

Depreciator Guide

Could some of your Depreciation Schedules be wrong?

Many Depreciation Schedules produced in the latter half of 2017 did not take into account the post 2017 Budget changes to Depreciation. If all the schedules your firm has for clients from that period are from Depreciator you have nothing to worry about - our schedules are correct. If not, you'll need to check they are correct.

Why are some Depreciation Schedules incorrect?

- New legislation passed through parliament in Mid-November 2017 but it's retrospective from the 9th of May 2017.
- Most providers did not issue 2017 Budget compliant schedules until after mid-November 2017.
- Changes to Depreciation legislation are rare and it caught many by surprise
- Changing systems to accommodate the now more complex landscape can take time, which is why some providers were slow to act

How can you determine if a Depreciation Schedule is correct?

The easiest way is if all your schedules come from Depreciator, but if your clients bring in their own schedules there may be errors in them.

We don't want you claiming thousands in deductions for your clients only to find they're rejected by the ATO. That's why we've produced our easy 5-Step Guide to check if a schedule is correct or not.

Just get that schedule out and check it against our 5-Step Guide on page 2.

5-Step Depreciation Schedule Checklist

1	Is the property a commercial property?
	<p>✓ Yes - Commercial / Industrial properties are unaffected by the changes. Capital Works and Asset depreciation are available</p> <p>✗ No - Proceed to Question 2</p>
2	Is the residential property new, or purchased within 6-Months of completion
	<p>✓ Yes - Brand new residential property or property less than 6-Months old (even if tenanted) is unaffected by the changes. Depreciation is available for the building and the Assets.</p> <p>✗ NO - Proceed to Question 3</p>
3	Did the contract exchange on the second-hand residential property exchange after 09/05/2017
	<p>✓ Yes - The Assets in second-hand residential properties that exchanged on or after 10/05/17 cannot be depreciated. There may still be depreciation eligible in the Capital Works.</p> <p>✗ No - Proceed to Question 4</p>
4	Was the residential property a primary place of residence and first made available for lease after 30/06/2017?
	<p>✓ Yes - Depreciation for Assets is not claimable for residential properties which were a primary place of residence, but first made available for lease on or after 01/07/17. Building depreciation may still be available</p> <p>✗ No - Proceed to Question 5</p>
5	Was the property an older property that was substantially renovated within 6-Months of sale? E.g. some or all of the following: moving or removal of internal walls, rewiring, new structural flooring, new plumbing
	<p>✓ Yes - In this scenario the property is considered 'trading stock' and treated in the same way as a new residential property. Depreciation on the building and the Assets is available</p> <p>✗ No - If the renovation was done by a previous owner rather than a builder or developer the property and the Assets are deemed to be used. Depreciation is available on the building only.</p>

*Please note that this scenario is the least clear in the legislation.

If unsure, call us on **1300 66 00 33**. Additional clarification may become available from the ATO over time. In all cases, any 'new' Assets purchased by the current owner may be depreciated regardless of the property type or when it was purchased. The above is based on current information available as of June 2018 and may be subject to change.