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# BUDGET FACT SHEET

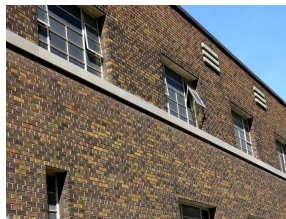
## Changes to Depreciation

### Depreciation on Buildings

Depreciation deductions on buildings with an estimated useful life of 50 years or more will be removed from the 2011/2012 income year. The depreciation rate on these buildings will be reduced to 0%.

Other buildings (with a useful life of less than 50 years) will still be able to be depreciated if they have an IRD prescribed depreciation rate e.g. dairy sheds and hot-houses.

Even though many buildings can no longer be depreciated, depreciation recovery will still apply for those buildings when they are sold for greater than their book values.



### Depreciation on Other Assets

.Any asset purchased from 21 May 2010 onwards is not entitled to the 20% depreciation loading. However, if a contract to purchase the asset was entered into prior to 21 May 2010 then that asset can still be depreciated with the loading.

Any asset being depreciated at a rate with loading before 21 May 2010 can continue to be depreciated at that rate for that asset's lifetime. However, if there is a capital improvement to the asset, that improvement will need to be depreciated separately from the original asset without the loading. For clients this will be handled automatically by us.