

General Determination ED0205: Tax Depreciation Rate for skin therapy machines

Note to draft Determination ED0205

The Commissioner has recently been asked to consider what depreciation rate should apply for skin therapy machines used for beauty treatments. The beauty treatments include hair removal, reducing wrinkles, freckles, vascular lesions and pigmentation problems.

The asset uses intense light pulse ("IPL") treatment supplemented by a Radio Frequency ("RF") emitting mode, which radiates the follicles or skin cells with a shortwave or microwave radio frequency. In the RF mode, it is effectively operating as a diathermy machine (Diathermy is deep treatment of tissue by heat applied through RF or microwaves). The machine may include a handpiece which emits the light and/or RF that is waved over the skin and has a sapphire plate that touches the skin which is refrigerated by means of a circulating coolant to prevent overheating and burning.

Draft Determination ED0205: 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 2017/18 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 "Medical and Medical Laboratory" and "Shops" industry 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 (%)
IPL, Laser, Ultrasound or RF emitting skin treatment or depilation equipment.	8	25	17.5

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.