

NEW ZEALAND DEPRECIATION

New Zealand's government have introduced key financial stimulus measures with the potential to provide significant depreciation benefits to the commercial property sector.



WHAT CHANGE HAS OCCURRED?

With effect from the 2020/21 income year, commercial and industrial buildings (including seismic expenditure) will once again be able to be depreciated from the current rate of 0% to 2% using a diminishing value method or 1.5% straight line.

The above amendments to the depreciation rates for buildings will have significant upside benefits for owners of commercial property.

HOW DO I DETERMINE DEPRECIABLE BUILDING COMPONENT?

The opening value for depreciation is the tax written down value at the end of the 2011/12 income year when building depreciation became 0% plus any additions between 2011 and 2020.

For buildings acquired / developed after 2011 the opening value of the building component may need to be assessed if not available.

HOW CAN CBRE HELP ME?

CBRE can assist you in determining the cost base for the depreciable building component.

Review of your existing portfolio to bring into account the depreciation available on the buildings component.

In the absence of historical information, as quantity surveyors, the CBRE team are best placed to determine the cost base for the depreciable building component for properties acquired between 2012 and 2020 and any additions.

For more information, or to discuss any of these measures and how they impact your property investments, please contact:

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