

Guide to Division 40

What is Division 40 Depreciating Assets?

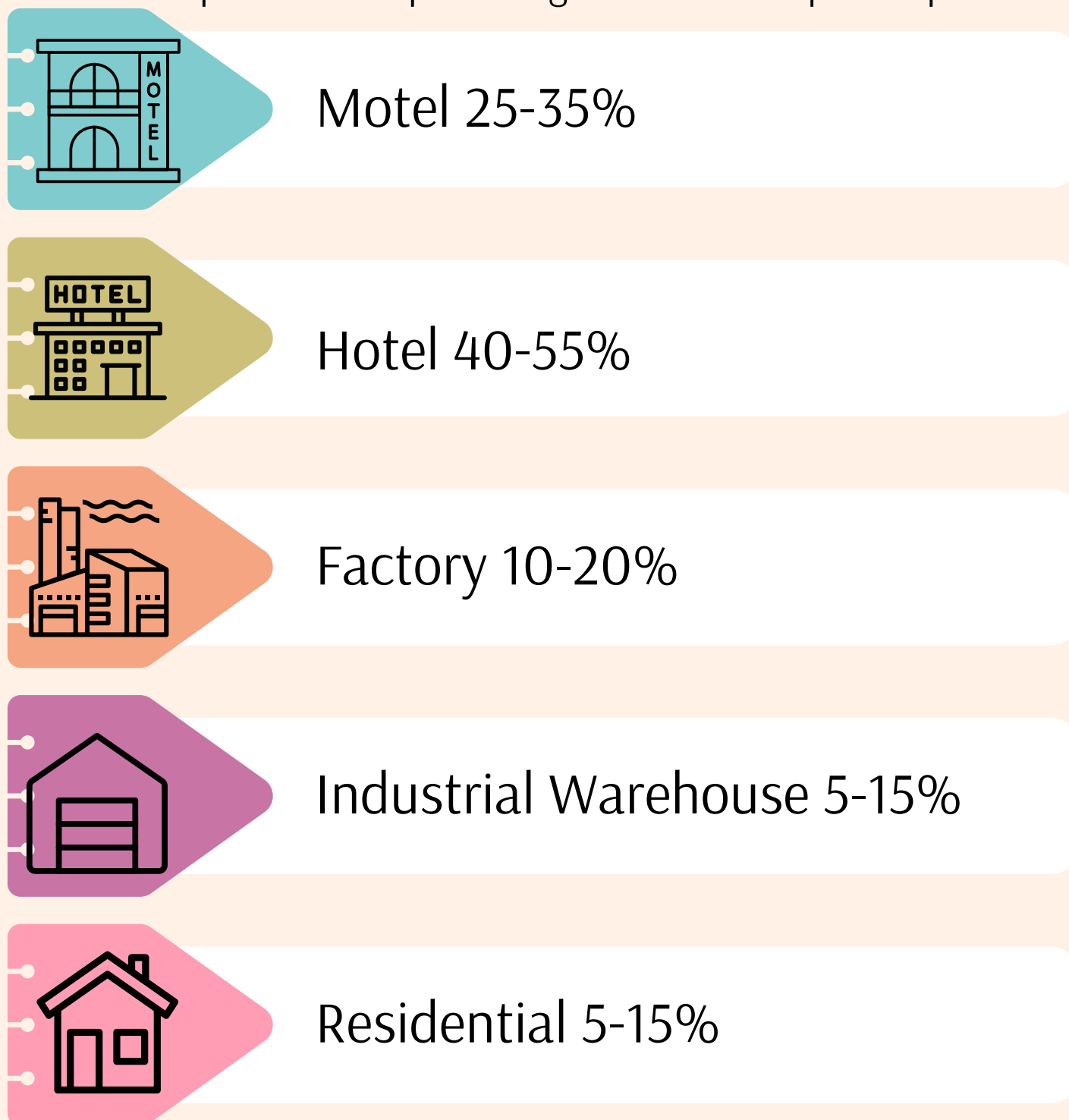
A depreciating asset is an asset that has a limited effective life and can reasonably be expected to decline in value over the time it is in use. Air conditioning, ventilation fan, fire protection equipment, hot water unit, water pump, passenger lifts etc are depreciating assets of a building.

The effective life of these assets are varying according to its uses and industry such as residential, office, hotel, industrial warehouse, manufacturing factory etc. In compliance with ATO, our effective lives used are based on the Commissioner of Taxation rates.

Guide to Division 40

How much should my Division 40 be?

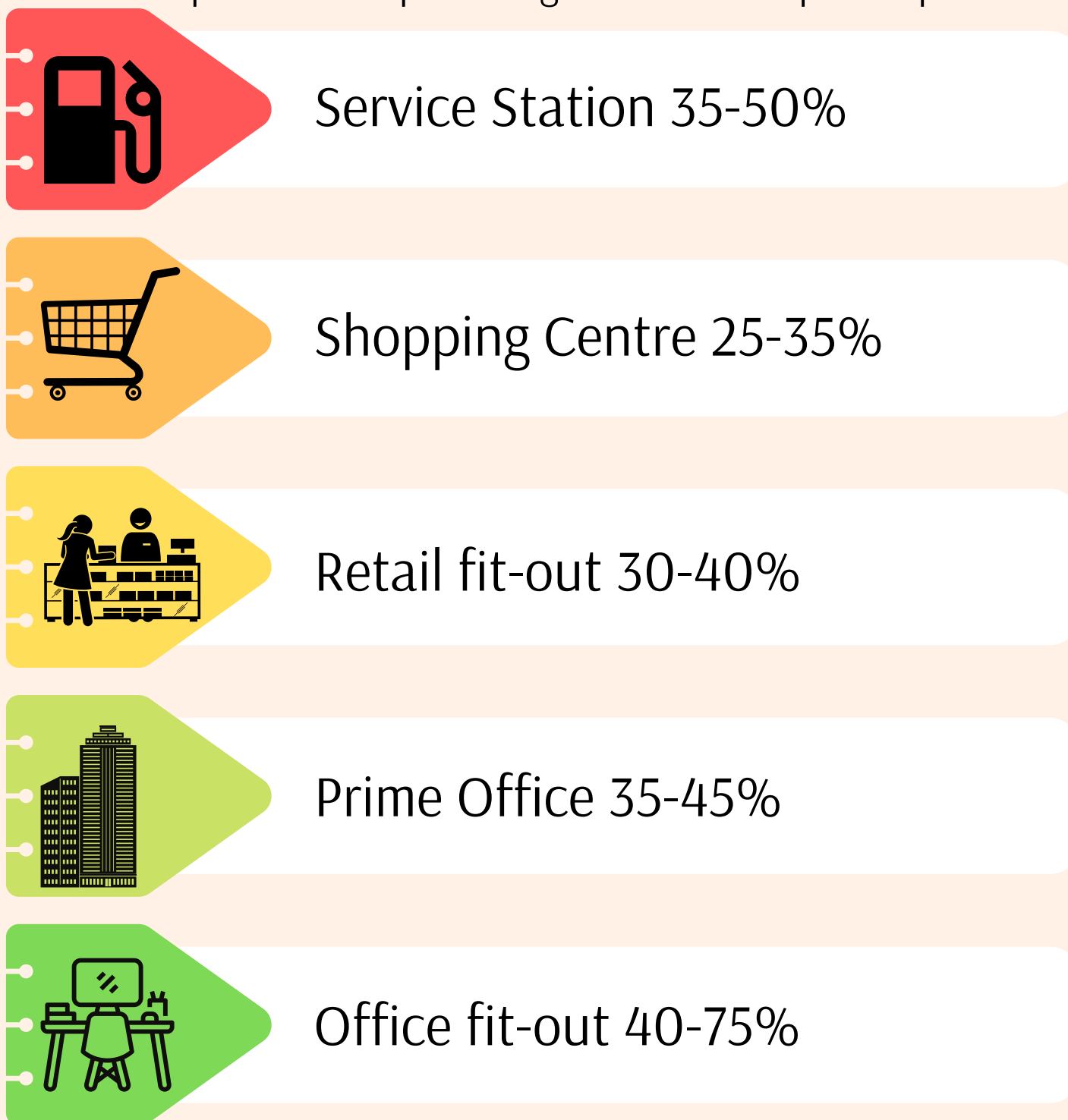
Proportion of depreciating assets over Capital Expenditure



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How Division 40 Depreciating Assets are being calculated?

Depends on the transaction: -

Acquisition

You have purchased the property from a vendor. Our approach is always to be based upon apportionment of purchase price e.g. Purchase Price over land value & replacement costs so every depreciating asset is adjusted to reflect true price and opening value therefore maximise your tax deductions.

Construction

You have engaged a builder and/or subcontractors and suppliers to construct a building. Actual construction costs incurred plus all professional fees calculated apportionately will be the cost base.

We will request copy of trade breakdown, progress claim, variations to identify what are these assets and costs related to maximise your tax deductions.

If you have any queries, please feel free to contact us 02 8067 8492
or email info@tdqs.com.au