methods used by the shareholders differ, the method used by the controlling shareholder would be adopted. In some cases the controlling shareholder may not be a leasing or finance company and in other cases there may be equal shareholders where the methods used by the equal shareholders vary - in these situations the rentals less depreciation method would be used.

COMMISSIONER OF TAXATION
18 June 1985