

CAPITAL ALLOWANCES SCHEDULE INSTRUCTIONS

2002–03

→ → Not everyone who claims deductions for their depreciating assets needs to complete a *Capital allowances schedule 2003*.

This publication includes:

- details of who needs to lodge the schedule
- information on how to complete each of the labels on the schedule
- a blank schedule for you to complete



→ → **Lodge online with *e-tax* at www.ato.gov.au**

Read this part first

These instructions will help you complete your *Capital allowances schedule 2003* (NAT 3424—6.2003).

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.

Do you need to complete a Capital allowances schedule 2003?

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 following questions. If you answer 'yes' to any part of the questions, you need to complete a *Capital allowances schedule 2003*.

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 or No
Depreciation expenses (see Note on this page)	All tax returns except fund tax return	<input type="checkbox"/>
Deduction for decline in value of depreciating assets	Company and fund tax returns only	<input type="checkbox"/>
Low-value pool deduction	Tax return for individuals only	<input type="checkbox"/>
Intangible depreciating assets first deducted	All tax returns	<input type="checkbox"/>
Other depreciating assets first deducted	All tax returns	<input type="checkbox"/>

Question 2: Did you have more than \$1,000 shown at either of the following labels on your income tax return?

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

NOTE

- If you have exited the STS and have more than \$15,000 shown at the Depreciation expenses label, you do not need to complete a *Capital allowances schedule 2003*.
- Do not include information in this schedule for any depreciating assets that are subject to the STS capital allowances rules – see the publication *The Simplified Tax System: A guide for tax agents and small businesses* (NAT 6459—6.2002) for information about the STS capital allowances rules.

What you may need

You may need:

- instructions for the relevant income tax return or the publication *Business and professional items* (NAT 2543—6.2003)
- 2003 business and professional items schedule* (NAT 2816—6.2003)
- Guide to depreciating assets* (NAT 1996—6.2003).

To get these publications:

- visit the ATO website at **www.ato.gov.au**
- phone our Publications Distribution Service on **1300 720 092**, or
- visit an ATOaccess site.

All ATO publications are free.

Taxpayer information

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

- tax file number
- Australian business number (if any)
- name.

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

Part A – Depreciating assets first deducted in the 2003 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 system (UCA), 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 labels **Intangible depreciating assets first deducted** or **Other depreciating assets first deducted** on your tax return or on the *2003 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.

NOTE

- Do not include assets you acquired this year for which you are not claiming a deduction for decline in value. You will include these assets in the year you begin to claim deductions for them.
- For labels **A**, **B** and **C**, include the cost of assets that the UCA provides a specific treatment for. 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.
- For labels **A** and **B**, do not include capital expenditure you have allocated to a software development pool for the income year.
- 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.
- The cost shown in part A should include any amounts included in the second element of cost.

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.

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

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 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.

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. **Do not include** the cost of cars for which you have calculated car expenses using the ‘cents per kilometre’ or ‘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 to either

- work out the effective life yourself (self-assess), or
- 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 N for no 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 Y for yes at **D**. Go to label **E** and/or **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.

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.

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 the same letters on the *Capital allowances schedule 2003*. Transfer the amounts from the worksheet labels to the corresponding labels on the schedule.

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

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

Worksheet 2 – low-value pool

1	2	3	4	5	6	7	8	9	Balancing adjustment events			
Description of low-value asset (LVA)	Opening adjustable value (OAV) of LVA	Taxable use %	Reduced OAV of LVA (2 x 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 of 7 x 8)	10	11	12	13
									Description of asset for which balancing adjustment event occurred	Termination value (TV)	Taxable use %	Reduced TV (11 x 12)
Total ▶ N			Subtotal ▶ A		Totals ▶ M		Subtotal ▶ E				◀ 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.

NOTE The low-value pool worksheet is provided to help you complete the schedule. Do not include it with your tax return.

Item 2: Information from low-value pool worksheet

The low-value pool worksheet from the publication *Guide to depreciating assets* has been reproduced above. The labels **L**, **M**, **N**, **O**, **P** and **Q** on the worksheet correspond to the same labels on the *Capital allowances schedule 2003*. Transfer the amounts from the worksheet labels to the corresponding labels on the schedule.

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

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 can be found at **M** on the worksheet above.

At **N**, write 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 worksheet above.

At **O**, write the total of any amounts included in the second element of cost of assets in the low-value pool for this income year. Amounts spent on improving an asset are an example of a second element of cost. Only include amounts for assets in the pool at the end of the previous year and low-value assets allocated for this year. Show the second element of cost before any adjustment for taxable use percentage. This amount can be found at **O** on the worksheet above.

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

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

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 N for no at **R**. Go to part C.

If you have recalculated the effective life of any of your depreciating assets this income year, print Y for yes at **R**. Go to label **S** and/or **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.

Part C – Project pools

This part requires information on project amounts. You can allocate project amounts to a project pool and deduct the amounts 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.

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 value of all your project pools for the previous income year.

At **W**, write the total closing 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
plus
- any project amounts allocated for the year
less
- the deduction for decline in value for the year – worked out assuming the project operates wholly for a taxable purpose.

Item 2: Amounts allocated this income year

At **X**, write the total of any amounts incurred for environmental assessments you have allocated to a project pool this income year. If you have not allocated any amounts for environmental assessments 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 and/or transport capital expenditure incurred this 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.

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. Complete the checklist below.

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

At **B**, write the total of your deductions for the 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 name)
- signed the schedule, and
- completed all the labels that are relevant to your circumstances. (If there are any errors, your schedule may be ineffective and will be returned to you to complete correctly).

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NAT 4089—6.2003



Capital allowances schedule 2003

Notes to assist in the completion of this schedule are provided in the *Capital allowances schedule 2003 instructions* available from the Australian Taxation Office.

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.

www.ato.gov.au



Tax file number (TFN) See Privacy note on page 2.

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Australian business number

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Name of entity

Signature

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Part A Depreciating assets first deducted in the 2003 income year

- 1 Total cost of depreciating assets (excluding motor vehicles) **A**

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Assets each costing less than \$1,000
- 2 Total cost of depreciating assets (excluding motor vehicles) **B**

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Assets each costing \$1,000 or more
- 3 Total cost of motor vehicles **C**

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.00
- 4 Self-assessed effective life Have you self-assessed the effective life of any of these assets? **D**

Y

Y

N

N Print Y for yes, or N for no in the appropriate box. If yes, complete **E** and/or **F**. If no, go to part B.
- Depreciating assets (excluding motor vehicles)* *Motor vehicles*
- Total cost **E**

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Part B For all depreciating assets

- 1 Information from depreciating assets worksheet
- Total assessable balancing adjustment amounts **G**

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- Total deductible balancing adjustment amounts **H**

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- Deduction for decline in value—prime cost **I**

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- Deduction for decline in value—diminishing value **J**

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- Total adjustable values at end of income year **K**

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- 2 Information from low-value pool worksheet
- Closing pool balance for previous income year **L**

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- Low-cost assets allocated to pool **M**

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- Low-value assets allocated to pool **N**

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.00
- Second elements of cost allocated to pool **O**

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.00
- Closing pool balance **P**

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- Total termination values of pooled assets **Q**

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- 3 Recalculation of effective life Did you recalculate effective life for any of your assets this income year? **R**

Y

Y

N

N Print Y for yes, or N for no in the appropriate box. If yes, complete **S** and/or **T**.
- Depreciating assets (excluding motor vehicles)* *Motor vehicles*
- Total opening adjustable values **S**

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TEAR ALONG DOTTED LINE

