



● Please read the notes on the back to help you fill in this form. *Income Tax Act 1994 and Income Tax (Depreciation Determinations) Regulations 1993*

Applicant's details

Taxpayer's full name

IRD number

Address

Phone number () Fax number ()

Contact person for enquiries

Asset details (see note 1)

Date you acquired the asset

Describe the type of asset or the specific asset

day month year

General depreciation rate

Find the industry or asset category and the asset class which most closely describes this type of asset. Use the general depreciation determinations (such as determination DEP1 – see note 2).

Industry/asset category

Asset class

General depreciation rate % DV or % SL

Accounting depreciation rate (see note 3)

● Show the asset description and the accounting depreciation rate as used for financial reporting by your business.

Accounting depreciation rate

Description of asset % DV or % SL

Reasons for application (see note 4)

● Industry Describe the principal industry in which the asset is used

Describe the industry in which your business uses the asset

● Physical environment Describe the physical environment of the principal industry in which the asset is used

Describe the physical environment of the industry in which your business uses the asset

● Use Describe the normal type and amount of use of the asset in the principal industry

Describe the normal type and amount of use of the asset in your business

Depreciation rate requested (see note 5)

Cost of asset \$ From which income year do you wish the rate to apply? 199 / 200

Residual value (tick one) Less than or equal to 13.5% of cost Estimated residual market value (show percentage) % of cost

Estimated useful life of asset years Depreciation rate applied for % DV

Fees

Initial application fee of \$50 enclosed (tick)

Declaration The details contained in this application are true and correct.
I/We consent to the Commissioner referring the information contained in this application to a consultant to provide professional advice in order to make a determination under section EG12 of the Income Tax Act 1994.

Signature

/ /

Date

Notes

Special depreciation rates

You should apply for a special depreciation rate if your estimated diminishing value depreciation rate, when banded, is higher or lower than the applicable banded general rate; for example, when your business uses an asset in a more demanding manner than is usual.

A special rate will only be issued if it is more than half the difference between the asset's general banded rate and the next (higher or lower) banded rate.

A special depreciation rate is set for a specific taxpayer for a specific asset, or class of assets.

Note 1 – Asset details

Name and describe the type of asset. Describe the design and construction, including the type and amount of materials of which it is made. Attach the manufacturer's specifications and illustrations (if available). Describe what the asset does and what it produces (if anything).

Note 2 – Determination DEPI

Determination DEPI: Tax Depreciation Rates General Determination Number 1 is published in the Appendix to *Tax Information Bulletin* Volume Four Number 9 (April 1993).

Note 3 – Accounting depreciation rate

Provide a copy of any evidence which shows the depreciation rate used in your financial accounts, such as accounting policy, notes to your accounts, extract from your fixed asset register.

Note 4 – Reasons for application

If your asset is likely to be exposed to sun, salt water, abrasives, chemicals and/or other environmental influences, describe what effect these influences might have on your asset over a specified period. Describe what steps you take to protect and shelter the asset against these influences. Please also state why you consider that the general depreciation rate does not apply to this asset.

Note 5 – Depreciation rate requested

Special, provisional and general depreciation rates are calculated using the diminishing value formula:

$$DV \text{ rate} = 1 - \left(\left(\frac{\text{residual value}}{\text{cost}} \right)^{\frac{1}{n}} \right)$$

Where n = the estimated useful life

For applications for a class of assets the three variables in the formula are estimated typical amounts for the class of asset. For applications for a specific asset the cost is the actual cost, and the other two amounts are estimates for the specific asset.

Cost

- If the application is for a class of assets estimate the typical current cost of one asset in the class.
- If the application is for a specific asset, provide the actual cost. Do not include GST in the cost.

Estimated useful life – State the estimated useful life of the asset in years. Estimated useful life is the length of time an asset might be used in a business in New Zealand, bearing in mind such factors as wear and tear, the passage of time, exhaustion and obsolescence.

You must also take into account normal and reasonable maintenance over the expected life of the asset.

You must estimate the years the asset is expected to be owned by all businesses in New Zealand (first owner, plus second owner etc). For example, assuming your usual practice is to buy a new asset and use it for five years, and you expect another New Zealand business to buy it and use it for a further five years and then scrap it, then the estimated useful life is 10 years.

Estimated residual market value – The residual market value is an estimate made at the date of acquisition. It must be a reasonable estimate of the asset's GST-exclusive market value at the end of its estimated useful life. The estimate must take into account normal and reasonable maintenance.

Tick to indicate whether you estimate this is less than or equal to 13.5% of cost (GST-exclusive). If your estimated residual market value is greater than 13.5%, show the percentage.

Supporting evidence

Attach working papers and other evidence supporting your calculations.

- Provide summary data of cost, useful life and residual value to support your estimates in working out the depreciation rate. Provide data for assets which have been scrapped, and for assets which are in use and are part-way through their productive lives.
- Provide copies of any pamphlets, literature or other evidence on this asset from manufacturers, valuers, architects, engineers, or other consultants.

Fees

The following fees are payable for this application:

- an initial fee of \$50 (payable with the application)
- a processing fee of \$30 per hour (or part hour) after the first two hours for work by Inland Revenue staff
- a fee of up to \$300 for the cost of advice from consultants engaged by Inland Revenue,
- fees for the cost of consultants if you ask us to have a consultant carry out further work, or if you ask for a conference (if you or Inland Revenue nominate a consultant).

All fees are GST-inclusive.

Withdrawal

You may withdraw an application at any time. Fees will be charged up to the day we receive your written notice of withdrawal.

Notification

We will prepare a draft determination and send it to you. At the same time you will be invited to request a conference to discuss the draft determination. After the conference has been held, or if no conference is called, the determination will be finalised.

Within six months of receiving this application we will:

- issue the determination you have applied for, or
- notify you of our decision not to issue a determination.

Within 30 days of issuing or deciding not to issue a determination we will give written notice:

- that we have issued the determination you have applied for, and send you or your representative a copy of the determination, or
- of the reasons for not issuing the determination.

Please return the completed application form to: Assistant General Manager, Adjudication and Rulings, National Office, Inland Revenue Department, PO Box 2198, WELLINGTON.