



Australian Government

Australian Taxation Office

Capital allowances schedule instructions 2005

To help you complete your capital allowances
schedule for 1 July 2004–30 June 2005

These instructions will help you complete your *Capital allowances schedule 2005* (NAT 3424-6.2005).

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 2005* (NAT 2543-6.2005) and the *Business and professional items schedule for individuals 2005* (NAT 2816-6.2005)
- *Guide to depreciating assets 2005* (NAT 1996-6.2005).



FOR MORE INFORMATION:

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

DO YOU NEED TO COMPLETE A CAPITAL ALLOWANCES SCHEDULE 2005?

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 2005*.

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		
Deduction for decline in value of depreciating assets	Company and fund tax returns only		
Low-value pool deduction	Tax return for individuals only		

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		
Other depreciating assets first deducted	All tax returns		

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		
Business deduction for project pool	Business and professional items section of tax return for individuals		

NOTE

You do not include information in this schedule about 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) 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:

- 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 2005 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 labels **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 2005*, you do not need to complete this part of the schedule. Go to part B.

See the *Guide to depreciating assets 2005* 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 (the cost).
5. 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.

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/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 (see note to item 3 above).

Go to part B of this schedule.

worksheet. 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 your depreciating assets worksheet. Do not include amounts from a low-value pool, as these are covered by a different worksheet 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 depreciating assets worksheet.

Item 2: Information from low-value pool worksheet

The low-value pool worksheet from the *Guide to depreciating assets 2005* (Worksheet 2) has been reproduced below. The labels **L**, **M**, **N**, **O**, **P** and **Q** on the worksheet correspond to the same labels on the *Capital allowances schedule 2005*. Transfer the amounts from the worksheet labels 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 the low-value pool worksheet.

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 the worksheet.

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 the worksheet.

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 the worksheet.

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

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 the worksheet.

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 × 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)	10	11	12	13
									Description of asset for which balancing adjustment event occurred	Termination value (TV)	Taxable use %	Reduced TV (11 × 12)
Total	N		Subtotal		Totals	M	O	Subtotal		Q	Totals	H
			Add closing pool balance for previous income year					E × 18.75%				
			Sum of A and L					G				
			C × 37.5%					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

You need to include any amounts at **L**, **M**, **N**, **O**, **P** and **Q** on your *Capital allowances schedule 2005*.

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

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/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. Go to part C.

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 2005* 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 forex 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 and/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 name)
- completed all the labels that are relevant to your circumstances, and
- signed the schedule at the top.

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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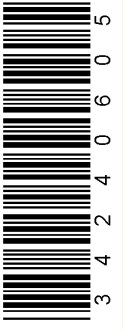
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Canberra
May 2005



Australian Government
Australian Taxation Office

Capital allowances schedule 2005

Read the publication *Capital allowances schedule instructions 2005*, 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)

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Name of entity

Signature

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

Part A Depreciating assets first deducted in the 2005 income year

1 Total cost of depreciating assets (excluding motor vehicles)

Assets each costing less than \$1,000

A																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

2 Total cost of depreciating assets (excluding motor vehicles)

Assets each costing \$1,000 or more

B																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

3 Total cost of motor vehicles

C																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

4 Self-assessed effective life

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

D	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	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																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Motor vehicles

F																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Part B For all depreciating assets

1 Information from depreciating
assets worksheet

Total assessable balancing
adjustment amounts

G																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Total deductible balancing
adjustment amounts

H																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Total deduction for decline in value
– prime cost method

I																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Total deduction for decline in value
– diminishing value method

J																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Total adjustable values
at end of income year

K																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

2 Information from low-value
pool worksheet

Closing pool balance for
previous income year

L																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Total cost of low-cost
assets allocated to pool

M																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

N																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Total second element of cost
amounts allocated to pool

O																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Closing pool balance
for this income year

P																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

Q																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

3 Recalculation of
effective life

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

R	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	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																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Motor vehicles

T																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--



Number of project pools U [] [] [] [] [] [] []

[illegible][illegible][illegible][illegible]

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 0 0 0 0 0 0 0 0 0 0 0 0 .00

Make sure you have completed your *Capital allowances schedule 2005* 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 2005*, 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 2005* 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.

