

**Australian Government****Australian Taxation Office**

# Capital allowances schedule 2004 instructions

To be used by taxpayers who need to complete  
a capital allowances schedule

These instructions will help you complete your *Capital allowances schedule 2004* (NAT 3424 – 6.2004).

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* (NAT 2543 – 6.2004) and the *2004 business and professional items schedule for individuals* (NAT 2816 – 6.2004)
- *Guide to depreciating assets* (NAT 1996 – 6.2004).

**FOR MORE INFORMATION:**

- visit the Tax Office website at **[www.ato.gov.au](http://www.ato.gov.au)**
- phone us on **13 28 61**.

## DO YOU NEED TO COMPLETE A CAPITAL ALLOWANCES SCHEDULE 2004?

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 2004*.

### 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)	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 or 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 or 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 STS capital allowances rules – see the publication *The simplified tax system: A guide for tax agents and small businesses* (NAT 6459 – 5.2004) 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 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 2004 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 *2004 business and professional items schedule for individuals*, 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 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 labels **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 labels **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 an X in the box 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 an X in the box for yes at **D**. Go to labels **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.

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

- ### Item 1: Information from depreciating assets worksheet

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

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 a different worksheet and are dealt with at item 2.)

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

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 the depreciating assets worksheet. 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

Primary production only ☐ Non-primary production only ☐

**NOTE**  
The depreciating assets worksheet is provided to help you complete the schedule. Do not include it with your tax return.

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

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 Description of asset for which balancing adjustment event occurred	11 Termination value (TV)	12 Taxable use %	13 Reduced TV (11 × 12)
Total >	<b>N</b>	Subtotal >	<b>A</b>	Totals >	<b>M</b>	<b>O</b>	Subtotal >	<b>E</b>		<b>Q</b>	< Totals >	<b>H</b>
	Add closing pool balance for previous income year >		<b>L</b>				E × 18.75% >	<b>F</b>				
	Sum of <b>A</b> and <b>L</b> >		<b>C</b>	Decline in value ( <b>D</b> + <b>F</b> ) >		<b>G</b>						
	<b>C</b> × 37.5% >		<b>D</b>	Closing pool balance ( <b>C</b> + <b>E</b> – <b>G</b> – <b>H</b> ) >		<b>P*</b>						

\* 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.

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

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.

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.

### 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 box 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 X in the box for yes at **R**. Go to labels **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* 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. 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).

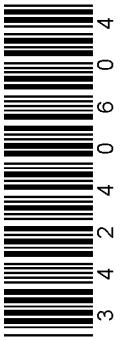
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# Capital allowances schedule 2004

Read the publication *Capital allowances schedule 2004 instructions* available from the Tax 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.



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

Australian business number (ABN)

Name of entity

Signature

## Part A Depreciating assets first deducted in the 2004 income year

1 Total cost of depreciating assets (excluding motor vehicles)

Assets each costing less than \$1,000

2 Total cost of depreciating assets (excluding motor vehicles)

Assets each costing \$1,000 or more

3 Total cost of motor vehicles

4 Self-assessed effective life

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

 yes  no  Print X in the appropriate box

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

Total cost of assets for which effective life self-assessed

Depreciating assets  
(excluding motor vehicles)

Motor vehicles

## Part B For all depreciating assets

1 Information from depreciating assets worksheet

Total assessable balancing adjustment amounts

Total deductible balancing adjustment amounts

Total deduction for decline in value – prime cost method

Total deduction for decline in value – diminishing value method

Total adjustable values at end of income year

2 Information from low-value pool worksheet

Closing pool balance for previous income year

Total cost of low-cost assets allocated to pool

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

Total second element of cost amounts allocated to pool

Closing pool balance for this income year

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

3 Recalculation of effective life

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

 yes  no  Print X in the appropriate box

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

Total opening adjustable values of assets for which effective life recalculated

Depreciating assets  
(excluding motor vehicles)

Motor vehicles





Number of project pools **U**

Total closing pool values  
for previous income year

V [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] .00

[illegible][illegible]

Total mining capital expenditure and/or transport capital expenditure Y □□□□□□□□□□.

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 2004* 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 2004*, 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 inserted on page 1 of the schedule
- you have completed the appropriate parts of the schedule.

**Ensure your *Capital allowances schedule 2004* is attached to 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 Tax Office is authorised by the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997* to ask for information in 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.

