

ETRS/SRTL Public Ruling 2001/8

Public Ruling: Useful lives of depreciable assets

Relying on this Ruling

This is a public ruling within the meaning of Section 66 of Regulation 2000/18. Information in this ruling may be relied upon by taxpayers as the basis for determining their tax liability.

Introduction

1. The cost of depreciable assets acquired by a taxpayer may be deductible over a period of years under the depreciation rules in Directive 2001/2. That Directive sets out two depreciation schedules for assets that are depreciated on an individual asset basis or using a pooling system. Both schedules are based on the useful life of assets. Pursuant to section 4 of Part B of Schedule 1 of Directive 2001/2, the Commissioner of the East Timor Revenue Service determines the useful life of assets.

2. This Public Ruling sets out the useful life for assets acquired during or prior to the 2001 and subsequent tax years. (Note that under section 35.3 of UNTAET Regulation 2000/18, in the case of taxpayers using a substituted tax year, the 2001 tax year is the 12 month period of the substituted tax year ending in 2001.)

3. Taxpayers who acquire an asset that is not listed in this Public Ruling may request the Commissioner to provide advice by way of private ruling on the useful life of the asset and to amend this Public Ruling to include the asset for future tax years.

4. If this Public Ruling is amended to change the Commissioner's determination of the useful life of an asset, the ruling will specify the tax years for which the previous determination of useful life applies and the tax years for which the revised determination of useful life applies.

Useful lives

5. Depreciable Assets with a useful life of 1-4 years

All business types:	a) Furniture and equipment of wood or rattan including tables, desks, chairs, cabinets and the like, which are not part of a building;
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	b) Computers, printers, scanners and the like;
	c) Office equipment, such as typewriters, duplicators, photocopy machines, accounting machines and the like;
	d) Electrical equipment such as amplifiers, tape/cassette players, video recorders, televisions and the like;
	e) Motorcycles, bicycles, tricycles;
	f) Specific tools for the relevant industry/ services;
	g) Kitchen tools for cooking, food and drinks;
	h) Dies jigs and moulds.
Agriculture, plantation, forestry, fishery:	Non-mechanically operated equipment.
Food and Beverage industry:	Lightweight movable machinery such as hullers, peeling equipment, rice hulling processors, dryers, pallets, and the like.
Transportation, warehouse, and communication:	Taxis, buses, and trucks used for passenger transportation.

6. Depreciable Assets with a useful life of 5-8 years

All business types:	a) Furniture and furnishings of metal including tables, benches, chairs, armoires and the like which are not part of a building;
	b) Temperature regulators such as air conditioners, fans, and the like;
	c) Automobiles, buses, trucks, speedboats and the like;
	d) Containers and the like.
Agriculture, plantation, forestry, fishery:	a) Agriculture/plantation machinery such as tractors, ploughs, rakes, planters, seed broadcasters and the like;

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	b) Machines that process, produce or manufacture material or agricultural items, forestry, plantation and fishery.
Food and beverage	a) Machines that process industry animal products, poultry and fishery, e.g. in a dairy factory, a fish-canning factory;
	b) Machines that process plant products, e.g. coconut oil machines, margarine, coffee grinders, candies, machines to process kernels such as to mill rice, corn, tapioca;
	c) Machines that produce drinks and all types of beverage material.
Machine industry	a) Machines that produce food material and any type of food;
	b) Machines which produce light machines (e.g. sewing machines, water pumps).
Carpentry	Machines and wood chopping equipment.
Construction	Equipment used such as big trucks, dump trucks, cranes, bulldozers and the like.
Transportation, warehousing and communication.	a) Work trucks for transportation, loading, and other such trucks;
	b) Passenger ships, cargo ships, specific ships made for the transportation of specific goods (e.g. corn, stone, mining ores and the like) including refrigerated ships, tankers, fishing boats and the like, which weigh up to 100 DWT;
	c) Ships made specifically to pull or push other ships, lightships, fireships, dredgers, floating cranes and the like, which weigh up to 100 DWT;
	d) Sailboats with or without any motor having a weight up to 250 DWT;
	e) Airships.
Telecommunication	a) Telephone sets;
	b) Telegraph sets, including dispatch equipment and radio telegraph and radio telephone receiver sets.

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7. Depreciable Assets with a useful life of 9-16 years

Mining other than oil and gas:	Machinery used in the mining field, including machinery which processes mineral products.
Spinning, Weaving and Dyeing:	a) Machinery which processes/produces textile products (e.g. cotton cloth, synthetic silk, wool and other animal hair, linen, carpet, fuzzy cloth, tulle);
	b) Machinery for yarn preparation, bleaching, dyeing, printing, finishing, texturing, packaging and the like.
Carpentry:	a) Machinery which produces wood products, items of straw, grass and other plait work;
	b) Machinery and wood sawing equipment.
Chemical Industry:	a) Machinery and equipment that processes/produces chemical industry products and industries which are related to the chemical industry (e.g. non-organic chemical matter, organic chemical fusion and non-organic from precious metal, radioactive elements, isotopes, organic chemical matter, pharmaceutical products, fertilizer, dyeing materials, colouring materials, paint, varnish, etheric oil and fragrance resinoids, beauty products and makeup products, soap, detergent and other organic cleaners, albumin substance, adhesive, explosives, pyrotechnical products, matches, pyroforis, photographic and cinematographic equipment;
	b) Machinery that processes/produces other industrial products (e.g. artificial resin, plastic material, ester and ether from cellulose, rubber, synthetic rubber, tanning leather, hide and raw leather).
Machinery Industry:	Machinery that produces/manufactures medium size and heavy-weight machinery (e.g. automobile machine/engine, ship's engines).
Transportation and Communication:	a) Navigational radio sets, radar and long distance control sets;
	b) Passenger ships, cargo ships, specific ships made for the transportation of specific goods (e.g. corn, stone, mining ores and the like) including refrigerated ships and tankers, fishing boats and the like, which weigh over 100 DWT up to 1000 DWT;
	c) Ships made specifically to pull or push other

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	ships, lightships, fireships, dredgers, floating cranes and the like, which weigh over 100 DWT up to 1000 DWT;
	d) Sailboats with or without any motor, which weigh over 250 DWT;
	e) Airplanes and helicopters of any kind.
Others:	Other tangible assets which are not included in the other asset classes.

8. Depreciable Assets with a useful life of more than 16 years

Construction	Heavy machinery for construction
Transportation and Telecommunication	a) Steam, electric or other locomotives and tenders on railroad tracks;
	b) Car trains, passenger and cargo cars, including containers specifically made and equipped to be pulled by one or several types of transportation equipment;
	c) Passenger ships, cargo ships, specific ship made for the transportation of specific goods (e.g. corn, stone, mining ores and the like) including refrigerated ships, tankers, fishing boats and the like, which weigh over 1000 DWT;
	d) Ships made specifically to pull or push other ships, lightships, fireships, dredgers, floating cranes and the like, which weigh over 1000 DWT;
	e) Floating docks.

Date of effect

9. This Public Ruling has effect from 31 March 2001.

Thomas Story
Commissioner of East Timor Revenue Service
31 March 2001

Legislative references:

depreciation schedules

Dir 2001/2, sch 1, Pt B