

EXPOSURE DRAFT

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Inserts for
**Tax and Superannuation Laws
Amendment (2016 National Innovation
and Science Agenda) Bill 2016:
Intangible asset depreciation**

Commencement information

Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details

1. Schedule #	The first 1 January, 1 April, 1 July or 1 October to occur after the day this Act receives the Royal Assent.	
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Schedule #—Intangible asset depreciation

Income Tax Assessment Act 1997

1 Paragraph 40-75(5)(b)

Omit “asset.”, substitute “asset; and”.

2 After paragraph 40-75(5)(b)

Insert:

(c) in relation to which you choose to use the *effective life applicable to that asset under that item.

3 After subsection 40-95(6)

Insert:

(6A) Subsection (6) applies in relation to an intangible *depreciating asset of a kind mentioned in the table in subsection 40-95(7) as if the reference to an *effective life determined by the Commissioner were a reference to the effective life applicable to that asset under an item in the table in that subsection.

4 Subsection 40-95(7)

Omit all the words before the table, substitute:

Exception: intangible depreciating assets

- (7) For an intangible *depreciating asset of a kind mentioned in this table, you must choose either:
- (a) to use the *effective life* applicable to that asset under the table; or
 - (b) to work out the *effective life* of the asset yourself under section 40-105.

5 After subsection 40-95(7)

Insert:

(7A) You must make the choice for the income year in which the asset’s *start time occurs.

Note: For rules about choices: see section 40-130.

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1 (7B) To avoid doubt, subsection (7) does not apply to an intangible
2 *depreciating asset to which subsection (4) or (5) applies.

3 **6 Paragraph 40-105(4)(a)**

4 Repeal the paragraph.

5 **7 Subparagraph 40-110(2)(a)(iii)**

6 Omit “and”, substitute “or”.

7 **8 At the end of paragraph 40-110(2)(a)**

8 Add:

9 (iv) are using an effective life applicable to that asset under
10 the table in subsection 40-95(7) (or the number of years
11 remaining in that effective life, as provided for under
12 subsection 40-75(6)); and

13 **9 At the end of subsection 40-110(5)**

14 Add “, unless you start to *hold the asset on or after 1 July 2016”.

15 **10 Paragraph 701-55(2)(d)**

16 Omit “—either”.

17 **11 After subparagraph 701-55(2)(d)(i)**

18 Insert:

19 (ia) the head company were required to choose at that time
20 an effective life for the asset in accordance with
21 subsections 40-95(7) and (7A); or

22 **12 Subparagraph 701-55(2)(d)(ii)**

23 Omit “(7),”.

24 **13 Application of amendments**

25 The amendments made by this Schedule apply to intangible
26 depreciating assets, of a kind mentioned in the table in
27 subsection 40-95(7) of the *Income Tax Assessment Act 1997*, that an
28 entity starts to hold on or after 1 July 2016.