

Guide to Division 43

What is Division 43 Capital Works?

Capital works used to produce income, including buildings and structural improvements, are written off over a longer period than other depreciating assets. The capital works deduction is available for:

- buildings or extensions, alterations or improvements to a building
- alterations and improvements to a leased building, including shop fitouts and leasehold improvements
- structural improvements such as sealed driveways, fences and retaining walls
- earthworks for environmental protection, such as embankments.

If it isn't possible to determine the actual construction costs, you can get an estimate from a quantity surveyor or other independent qualified person. You can claim a deduction for the full cost of the estimate in the year it is incurred. Deduction rates of 2.5% or 4.0% apply, depending on the date on which construction began, the type of capital works, and how they're used.

Special rules (immediate deduction) apply to:

- Landcare operations
- Environmental protection activities

source: <https://www.ato.gov.au/business/depreciation-and-capital-expenses-and-allowances/capital-works-deductions/>

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How much should my Division 43 be?

Allowances for Capital Works (excl D40) are based on timeline
and type of building

Timeline/Industry	Hotel	Manufacturing	Commercial	Residential	Structural Improvement
27 Feb 1992 to Today	4%	4%	2.5%	2.5%	2.5%
26 Feb 1992 to 16 Feb 1987	2.5%	2.5%	2.5%	2.5%	
15 Sep 1987 to 18 Jul 1985	4%	4%	4%	4%	
17 Jul 1985 to 22 Aug 1984	4%	4%	4%		
21 Aug 1984 to 20 Jul 1982	2.5%	2.5%	2.5%		
19 Jul 1982 to 21 Aug 1979	2.5%				

If you have any queries, please feel free to contact us 02 8067 8492
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