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The Secretary
Senate Economic Reference Committee.

Lets go back to the tax system
we had 20 years ago, Today's system
is complex and behind the times.

I put in for a tax ruling with
regards to my depreciation problem
and the simplified tax system. The
ruling was not favourable. I am losing
\$6,000 depreciation under the STS.
To not use STS I ~~lose~~ loss immediate
deductions for pre paid expenses
such as farm insurance and some
other deductions also.

Our tax system should not have
so many systems and differences.

STS should not be much different
than the ordinary tax system

Sincerely
DAN SWARTZ

5 Rod

NOTICE OF PRIVATE RULING
Authorisation Number 20275

This Ruling is a 'Private Ruling' for the purposes of Part IVAA of the Taxation Administration Act 1953.

THIS RULING APPLIES TO:

Danny Swartz

58728653

YEAR(S) OF INCOME TO WHICH THIS RULING APPLIES:

Year ended 30 June 2002

TAX LAW:

Income Tax Assessment Act 1997 section 328-175.

WHAT THIS RULING IS ABOUT:

A | Can the rulee enter the Simplified Tax System (STS) as outlined in Division 328 of the *Income Tax Assessment Act 1997* (ITAA 1997) and continue to use the uniform capital allowance provisions of Division 40 of the ITAA 1997 for depreciating assets with an estimated effective life of less than 25 years, acquired before 1 July 2001?

THE SUBJECT OF THE RULING:

B | The rulee acquired several assets before 1 July 2001 that have an estimated effective life of less than 25 years. A cherry picker purchased for \$23,936 in 1997, a sprayer purchased for \$20,000 in 1997, and a tractor purchased for \$35,868 in 1998. These assets were being depreciated under the prime cost method. The rulee has determined that, if he were to enter the STS, he would be unable to claim a deduction under the Uniform Capital Allowance (UCA) provisions for the decline in value of these assets. Instead, the assets would have to be pooled in a general STS pool and deducted at the rate of 30%. By entering STS, the rulee will reduce the amount he can claim for these depreciating assets. The rulee would like a private binding ruling to confirm his understanding.

C | **COMMENCEMENT OF ARRANGEMENT:**

1 July 2001

RULING:

D

Can the rulee enter the Simplified Tax System (STS) as outlined in Division 328 of the *Income Tax Assessment Act 1997* (ITAA 1997) and continue to use the uniform capital allowance provisions of Division 40 of the ITAA 1997 for depreciating assets with an estimated effective life of less than 25 years, acquired before 1 July 2001?

E

No.

Neil Mann
Deputy Commissioner of Taxation
Small Business
17 October 2002

UNIFORM capital allowance provision
are available for items with over
25 years life
Reference Simplified TAX SYSTEM
NAT 6459 - 6.2002
page 21

Letter to Editor N.T. News
9 Dec 02 page 12
www.news.com.au/NT