

DETERMINATION > DEPRECIATION > GENERAL

Tax Depreciation Rates for e-scooters and e-bicycles used in the ordinary course of business, and e-scooters, e-bicycles and bicycles (pedal) used for short term hire of 1 month or less

Issued: 26 03 2021

DEP106

This determination sets depreciation rates for e-scooters and e-bicycles used in the ordinary course of business and for short-term hire and pedal bicycles used for short-term hire.

Note to Determination DEP106:

The Commissioner has been asked to consider what depreciation rate should apply for e-scooters and e-bicycles that are used in the ordinary course of business or are available for short-term hire. In setting an economic rate for these items the Commissioner also identified that it would be appropriate to set an economic rate of depreciation for pedal bicycles that are let for short-term hire, to reflect the greater wear and tear experienced by hire industry operators.

Currently *bicycles* or *bicycles (pedal)* are only recognised when they are used in the ordinary course of business. For this reason they are included in the "Leisure" and "Transportation" industry categories. It is the Commissioner's view that the increased number of bicycles available for short-term hire also needs to be recognised and an appropriate rate of depreciation set.

"E-scooters" and "E-bicycles" will be added to both the "Leisure" and "Transportation" industry categories. They have been added to the "Hire equipment (short term hire of 1 month or less only)" asset category. The asset class of "Bicycles (pedal)" is also added to the "Hire equipment (short-term hire of 1 month or less only)" asset category.

Safety equipment supplied with hire equipment (safety helmets, for instance) are viewed as separate asset items from the scooters and bikes. Given that (individually) they are likely to cost less than the current low value asset threshold of \$1000, they are treated as "low value assets" and their full cost may be claimed in the year that they are acquired and are available for use in the business¹. However, when equipment is purchased in bulk from a supplier, at a cost greater than the threshold for low value assets, the bulk purchased assets are treated as a pooled asset and depreciated accordingly, as if they were a single asset.

When assets are damaged beyond repair or stolen, a deduction is available for the remaining book value of that damaged or stolen asset, in the income year in which the loss occurred.

¹ This same treatment applies to any low value asset; a low value bike or scooter for instance.

Determination DEP106: Tax Depreciation Rates

General Determination Number 106

This determination may be cited as "Determination DEP106 Tax Depreciation Rates General Determination Number DEP106: E-scooters and e-bicycles available for use in the ordinary course of business; e-scooters, e-bicycles and bicycles (pedal) available for short-term hire".

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 2020/21 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 "Leisure" industry category and "Transportation" asset category, the new asset classes, estimated useful lives, and general diminishing value and straight-line depreciation rates listed below:

Asset class	Estimated useful life (years)	DV rate (%)	SL rate (%)
E-scooter	4	50	40
E-bicycles	5	40	30
Safety equipment (other)	4	40	30

- Adding to the "Hire equipment (short term hire of 1 month or less only)" asset category, the new asset classes, estimated useful life, and general diminishing value and straight-line depreciation rates listed below:

Asset class	Estimated useful life (years)	DV rate (%)	SL rate (%)
E-scooters (let for hire)	3	67	67
E-bicycles (let for hire)	4	50	40

Bicycles (let for hire)	4	50	40
Safety equipment (other)	3	67	67

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.

Dated at Wellington on the 26 March 2021



Rob Falk
National Advisor
Technical Standards, Legal Services