

TD 94/87W - Income tax: property development: where the estimated profits method of recognising income from long-term construction contracts (Taxation Ruling IT 2450) is adopted, how is an estimated 'ultimate loss' arising under a contract to be recognised?

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! TD 94/87 has been withdrawn as part of a project to review public rulings.

! This document has changed over time. This is a consolidated version of the ruling which was published on *18 October 2017*



Notice of Withdrawal

Taxation Determination

Income tax: property development: where the estimated profits method of recognising income from long-term construction contracts (Taxation Ruling IT 2450) is adopted, how is an estimated 'ultimate loss' arising under a contract to be recognised?

Taxation Determination TD 94/87 is withdrawn with effect from today.

1. TD 94/87 clarifies that where the estimated profits basis is used for recognising income from long-term construction contracts, an estimated contract loss is to be spread over the period taken to complete the contract and in a manner that reflects the progress of the contract.
2. TD 94/87 is being withdrawn to form part of a consolidated ruling on the tax treatment of long-term construction contracts.
3. The issue covered by TD 94/87 is now covered in Taxation Ruling TR 2017/D8.

Commissioner of Taxation

[18 October 2017](#)

ATO references

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