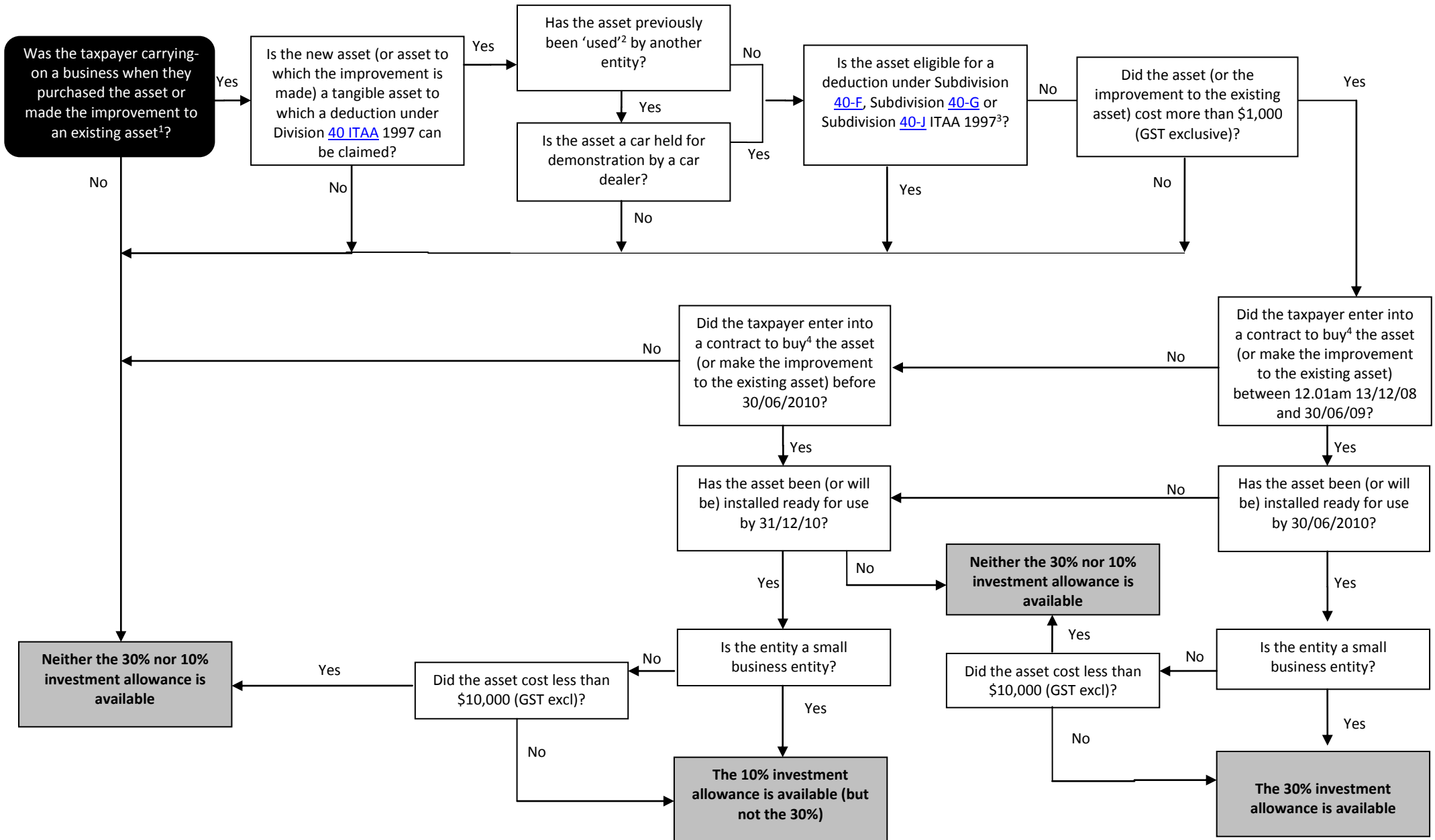


F.DED 10.10.10 Investment Allowance eligibility flowchart

NOTE: This flowchart is based on the Exposure Draft legislation released on 26 February 2009. This legislation is not yet law.



Notes attaching to Investment allowance flowchart

Note 1:

To qualify for either of the investment allowances, the entity seeking to claim the allowance must be carrying-on a business and the asset must be used 'primarily' in that business i.e. some private use is allowable (as long as it is still used 'primarily' in the business).

Note 2:

The term 'used' is not limited to instances where the asset has been used in a business i.e. if the asset has previously been used for private purposes or to derive assessable income from an activity that is not a business (e.g. rental property), the asset will not be eligible for the 30% or 10% investment allowance.

Note 3:

We note that assets that are eligible for R&D deductions and SBE pooling deductions can still be eligible for one of the investment allowances. It is only those Div 40 assets eligible for further deductions under Subdivisions F, G and J (as well as intangible assets) that are not eligible.

Note 4:

The investment allowance can be claimed by the entity that 'holds' the asset for Div 40 purposes. This usually means the legal owner of the asset although, in some circumstances, the economic owner of the asset will 'hold' it for Division 40 purposes. For example, the person leasing an asset under a hire purchase agreement and some finance lease arrangements (where it is likely the lessee will purchase the asset) will 'hold' the asset for Division 40 purposes and will be able to claim the investment allowance for an eligible asset. However, lessees under an operating lease will not be able to claim the investment allowance.