

RE: Sections 41-120(1)(a) and 41-125 (1)(a)

The drafting of this section is not clear. I've read it and re-read, and find it difficult to answer these two questions:

(a) is the allowance available where delivery of plant & equipment occurs in May 2008, and installation is completed in July 2009. It is now "installed ready for use" per s41-120(1)(d)(e). The contract to purchase the equipment was entered into in November 2008.

(b) is the allowance claimed on the June 2008 tax return, or the June 2009 tax return.

With regards to question (a), paragraph (1)(a) of s41-125 states three alternatives to qualify, all separated by the word "or", which means that the answer to question (a) is "yes", by reference to sub-paragraph(iii) thereof, viz. "start to hold the asset in some other way". The date of the contract is therefore irrelevant under sub-paragraph (ii). Is that reading correct? With regards to question(b), the answer seems to be a bit clearer; it's the June 2009 tax return, as that is when it's installed ready for use and the cost of the equipment is included in first element of the equipment's cost, and depreciation begins.

Please make the final draft clearer so that taxpayer's can answer simple questions about this initiative without going to lawyers and accountants.

thank you

George Tsekouras