

EXPOSURE DRAFT FOR COMMENT AND DISCUSSION ONLY

Deadline for comment: 27 September 2019. Please quote ED0220.

General Determination EDXXXX: Tax Depreciation Rate for pushrod/cable propelled pipeline camera inspection systems (not including pipeline crawlers)

Note to draft Determination ED0220

The Commissioner has been asked to consider what depreciation rate should apply for pushrod/cable propelled pipeline camera inspection systems used to inspect pipework, for example domestic household sewer pipes or water pipes.

The asset is basically a compact waterproof camera with an illumination source, capable of operation inside pipes, with rechargeable batteries or a mains supply cable. Push rods are provided with a self-levelling camera head and an iPad or similar device used as a monitor/control station. There is also a separate handheld locator device which picks up a beacon signal emitted from the camera, so that underground location and the layout of the pipe can be identified.

There appears to be a large range of pipeline camera inspection systems. This determination covers the simple pushrod/cable propelled pipeline camera inspection systems. This determination covers the pushrod/cable propelled pipeline camera inspection systems. The remote operated tractor/crawler vehicle type systems are **treated as a separate asset class ("pipeline crawler")** in the "Dairy plant", "Fishing", "Oil and gas industry" industry categories and "Compressed air plant (where not industry specified)", "Factory and other sundries", "Reticulation systems, including power generation (excluding electrical, communications and gas reticulation)", "Water and effluent treatment (where not industry specified)" asset categories.

Draft Determination ED0220: Tax Depreciation Rates General Determination Number XX

1. Application

This determination applies to taxpayers who own items of depreciable property of the kind listed in the tables below:

This determination applies for the 2018/19 and subsequent income years.

2. Determination

Pursuant to section 91AAF of the Tax Administration Act 1994, the general determination will apply to the kind of items of depreciable property listed in the table below by:

- Adding into the “Dairy Plant”, “Fishing”, Medical and Medical Laboratory”, “Oil and Gas” industry categories, and the “Compressed Air Plant (where not industry specified)”, “Factory and Other Sundries”, “Reticulation Systems including Power Generation (excluding electrical, communications and gas reticulation)” and “Water and Effluent Treatment (where not industry specified)” asset categories, the new asset class, estimated useful life, and general diminishing value and straight-line depreciation rates listed below:

Asset class	Estimated useful life (years)	DV rate (%)	SL rate (%)
Pushrod/cable propelled pipeline camera inspection systems (not including pipeline crawlers)	4	50	40

3. Interpretation

In this determination, unless the context otherwise requires, words and terms have the same meaning as in the Income Tax Act 2007 and the Tax Administration Act 1994.