



Australian Government

Australian Taxation Office

Capital allowances schedule instructions 2006

To help you complete your capital allowances
schedule for 1 July 2005 – 30 June 2006

These instructions will help you complete your *Capital allowances schedule 2006* (NAT 3424-6.2006).

There is a blank schedule at the back of this publication. If you need additional printed copies, phone our Publications Distribution Service on **1300 720 092**.

You need only one schedule for all your depreciating assets. You do not need to complete a separate schedule for each asset.

These instructions include worksheets to help you complete the schedule. Do not lodge the worksheets with your tax return.

YOU MAY NEED:

- instructions for the relevant income tax return or the publication *Business and professional items instructions 2006* (NAT 2543-6.2006) and the *Business and professional items schedule for individuals 2006* (NAT 2816-6.2006)
- *Guide to depreciating assets 2006* (NAT 1996-6.2006).



For more information:

- visit the Tax Office website at **www.ato.gov.au**
- phone us on **13 28 61**.

OUR COMMITMENT TO YOU

We are committed to providing you with advice and information you can rely on.

We make every effort to ensure that our advice and information is correct. If you follow advice in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it. However, we will not charge you a penalty or interest if you acted reasonably and in good faith.

If you make an honest mistake when you try to follow our advice and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest.

If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

If you feel this publication does not fully cover your circumstances, please seek help from the Tax Office or a professional adviser.

The information in this publication is current at May 2006. We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for a more recent version on our website at **www.ato.gov.au** or contact us.

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PUBLISHED BY

Australian Taxation Office
Canberra
May 2006

DO YOU NEED TO COMPLETE A CAPITAL ALLOWANCES SCHEDULE 2006?

Simplified tax system (STS) taxpayers and individual taxpayers not carrying on a business do not need to complete a schedule. Other taxpayers need to answer the questions below. If you answer 'yes' to any part of the questions, you need to complete a *Capital allowances schedule 2006*.

QUESTION 1: Did you have more than \$15,000 at any of the following labels on your income tax return?

Label	Where label found	Yes	No
Depreciation expenses (see note)	All tax returns except fund tax return	<input type="checkbox"/>	<input type="checkbox"/>
Deduction for decline in value of depreciating assets	Company and fund tax returns only	<input type="checkbox"/>	<input type="checkbox"/>
Low-value pool deduction	Tax return for individuals only	<input type="checkbox"/>	<input type="checkbox"/>

QUESTION 2: Did you have more than \$75,000 at either of the following labels on your income tax return?

Label	Where label found	Yes	No
Intangible depreciating assets first deducted	All tax returns	<input type="checkbox"/>	<input type="checkbox"/>
Other depreciating assets first deducted	All tax returns	<input type="checkbox"/>	<input type="checkbox"/>

QUESTION 3: Did you have more than \$1,000 shown at either of the following labels on your income tax return?

Label	Where label found	Yes	No
Deduction for project pool	All tax returns except fund tax return	<input type="checkbox"/>	<input type="checkbox"/>
Business deduction for project pool	Business and professional items section of tax return for individuals	<input type="checkbox"/>	<input type="checkbox"/>

NOTE

You do not include information in this schedule about depreciating assets that are subject to the simplified tax system (STS) capital allowances rules – see the publication *The simplified tax system – a guide for tax agents and small businesses* (NAT 6459) for information about the STS capital allowances rules.

Accordingly, if you are exiting the STS or have previously exited the STS and are claiming a deduction in respect of an STS item at the **Depreciation expenses** label (for example, in relation to a continuing STS pool), you do not need to complete the schedule if the amount at the label relates entirely to STS items. If the amount relates to both STS items and uniform capital allowance (UCA) items, you will need to complete the schedule but, in doing so, assets subject to the STS rules are to be disregarded.

TAXPAYER INFORMATION

In the spaces provided at the top of the schedule, complete your entity's:

- tax file number (TFN)
- Australian business number (ABN), if any, and
- name.

Make sure you sign the schedule when you have completed it.

PART A – DEPRECIATING ASSETS FIRST DEDUCTED IN THE 2006 INCOME YEAR

This part requires information about any depreciating assets, tangible or intangible, whose decline in value you are claiming for the first time this income year – for example, assets that you start to use for a taxable purpose this income year. You can only include assets that:

- are covered by the uniform capital allowance (UCA) system, and
- you have used for a taxable purpose.

A taxable purpose is:

- the purpose of producing assessable income
- the purpose of exploration or prospecting
- the purpose of mining site rehabilitation, or
- environmental protection activities.

If you did not complete the items **Intangible depreciating assets first deducted** or **Other depreciating assets first deducted** on your tax return or on the *Business and professional items schedule for individuals 2006*, you do not need to complete this part of the schedule. Go to part B.

See the *Guide to depreciating assets 2006* for information about the UCA and for more information on any of the terms referred to in this part.

! NOTES

- 1 Do not include assets you acquired this year for which you are not claiming a deduction for decline in value. You will include those assets in the year you begin to claim deductions for them.
- 2 For **A**, **B** and **C**, include the cost of assets for which the UCA provides a specific treatment. For example, include the cost of:
 - low-cost assets that have been allocated to a low-value pool
 - primary production assets, and
 - assets used in exploration or prospecting.
- 3 For **A** and **B**, do not include capital expenditure you have allocated to a software development pool for the income year.
- 4 The cost of an asset may not be the same as its purchase price. The purchase price may be adjusted in certain circumstances – for example, to the car limit (which then becomes the first element of its cost).
- 5 The cost shown in part A should include any amounts included in the second element of cost. For more information on cost, see the *Guide to depreciating assets 2006*.

Item 1: Total cost of depreciating assets (excluding motor vehicles)

Assets each costing less than \$1,000

At **A**, write the total cost of all depreciating assets:

- that cost less than \$1,000 each, and
- for which you are claiming a deduction for decline in value for the first time this income year.

! NOTE

Do not include motor vehicles. These are included at item 3.

Item 2: Total cost of depreciating assets (excluding motor vehicles)

Assets each costing \$1,000 or more

At **B**, write the total cost of all depreciating assets:

- that cost \$1,000 or more each, and
- for which you are claiming a deduction for decline in value for the first time this income year.

! NOTE

Do not include motor vehicles. These are included at item 3.

Item 3: Total cost of motor vehicles

At **C**, write the total cost of all motor vehicles for which you are claiming a deduction for decline in value for the first time this income year.

! NOTE

Do not include the cost of cars for which you have calculated car expenses using the cents per kilometre method or the 12% of original value method as you cannot deduct an amount for the decline in value of these cars under the UCA.

Item 4: Self-assessed effective life

For most depreciating assets, you can choose either

- to work out the effective life yourself (self-assess), or
- to use an effective life determined by the Commissioner.

If you have adopted the Commissioner's effective life determination for all your depreciating assets included at **A**, **B** and **C**, print **X** in the **No** box at **D**. Go to part B of this schedule.

If you have self-assessed the effective life of any of your depreciating assets included at **A**, **B** or **C**, print **X** in the **Yes** box at **D**. Go to **E** and **F**.

At **E**, write the total cost of all your depreciating assets (excluding motor vehicles) for which you:

- self-assessed the effective life, and
- claimed a deduction for decline in value for the first time this income year.

At **F**, write the total cost of all your motor vehicles for which you:

- self-assessed the effective life, and
- claimed a deduction for decline in value for the first time this income year (see note to item 3 above).

Go to part B of this schedule.

PART B – FOR ALL DEPRECIATING ASSETS

This part requires information about all your depreciating assets. You can only include assets that:

- are covered by the UCA, and
- you have used for a taxable purpose.

For more information on any of the terms referred to in this part, see the *Guide to depreciating assets 2006*.

Item 1: Information from depreciating assets worksheet

Worksheet 1: Depreciating assets has been reproduced from the *Guide to depreciating assets 2006*. The letters **G**, **H**, **I**, **J** and **K** on the worksheet correspond to the same labels on the *Capital allowances schedule 2006*. Transfer the amounts from the labels on worksheet 1 to the corresponding labels on the schedule.

At **J**, on both worksheet 1 and the schedule, do not include any amounts from a low-value pool.

In some cases you may need two copies of worksheet 1, for example, if you have both primary production and non-primary production assets. If you are using more than one copy of worksheet 1, add up the amounts at each label on each worksheet and transfer the total to the corresponding label on the schedule.

Do not include information about the decline in value of the following depreciating assets:

- Assets that are deductible under the specific primary production provisions of the UCA such as water facilities, horticultural plants and grapevines. (Some of the concepts used to work out the decline in value of these assets are different from those used in the worksheet.)
- Assets allocated to a low-value pool. (These assets are covered by worksheet 2 and are dealt with at item 2.)

At **G**, write the total assessable income you have from balancing adjustment events occurring for your depreciating assets (this type of assessable income may arise if, for example, you disposed of a depreciating asset for more than its adjustable value). The total assessable income from balancing adjustment events is the amount at **G** on worksheet 1. If you do not have any assessable balancing adjustment amounts this income year, leave this label blank.

At **H**, write the total deductible amount you have from balancing adjustment events occurring for your depreciating assets (this type of deduction may arise if, for example, you disposed of a depreciating asset for less than its adjustable value). The total deduction is the amount at **H** on worksheet 1. If you do not have any deductible balancing adjustment amounts this income year, leave this label blank.

At **I**, write the total amount of your deductions for decline in value calculated using the prime cost method. This amount is found at **I** on worksheet 1. If you have not calculated any of your deductions for decline in value using the prime cost method, leave this label blank.

At **J**, write the total amount of your deductions for decline in value calculated using the diminishing value method. This amount is found at **J** on worksheet 1. Do not include amounts from a low-value pool, as these are covered by worksheet 2 and are included at item 2. If you have not calculated any of your deductions for decline in value using the diminishing value method, leave this label blank.

At **K**, write the total of the adjustable values of your depreciating assets as at the end of this income year. This amount is found at **K** on your worksheet 1.

WORKSHEET 1: Depreciating assets

☐ Primary production only ☐ Non-primary production only

[illegible]

NOTE

You need to include any amounts at **G**, **H**, **I**, **J**, and **K** on your *Capital allowances schedule* 2006 and ensure any amounts at **G** and **H** are included on your tax return.

Worksheet 1 is provided to help you complete the schedule. Do not include it with your tax return.

Item 2: Information from low-value pool worksheet

Worksheet 2: Low-value pool has also been reproduced from the *Guide to depreciating assets 2006*. The labels **L**, **M**, **N**, **O**, **P** and **Q** on the worksheet correspond to the same labels on the *Capital allowances schedule 2006*. Transfer the amounts from the labels on worksheet 2 to the corresponding labels on the schedule.

At **L**, write the closing balance of your low-value pool for the previous income year. This amount is found at **L** on worksheet 2.

At **M**, write the total cost (as at the end of this income year) of all the low-cost assets allocated to your low-value pool this income year. Show the cost before any adjustment for taxable use percentage. This amount is found at **M** on worksheet 2.

At **N**, write the total of the opening adjustable values of all low-value assets allocated to the low-value pool in this income year. This amount is found at **N** on worksheet 2.

At **O**, write the total of any amounts included in the second element of cost of assets in the low-value pool at the start of this income year and of low-value assets added to the pool in this income year. Amounts spent on improving an asset are an example of a second element of cost. Show the second element of cost before any adjustment for taxable use percentage. This amount is found at **O** on worksheet 2.

At **P**, write the closing balance of the low-value pool for this income year. This amount is found at **P** on worksheet 2.

At **Q**, write the total termination values of assets in the low-value pool for which a balancing adjustment event occurred. Generally, the termination value is what you receive or are taken to have received for the asset as a result of a balancing adjustment event, such as the proceeds from selling the asset. Show the termination value before any adjustment for taxable use percentage. This amount is found at **Q** on worksheet 2.

Item 3: Recalculation of effective life

You may recalculate the effective life of assets in certain circumstances if the effective life you have been using is no longer accurate. There are also circumstances where you must recalculate the effective life of a depreciating asset.

If you have not recalculated the effective life of any of your depreciating assets in this income year, print **X** in the **No** box at **R**. Go to part C.

If you have recalculated the effective life of any of your depreciating assets this income year, print **X** in the **Yes** box at **R**. Go to **S** and **T**.

At **S**, write the total opening adjustable value of any depreciating assets (excluding motor vehicles) for which you recalculated the effective life this income year.

At **T**, write the total opening adjustable value of any motor vehicles for which you recalculated the effective life this income year. Go to part C.

WORKSHEET 2: Low-value pool

Balancing adjustment events									
1	2	3	4	5	6	7	8	9	
Description of low-value asset (LVA)	Opening adjustable value (OAV) of LVA	Taxable use %	Reduced OAV of LVA (2 × 3)	Description of low-cost asset (LCA) or second element of cost of asset in pool	Cost of LCA	Second element of cost	Taxable use %	Reduced cost of LCA or second element of cost ((6 or 7) × 8)	
Total	N	Subtotal	A	Totals	M	O	Subtotal	E	
		Add closing pool balance for previous income year	L				E × 18.75%	F	

* If amount at **P** would otherwise be negative, include that amount in your assessable income as a balancing adjustment amount and reduce the amount shown at **P** to zero.

NOTE

You need to include any amounts at **L**, **M**, **N**, **O**, **P**, and **Q** on your *Capital allowances schedule 2006*.

Worksheet 2 is provided to help you complete the schedule. Do not include it with your tax return.

PART C – PROJECT POOLS

This part requires information on project amounts. You can deduct amounts over the project life of a project for project amounts allocated to a project pool. If you do not have any project pools, you do not need to complete this section. Go to part D.

See the *Guide to depreciating assets 2006* for information on project amounts and how to work out your deductions.

Item 1: Project pools

At **U**, write the number of project pools you have. A separate project pool is required for each project.

At **V**, write the total closing pool value of all your project pools for the previous income year.

At **W**, write the total closing pool value of all your project pools for this income year.

The closing pool value of a project pool is:

- the closing pool value for the previous year (if any) **plus**
- any project amounts allocated for the year **less**
- the deduction for project amounts for the year (worked out assuming the project operates wholly for a taxable purpose), adjusted in some cases (for certain foreign exchange realization gains or losses, for example).

Item 2: Amounts allocated this income year

At **X**, write the total of any amounts allocated to a project pool this income year which were incurred for environmental assessments for the project. If you have not allocated any such amounts to a project pool, leave this label blank.

At **Y**, write the total of any amounts you have allocated to a project pool for mining capital expenditure or transport capital expenditure incurred this income year. If you have not allocated any such amounts to a project pool, leave this label blank.

At **Z**, write the total of all other project amounts you have allocated to a project pool this income year. If there were no other project amounts, leave this label blank.

PART D – ENTITIES ENGAGED IN EXPLORATION OR PROSPECTING

This part requires information on your deductions for the decline in value of depreciating assets used in exploration or prospecting. If you did not claim any deductions for depreciating assets used in exploration or prospecting, you do not need to complete this part.

At **A**, write the total of your deductions for decline in value of intangible depreciating assets used in exploration or prospecting.

At **B**, write the total of your deductions for decline in value of other depreciating assets used in exploration or prospecting.



CHECK THAT YOU HAVE...

- filled in the identification information required at the top of the schedule (TFN, ABN and entity name)
- completed all the labels that are relevant to your circumstances, and
- signed the schedule in the signature box on page 1.

If there are any errors, your schedule may be ineffective and will be returned to you to complete correctly. Returns lodged without all the required schedules may not be considered to have been lodged in the approved form. Unless all schedules are lodged by the due date a failure to lodge on time penalty may be applied.

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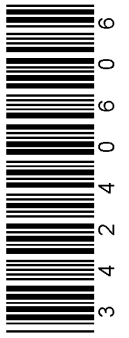


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Capital allowances schedule

Read the publication *Capital allowances schedule instructions 2006*, available from the Tax Office.

Print neatly in BLOCK LETTERS with a black or blue ballpoint pen only. Print one letter or number in each box. Do not use correction fluid or tape.



Tax file number (TFN) See **Privacy** note on page 2 of this schedule.

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Australian business number (ABN)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Name of entity

Signature

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Part A Depreciating assets first deducted in the 2006 income year

1 Total cost of depreciating assets (excluding motor vehicles)

Assets each costing less than \$1,000

A

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

.00

2 Total cost of depreciating assets (excluding motor vehicles)

Assets each costing \$1,000 or more

B

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

.00

3 Total cost of motor vehicles

C

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

.00

4 Self-assessed effective life

Have you self-assessed the effective life of any of these assets?

D Yes ☐ No ☐ Print X in the appropriate box

If yes, complete **E** and/or **F**. If no, go to part B.

Depreciating assets
(excluding motor vehicles)

Total cost of assets for which
effective life self-assessed

E

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

.00

Motor vehicles

F

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

.00

Part B For all depreciating assets

**1 Information from depreciating
assets worksheet**

Total assessable balancing
adjustment amounts

G

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.00

Total deductible balancing
adjustment amounts

H

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.00

Total deduction for decline in value
– prime cost method

I

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

.00

Total deduction for decline in value
– diminishing value method

J

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

.00

Total adjustable values
at end of income year

K

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

.00

**2 Information from low-value
pool worksheet**

Closing pool balance for
previous income year

L

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

.00

Total cost of low-cost
assets allocated to pool

M

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

.00

Total opening adjustable values of
low-value assets allocated to pool

N

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

.00

Total second element of cost
amounts allocated to pool

O

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

.00

Closing pool balance
for this income year

P

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

.00

Total termination values of pooled assets
for which balancing adjustment event occurred

Q

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

.00

**3 Recalculation of
effective life**

Did you recalculate effective life for
any of your assets this income year?

R Yes ☐ No ☐ Print X in the appropriate box

If yes, complete **S** and/or **T**. If no, go to part C.

Depreciating assets
(excluding motor vehicles)

Total opening adjustable values
of assets for which effective life
recalculated

S

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.00

Motor vehicles

T

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

.00



Number of project pools U □ □ □ □ □ □ □

[illegible][illegible]

Total amounts incurred for environmental assessments X .00

Total mining capital expenditure and/or transport capital expenditure Y [] [] [] [] [] [] [] [] [] [] .00

Total of other project amounts Z [] [] [] [] [] [] [] [] [] [] .00 F

Part D Entities engaged in exploration or prospecting

Total deduction for decline in value of intangible depreciating assets used in exploration or prospecting A -00

Total deduction for decline in value of other depreciating assets used in exploration or prospecting B .00

Make sure you have completed your *Capital allowances schedule 2006* correctly. If there are any errors your schedule may be ineffective and will be returned to you to complete correctly.

Before you sign the *Capital allowances schedule 2006*, check that:

- you have included your **tax file number (TFN)** at the top of page 1 of the schedule
- you have included your **Australian business number (ABN)** at the top of page 1 of the schedule
- your name is printed on page 1 of the schedule
- you have completed the appropriate parts of the schedule.

Ensure your *Capital allowances schedule 2006* is attached to your tax return.

Privacy: The Tax Office is authorised by the *Taxation Administration Act 1953* to request you to quote your TFN. It is not an offence not to quote your TFN. However, your assessment will be delayed if you do not quote your TFN. The Tax Office is authorised by the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997* to ask for information on this schedule. We need this information to help us to administer the taxation laws. We may give this information to other government agencies as authorised in taxation law – for example, benefit payment agencies such as Centrelink and the Department of Education, Science and Training; law enforcement agencies such as state and federal police; and other agencies such as the Child Support Agency and the Australian Bureau of Statistics.

