TR 1999/3W - Income tax: the value for depreciation purposes for a subsequent purchase of a car subject to the section 42-80 luxury car limit

Notice of Withdrawal

Taxation Ruling

Income tax: the value for depreciation purposes for a subsequent purchase of a car subject to the section 42-80 luxury car limit

Taxation Ruling TR 1999/3 is withdrawn with effect from 11 May 2005, the date notice of the withdrawal was published in the Government Notices Gazette.

1. Taxation Ruling TR 1999/3, which issued on 3 February 1999, deals with the cost of a car for depreciation purposes where the car has been previously owned and was previously subject to the luxury car limit in section 57AF of the *Income Tax Assessment Act 1936* or in the former section 42-80 of the *Income Tax Assessment Act 1997* (ITAA 1997). The Ruling states that the cost of the car to the subsequent purchaser is the actual cost. This cost is subject to the luxury car limit for the financial year in which the subsequent owner first uses the car. However, the fact that the car was previously subject to the luxury car limit would not, in itself, cause the Commissioner to exercise the discretion under the former section 42-90. That section provided the Commissioner with a discretion, in certain circumstances, to limit the cost of previously depreciated property.

2. The former Division 42 of the ITAA 1997 was repealed by the *New Business Tax System (Capital Allowances) Act* 2001 (Act No. 76 of 2001).

3. From 1 July 2001, the depreciation rules contained in the former Division 42 were replaced with the uniform capital allowance regime contained in Division 40 of the ITAA 1997.

4. Under Division 40 of the ITAA 1997, there is no equivalent provision to the former section 42-90 of the ITAA 1997. The rules for working out the cost of a depreciating asset are contained in Subdivision 40-C of the ITAA 1997. The cost of a previously owned car is worked out using those rules and is generally the amount paid for the car subject to the car limit in section 40-230 of the ITAA 1997.

5. As Taxation Ruling TR 1999/3 is no longer current, it is accordingly withdrawn.

Commissioner of Taxation
18 May 2005

ATO references

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