



REPUBLIC OF NAURU
MINISTRY OF FINANCE
Nauru Revenue Office

Public Ruling No. 2

Goods Taken for Own Use

What this Ruling is about

This ruling has been issued to give guidance to a taxpayer in determining the appropriate treatment of goods purchased as trading stock that have been used or consumed by the owners, associates and employees of the business rather than sold in the normal course of business

Business Tax Act 2016 (BTA)

1. Section 19 of the BTA provides the general rule for allowable deduction of expenses or expenditures incurred in deriving gross income.
2. Section 20(1)(a) of the BTA provides specifically that an expenditures or loss incurred to the extent of which it is of a domestic or private nature is a non-allowable deduction.

Ruling

3. Where a person claims a deduction for trading stock used in a business and that trading stock is subsequently used for domestic or private purposes, the business is required to return the value of the trading stock taken from the business in the gross revenue of the business.
4. The amount to be included in gross revenue is the cost of the trading stock or its fair market value.
5. Where a number of items are taken from the business during the year or where it is difficult, in certain businesses or industries, to determine the value of an item taken from trading stock for domestic or private use, the Secretary requires that the taxpayer makes a reasonable attempt to keep a record of the trading stock used for this domestic or private use.

6. In the context of self-assessment, each taxpayer should be able to demonstrate that the value attributed to goods taken from trading stock for domestic or private use was fair and reasonable.

Taxpayer protection

7. Under Section 47 of the *Revenue Administration Act 2014*, the Secretary for Finance has made this ruling in accordance with Section 48 of that Act. This ruling is binding on the Secretary for Finance until it is withdrawn. It is not binding on a taxpayer

Date of Effect

8. 1 July 2018

Martin Hunt
Secretary for Finance