TD 92/156 - Income tax: do the trading stock provisions apply to newsprint held by a taxpayer carrying on a business of producing newspapers?

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This ruling contains references to repealed provisions, some of which may have been rewritten. The ruling still has effect. Paragraph 32 in TR 2006/10 provides further guidance on the status and binding effect of public rulings where the law has been repealed or repealed and rewritten. The legislative references at the end of the ruling indicate the repealed provisions and, where applicable, the rewritten provisions.

This document has changed over time. This is a consolidated version of the ruling which was published on *29 November 2006*

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This Determination, to the extent that it is capable of being a 'public ruling' in terms of PartáIVAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part . Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, the Determination applies to transactions entered into both before and after its date of issue.

Taxation Determination

Income tax: do the trading stock provisions apply to newsprint held by a taxpayer carrying on a business of producing newspapers?

1. Yes. Subsection 6(1) of the *Income Tax Assessment Act 1936* defines trading stock as including anything produced, manufactured, acquired or purchased for purposes of manufacture, sale or exchange.

2. We consider that newsprint is trading stock because it is produced, manufactured, acquired or purchased by a newspaper producer for purposes of manufacture of newspapers. This is so even if:

(a) all revenue is gained from advertising (in the case of free newspapers); or

(b) sales revenue from the distribution and sale of newspapers does not cover the cost of producing them.

3. Section 28 states that where a taxpayer carries on a business, opening and closing values of trading stock are taken into account in ascertaining the taxpayer's taxable income. Expenditure by a newspaper producer in purchasing newsprint is deductible under subsection 51(1) when the expenditure is incurred. However, section 28 applies to require the opening and closing values of newsprint to be taken into account in ascertaining the newspaper producer's taxable income. The overall effect of section 28 is to allow a deduction for the newsprint on a usage basis.

Commissioner of Taxation
17/09/92

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