Instructions for **taxpayers**

Capital allowances schedule instructions 2012

To help you complete your capital allowances schedule for 1 July 2011 – 30 June 2012

These instructions will help you complete your *Capital allowances schedule 2012* (NAT 3424).

There is a 'sample only' schedule at the back of this publication. If you would like a blank schedule, phone our Publications Distribution Service on **1300 720 092** or download a copy from **www.ato.gov.au**

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
- *Guide to depreciating assets 2012* (NAT 1996).

For more information:
- go to **www.ato.gov.au**
- phone us on **13 28 61**.

Australian Government
Australian Taxation Office

NAT 4089-6.2012

OUR COMMITMENT TO YOU

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information 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 but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

If you make an honest mistake in trying to follow our information in this publication 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 that this publication does not fully cover your circumstances, or you are unsure how it applies to you, you can seek further assistance from us.

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 more recent information on our website at **www.ato.gov.au** or contact us.

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DO YOU NEED TO COMPLETE A *CAPITAL ALLOWANCES SCHEDULE 2012*?

Small business entities that have chosen to use the simplified depreciation rules and individual taxpayers do not need to complete a *Capital allowances schedule 2012*.

Other taxpayers need to answer the questions below. If you answer 'yes' to either part of the question, you need to complete a *Capital allowances schedule 2012*.

QUESTION: Did you have more than $100,000 at either of these labels on your income tax return?

Label	Where label found	Yes	No
Depreciation expenses (see note)	Company, partnership and trust tax returns only		
Deduction for decline in value of depreciating assets	Company, fund, and self-managed superannuation fund returns only		

SMALL BUSINESS ENTITIES

Broadly, a small business entity is a business with an aggregated turnover of less than $2 million.

You do not include information in this schedule about depreciating assets that are subject to the small business entity simplified depreciation rules. See our publication *Concessions for small business entities* (NAT 71874) for information about these rules.

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.

PART A – DEPRECIATING ASSETS FIRST DEDUCTED IN THE 2012 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 items **Intangible depreciating assets first deducted** or **Other depreciating assets first deducted** on your tax return you do not need to complete this part of the schedule. Go to part B.

See the *Guide to depreciating assets 2012* 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 2012*.

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. 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:
- 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 **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
- are claiming 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
- are claiming a deduction for decline in value for the first time this income year (see note to item **3**).

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 2012*.

Item 1: Information from depreciating assets worksheet

Worksheet 1: Depreciating assets has been reproduced from the *Guide to depreciating assets 2012*. The letters **G**, **H**, **I**, **J** and **K** on the worksheet correspond to the same labels on the *Capital allowances schedule 2012*. 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 the same 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 depreciating 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), or
- 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 that occurred this income year 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 that occurred this income year 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 **worksheet 1**.

WORKSHEET 1: Depreciating assets

Primary production only ☐ Non-primary production only ☐

Description of asset	Date of acquisition	Cost	Opening adjustable value	Balancing adjustment events				Decline in value				Taxable use percentage	Deduction for decline in value		Adjustable value at end of year
				Date	Termination value	Balancing adjustment amounts		Effective life	Percentage rate	Prime cost	Diminishing value		Prime cost	Diminishing value	
						Assessable	Deductible								
					Subtotal		H	Amount to be claimed as a deduction Do not include in **Total deduction for decline in value**				Totals	I	J	K
					Less balancing adjustment relief										
					Assessable income Do not include in **Total deduction for decline in value**	G						**Total deduction for decline in value**			

NOTE

You need to include any amounts at **G**, **H**, **I**, **J** and **K** on your *Capital allowances schedule 2012* 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 2012*. The labels **L**, **M**, **N**, **O**, **P** and **Q** on the worksheet correspond to the same labels on the *Capital allowances schedule 2012*. Transfer the amounts from the labels on **worksheet 2** to the corresponding labels on the schedule.

At **L**, write the closing pool 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
- 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

Description of low-value asset (LVA)	(a) Opening adjustable value (OAV) of LVA	(b) Taxable use percentage	Reduced OAV of LVA (a) × (b)	Description of low-cost asset (LCA) or second element of cost of asset in pool	(c) Cost of LCA	(d) Second element of cost	(e) Taxable use percentage	Reduced cost of LCA or reduced second element of cost [(c) or (d)] × (e)
Total	**N**	Subtotal	**A**	Totals	**M**	**O**	Subtotal	**E**
		Add closing pool balance for previous income year	**L**				E × 18.75%	**F**
		Sum of **A** and **L**	**C**		Decline in value (**D** + **F**)	**G**		
		C × 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.

Balancing adjustment events			
Description of asset for which balancing adjustment event occurred	(f) Termination value (TV)	(g) Taxable use percentage	Reduced TV (f) × (g)
	Q	Totals	**H**

NOTE

You need to include any amounts at **L**, **M**, **N**, **O**, **P** and **Q** on your *Capital allowances schedule 2012*.

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 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 2012* 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).

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.

PART E – TAXATION OF FINANCIAL ARRANGEMENTS (TOFA)

This part requires information about the gains and losses from your relevant hedging financial arrangements.

You need to complete this part only if:

- the TOFA rules apply to you
- you have made a valid election to use the hedging financial arrangements method under Subdivision 230-E of the ITAA 1997, and
- you have **relevant** hedging financial arrangements.

A hedging financial arrangement is a relevant hedging financial arrangement if:

- the hedging financial arrangements method applies to the gains and losses from the arrangement, and
- the gains or losses from it are recognised over the same time that the decline in value and balancing adjustments are recognised for the depreciating asset.

At **C**, write the total of all assessable gains allocated to this income year from relevant hedging financial arrangements.

At **D**, write the total of all deductible losses allocated to this income year from relevant hedging financial arrangements.

MORE INFORMATION

For more information about the TOFA rules, see *Guide to the taxation of financial arrangements (TOFA) rules* in *Taxation of financial arrangements (TOFA)* at **www.ato.gov.au/tofa**

CHECK THAT YOU HAVE…

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

If the schedule is not lodged with the income tax return, an appropriately authorised person must sign page 2 of the schedule.

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. If you fail to lodge all schedules by the due date, a penalty may be applied.

Capital allowances schedule 2012

Australian Government
Australian Taxation Office

Read *Capital allowances schedule instructions 2012* available on our website **www.ato.gov.au** for instructions on how to complete this schedule.

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

34240612

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

Australian business number (ABN)

Name of entity

Part A Depreciating assets first deducted in the 2012 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 **F** as appropriate. If **no**, go to part B.

	Depreciating assets (excluding motor vehicles)	Motor vehicles
Total cost of assets for which effective life self-assessed	**E** .00	**F** .00

Part B For all depreciating assets

1 **Information from depreciating assets worksheet**

Total assessable balancing adjustment amounts — **G** .00

Total deductible balancing adjustment amounts — **H** .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 **T** as appropriate. If **no**, go to part C.

	Depreciating assets (excluding motor vehicles)	Motor vehicles
Total opening adjustable values of assets for which effective life recalculated	**S** .00	**T** .00

Part C Project pools

1 Project pools

Number of project pools **U**

Total closing pool values for previous income year **V** .00

Total closing pool values for this income year **W** .00

2 Amounts allocated this income year

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

Part E Taxation of financial arrangements

Total gains from relevant hedging financial arrangements **C** .00

Total losses from relevant hedging financial arrangements **D** .00

Is your *Capital allowances schedule 2012* complete?

Make sure you have completed your *Capital allowances schedule 2012* correctly. If there are any errors your schedule may be ineffective and will be returned to you to complete correctly.

Before you lodge the *Capital allowances schedule 2012*, 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 2012* is attached to your tax return.

If the schedule is not lodged with the income tax return you are required to sign and date the schedule.

Important

Before making this declaration check to ensure that all the information required has been provided on this form and any attachments to this form, and that the information provided is true and correct in every detail. If you are in doubt about any aspect of the tax return, place all the facts before the ATO. The income tax law imposes heavy penalties for false or misleading statements.

TAXPAYER'S DECLARATION

I declare that the information on this form is true and correct.

Signature

Date Day / Month / Year

Contact person

Daytime contact number (include area code) F

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, Employment and Workplace Relations; law enforcement agencies such as state and federal police; and other agencies such as the Child Support Agency and the Australian Bureau of Statistics.