

# TAX TALKS

Australia's Tax News Podcast - The Podcast for Australian Tax Professionals

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## 1 | Commissioner's Effective Life of Depreciable Assets for 2019

When you buy a depreciable asset in the 2019 financial year, you need to use the Commissioner's effective life of depreciable assets for 2019 unless of course you decide to self-assess. But let's put self-assessment aside for now. So what is the Commissioner's effective life? The Commissioner's effective life of depreciable assets for 2019? It depends on the asset and the industry. There is no size fits all.

### Commissioner's Effective Life of Depreciable Assets for 2019

Each year the Commissioner issues a Taxation Ruling listing the effective life of depreciable assets. It looks at a range of industries and lists the main asset groups used in these industries.

#### Taxation Rulings

So you got TR 2012/2, TR 2013/4, TR 2014/4, TR 2015/2, TR 2016/1, TR 2017/2 and [TR 2018/4](#). It would be easier to remember if they stuck to the same reference, but of course that would be boring so they kindly change it each year.

One thing that still confuses us at times is that the taxation ruling actually applies to the next financial year. So TR 2018/4 applies to the 2019 financial year, the period from 1 July 2018 to 30 June 2019.

#### Table A and B

All taxation rulings (as far back as we can remember) include two tables: Table A and Table B.

Table A lists the assets by industry and so is very detailed. It goes through more than 200 pages. Table B lists the assets by asset category so less long and easier to find general assets like laptops, cars and desks.

So if you have an asset that is not industry specific, go to Table B. If it is pretty specific to that industry, go to Table A.

The greatest challenge in Table B is to look for the right word. To find mobiles for example, you need to look under T for Telephone. To find cars, you need to look under M for motor vehicles.

#### Consistency

The effective life estimates stay pretty consistent. They are regularly reviewed and there is some tweaking around the edges, but not much. Trucks with a gross vehicle mass of 3.5 tonnes or more for example have had an effective life of 15 years since the 1 July 2005.

So if an asset has a certain effective life for the 2019 financial year, chances are it will be the same even if you don't buy the asset until 2020.

## Effective Life for 2019

Let's focus on the 2019 financial year now – 1 July 2018 to 30 June 2019. To see the full TR 2018/4, click [here](#). But it is really tedious to find anything in there.

If your asset is an investment property or a shop fit out, then you will probably use a property surveyor to give you the depreciation for each asset. So you don't need to worry about the effective life. They will list it in their report. Here is the [episode](#) we did with [BMT](#) about property depreciation.

And if your assets are fairly unique and belong to a specific industry, then you really need to refer to Table A for that specific industry. If we listed every industry here, then this page would get even more confusing than Table A.

So what we focus on here is the effective life of assets you are likely to use when you run a small business from an office.

## Computers

You find computers and computer equipment in Table B. They have an effective life of 4 years, apart from 5 years for mainframe computers and network equipment and 2 years for laptops and tablets and any other mobile/portable "computers".

## Cameras

Cameras and other media equipment is tricky. You find some in Table B. Digital cameras are 3 years apart from 4 years for SLR cameras and 5 years for camera lenses.

But then you find a lot more equipment in [Table A under Information media and telecommunication](#)s. It is a long list and seems to contradict Table B at times. Headphones are 2 years, apart from miniature in-ear headphones that are only one year. Normal field or boom microphones are 7 years but studio mics are 10 years and lapel mics are 1 year.

## Phones

You find phones in Table B. Mobile phones are 3 years. Everything else – from VoIP to PABX and other systems – are 7 years.

## Office

You will find plenty in Table B. Copy, fax and mailing machines and any multi-function of those as well as projectors are all 5 years. Electronic whiteboards and enveloping machines are 6 years. Whiteboards and any reception assets (lobby chairs, desks, lounges, sofas and tables) are 10 years. Office chairs and desks are 10 and 20 years respectively. Tables are 10 years apart from 20 years for boardroom tables and workstations including desks and partitions. Bookcases and cabinets are 15 years if timber and 20 years if metal.

## Motor Vehicles

You find motor vehicles in Table B. The effective life for motor vehicles ranges from 2 to 15 years. It depends on the size and weight of these vehicles and what you use it for. The weight of vehicles is measured as the gross vehicle mass (GVM).

### Truck or Bus

Anything big and heavy – think bus or truck with a GVM of 3.5 tonnes or more – is 15 years.

Anything a bit less big and heavy – think bus or truck with a GVM of less than 3.5 tonnes and designed to carry at least 1 tonne or at least 9 passengers – is 12 years.

### Car

Anything smaller than that takes you into car territory. Cars are designed to carry a load of less than one tonne and to carry less than 9 passengers. Cars generally have an effective life of 8 years.

But there are 5 exceptions: Taxis and rental cars are 4 and 5 years respectively. Sedan and stretch limousines are 6 and 12 years respectively. And if you drive for UberBLACK or other “premium service ride-sourcing ride-hailing or ride sharing”, then it is 6 years.

### Trailers

A trailer with a GVM of 4.5 tonnes or more is 15 years. This is still relatively straight forward.

But what about trailers lighter than that? Now it gets really complicated. You need to look at what they are made of. Aluminium, galvanised steel, galvanised hot dipped steel and powder coated trailers are 10 years. Mild steel trailers (painted and unpainted) are 5 years.

### Motorcycles and Scooters

Scooters and Motorcycles are easy. They are 3 and 7 years respectively.

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