

Capital allowances schedule instructions

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Do you need to complete a Capital allowances schedule 2002?

Unless you are an STS taxpayer or an individual taxpayer not carrying on a business, you need to complete a *Capital allowances schedule 2002* if you had:

more than \$1000 at **any** of the following labels on your income tax return:

Label	Where label found
Depreciation expenses	All tax returns except fund tax return
Deduction for decline in value of depreciating assets	Company and fund tax returns only
Deduction for project pool	All tax returns except fund tax return
Business deduction for project pool	Business and professional items section of tax return for individuals
Low-value pool deduction	Tax return for individuals only

OR

more than \$5000 at either of the following labels on your income tax return:

Label	Where label found
Intangible depreciating assets first deducted	All tax returns
Other depreciating assets first deducted	All tax returns

What you may need

You may need:

- The relevant income tax return instructions or the publication *Business and professional items* (NAT 2543—6.2002)
- *2002 business and professional items schedule* (NAT 2816—6.2002)
- *Guide to depreciating assets* (NAT 1996—6.2002)
- *Taxation Ruling IT 2685—Income tax: depreciation*
- *Taxation Ruling TR 2000/18—Income tax: depreciation effective life*.

To get these publications:

- visit the ATO website at <www.ato.gov.au>
- ring our Publications Distribution Service at **1300 720 092**
- visit an ATOaccess site.

Taxpayer information

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

- tax file number
- name
- Australian Business Number, if any
- signature as prescribed in the tax return.

Part A Depreciating assets first deducted in the 2002 income year

This part requires information on tangible and intangible depreciating assets for which you first claimed a deduction for decline in value in this income year. You should not include assets that are not covered by the uniform capital allowance system (UCA) or which you have not used for a taxable purpose. A taxable purpose:

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

If you did not complete the labels **Intangible depreciating assets first deducted** or **Other depreciating assets first deducted** on your tax return or on the *2002 business and professional items schedule*, you do not need to complete this part of the schedule. Go to **part B**.

See the *Guide to depreciating assets* 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 did not claim a deduction for decline in value. You will include these assets in the year you begin to claim deductions for them.
- 2 The amounts at **A**, **B** and **C** should include the cost of assets for which the UCA provides a specific treatment. For example, you should include the cost of low-cost assets that have been allocated to a low-value pool, primary production assets and assets used in exploration and prospecting.
- 3 While expenditure on developing in-house software may not give rise to a depreciating asset when the expenditure is incurred and while any deduction for this year's expenditure allocated to a software development pool is not available until next year, the amounts at **A** and **B** should include 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. It may be adjusted in certain circumstances—for example, to the car limit for the income year.
- 5 The cost shown in this part should include any amounts included in the second element of cost.

**Item 1 Depreciating assets
(excluding motor vehicles)
Assets each costing less
than \$1000**

Label A

Write at **A** the total cost of all assets (other than motor vehicles) costing less than \$1000 each for which you first claimed a deduction for decline in value in this income year.

The amount shown at **A** should include the cost of any low-cost assets you have allocated to a low-value pool for the income year. Do not reduce the cost for estimated non-taxable use.

**Item 2 Depreciating assets
(excluding motor vehicles)
Assets each costing \$1000
or more**

Label B

Write at **B** the total cost of all assets (other than motor vehicles) costing \$1000 or more each for which you first claimed a deduction for decline in value in this income year.

Item 3 Motor vehicles

Label C

Write at **C** the total cost of all your motor vehicles for which you first claimed a deduction for decline in value in this income year. Do not include the cost of motor vehicles for which you have calculated car expenses using the '12 per cent of original value' or 'cents per kilometre' method as you cannot deduct an amount for the decline in value of these motor vehicles under the UCA.

**Item 4 Self-assessed
depreciating assets**

For each depreciating asset for which you first claimed a deduction for decline in value in this income year, you must either:

- adopt the effective life as determined by the Commissioner of Taxation in *Taxation Ruling IT 2685—Income tax: depreciation* or *Taxation Ruling TR 2000/18—Income tax: depreciation effective life*, or
- estimate its effective life yourself (self-assessed effective life).

Label D

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

Print **Y** for yes at **D** if you have self-assessed the effective life of any of your depreciating assets included at **A**, **B** or **C**. You will now need to complete **E** and/or **F**.

Label E

Write at **E** the total cost of all your depreciating assets (excluding motor vehicles) for which you:

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

Label F

Write at **F** the total cost of all your motor vehicles for which you:

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

**Part B For all depreciating
assets**

This part requires information about all your depreciating assets which are covered by the UCA and which you used for a taxable purpose.

**Item 1 Information from
depreciating assets
worksheet**

The depreciating assets worksheet from the publication *Guide to depreciating assets* has been reproduced on the next page. The letters **G**, **H**, **I**, **J** and **K** on the worksheet correspond to **G**, **H**, **I**, **J** and **K** on the *Capital allowances schedule 2002*. Transfer the amounts directly from the worksheet to the corresponding labels on the schedule.

In some cases you may need to use 2 worksheets—for example, if you have both primary production and non-primary production assets. Add up the amounts from both worksheets and transfer the totals to the corresponding labels on the schedule.

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

Label G

Write at **G** the total assessable income from balancing adjustment events occurring for depreciating assets. You may have this type of assessable income if 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 the depreciating assets worksheet. If you do not have any balancing adjustment events for depreciating assets in this income year, leave this label blank.

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

Worksheet 2—low-value pool

1 Description of low-value asset (LVA)	2 Opening adjustable value (OAV) of LVA	3 Taxable use percentage	4 Reduced OAV of LVA (2 x 3)	5 Description of low-cost asset (LCA) or second element of cost of asset in pool	6 Cost of LCA	7 Second element of cost	8 Taxable use percentage	9 Reduced cost of LCA or second element of cost (6 or 7 x 8)	Balancing adjustment events				
									10 Description of asset for which balancing adjustment event occurred	11 Termination value (TV)	12 Taxable use percentage	13 Reduced TV (11 x 12)	
Total ▶	N		Subtotal ▶	A	Totals ▶	M	O	Subtotal ▶	E		Q	◀ Totals ▶	H
			Add closing pool balance for previous income year ▶	L				E x 18.75% ▶	F				
			Sum of A and L ▶	C			Decline in value (D + F) ▶	G					
			C x 37.5% ▶	D			Closing pool balance (C + E - G - H) ▶	P *					

* 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.

Label M

Write at **M** the total cost (as at the end of the income year and before any adjustment for taxable use percentage) of all your low-cost depreciating assets allocated to the low-value pool in this income year. This amount can be found at **M** on the low-value pool worksheet.

Label N

Write at **N** the total opening adjustable value of all low-value assets allocated to the low-value pool in this income year. This amount can be found at **N** on the low-value pool worksheet.

Label O

Write at **O** the total of any amounts included in the second element of cost (before any adjustment for taxable use percentage) of assets in the low-value pool for the income year. These would be all assets in the pool at the end of the previous year and low-value assets allocated for this year. The second element of cost includes amounts spent on improving an asset. This amount can be found at **O** on the low-value pool worksheet.

Label P

Write at **P** the closing pool balance of the low-value pool. This amount can be found at **P** on the low-value pool worksheet.

Label Q

Write at **Q** the termination value of any assets in the low-value pool for which a balancing adjustment event occurred (before any adjustment for taxable use percentage). The termination value is, generally, what you receive for an asset such as the proceeds from selling the asset. This amount is found at **Q** on the low-value pool worksheet.

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. In certain circumstances, you must recalculate the effective life of a depreciating asset.

Label R

If you have not recalculated the effective life of any of your depreciating assets, print **N** for no at **R**. Go to **part C**.

Print **Y** for yes at **R** if you have recalculated the effective life of any of your depreciating assets. If you printed **Y**, you will need to complete **S** and/or **T**.

Label S

Write at **S** the total opening adjustable value of any depreciating assets (excluding motor vehicles) for which you have recalculated the effective life.

Label T

Write at **T** the total opening adjustable value of any motor vehicles for which you have recalculated the effective life.

Part C Project pools

This part requires information on project amounts. Project amounts can be allocated to a project pool and deducted over the life of the project. 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* for information on project amounts and how to work out your deductions for a project pool.

Label U

Write at **U** the number of project pools you have. A separate project pool is required for each project.

Label V

Write at **V** the total pool value of all your project pools at the close of the previous year. As only expenditure incurred on or after 1 July 2001 can be allocated to a project pool, for most taxpayers this amount will be zero this year.

Label W

Write at **W** the total closing pool value of all your project pools. This amount is the closing pool value of the previous year plus any project amounts allocated for the year less the deduction for the year assuming the project operates wholly for a taxable purpose.

Label X

Write at **X** the total of the amounts you have allocated to each project pool, being amounts incurred for environmental assessments for the project for the year. If you have not allocated an amount for environmental assessments for any project, leave this label blank.

Label Y

Write at **Y** the total of any project amounts you have allocated to a project pool for mining capital expenditure and transport capital expenditure incurred for the income

year. If you have not allocated any amounts for mining capital expenditure or transport capital expenditure to a project pool, leave this label blank.

Label Z

Write at **Z** the total of all other project amounts incurred which you have allocated to a project pool for the 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 deductions for the decline in value of depreciating assets used in exploration or prospecting and other deductions you are claiming for exploration or prospecting expenditure. If you did not claim any deductions for exploration or prospecting, you do not need to complete this part.

Label A

Write at **A** the total of any deductions you are claiming for exploration or prospecting expenditure other than those shown at **B** below.

Label B

Write at **B** the total of any deductions for the decline in value of tangible depreciating assets used in exploration or prospecting.

You have now completed this schedule. Make sure that you have completed the identification fields at the top of the schedule and that you have signed it.

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**Lodge your tax return over the Internet using e-tax**

If you are looking for an easy and convenient way to do your tax return, look no further than *e-tax 2002*. It is available **free** from the Australian Taxation Office. *e-tax* can estimate items such as capital gains and your tax refund or tax debt. *e-tax* allows you to complete your tax return confidentially and at your leisure, 7 days a week. Tax returns lodged using *e-tax* generally take only **14 days** to process. *e-tax* is available for use from 1 July 2002. For more information on *e-tax*, visit the ATO website at <www.ato.gov.au>.



Read the publication *Capital allowances schedule instructions*, available from the Australian Taxation Office, before you complete this schedule. Do not use correction fluid or tape. Please print neatly in BLOCK LETTERS with a black or blue ballpoint pen only. Print one letter or number in each box.



34240602

Name of entity

Part A Depreciating assets first deducted in the 2002 income year

- ### Part B For all depreciating assets

- ## 1 Information from depreciating assets worksheet

2 Low-value pool

Termination value of pooled assets Q [][][][][][][][][][] .00

- ### 3 Recalculation of effective life

Total opening adjustable values

<i>Depreciating assets (excluding motor vehicles)</i>										<i>Motor vehicles</i>									
S										T									

Part C Project pools

1 Project pools

Number of project pools **U**

Opening pool value of project pools **V**

Closing pool value of project pools **W**

2 Amounts allocated this income year

Environmental impact assessment expenditure **X**

Mining capital expenditure and/or transport capital expenditure **Y**

Other project amounts **Z**

Part D Entities engaged in exploration or prospecting

Deduction for exploration or prospecting **A**

Decline in value of a tangible depreciating asset used in exploration or prospecting **B**

Is your *Capital allowances schedule 2002* complete?

Make sure you have completed your *Capital allowances schedule 2002* correctly. If there are any errors, your schedule may be ineffective and will be returned to you to complete the information correctly.

Before you sign the *Capital allowances schedule 2002*, check that:

- you have included your **tax file number** at the top of page 1 of the schedule
- you have included your **Australian Business Number** at the top of page 1 of the schedule
- you have included your details on page 1 of the schedule
- you have completed the appropriate parts of the schedule as required
- you have attached your *Capital allowances schedule 2002* to your tax return, if you are required to lodge the *Capital allowances schedule 2002* with your tax return.

Privacy: You do not have to quote your TFN. However, your assessment will be delayed if you do not quote your TFN. The ATO 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 authorised by law to receive it—for example, benefit payment agencies such as Centrelink, the Department of Education, Science and Training and the Department of Family and Community Services; law enforcement agencies such as the National Crime Authority; and other agencies such as the Child Support Agency and the Australian Bureau of Statistics.