

Provisions of prior law

When the loss of Indonesia forced the Netherlands to emphasize increased industrialization of the homeland, substantial initial allowances for depreciation of plant were granted. Accelerated depreciation was first introduced for assets ordered after December 31, 1949. The period over which the one-third of the cost could be depreciated has been changed frequently. For example, in 1950 and 1951, all of the one-third of the cost of buildings could be written off in 1 year. For buildings, other than new factory buildings, the period was extended to 3½ years in 1953. This same period became effective for new factory buildings after November 1, 1955. For 1959 the period for new factory buildings was changed to 2 years. Similarly, different rates have been in effect for automobiles, office furniture and fixtures, intangible assets, and other machinery. A more specific summary of some of the provisions making different accelerated depreciation methods permissible is as follows:

- (A) The total permissible amount may be written off at once.
- (B) The annual amount is limited to 10 percent of cost.
- (C) In 1952 for certain assets accelerated depreciation was limited to 10 percent of cost; after that year the limitation was withdrawn.
- (D) In the first year the amount is limited to 16½ percent of cost.

These possibilities may be applied to various classes of assets as follows:

Class of assets	Period in which ordered or acquired ¹	Possibility
Buildings:		
All buildings.....	1950-51.....	A.
New factory buildings extending production capacity.....	1952 to Oct. 31, 1955.....	A.
	Nov. 1, 1955 to 1958.....	B.
New factory buildings.....	1959 to Apr. 29, 1960.....	D.
Other buildings.....	1952 to Apr. 29, 1960.....	B.
Automobiles:		
All automobiles.....	1950-51.....	A.
All automobiles operated by a transport enterprise.....	1952 to Oct. 31, 1955.....	A.
	Nov. 1, 1955 to 1958.....	B.
	1959 to Apr. 29, 1960.....	D.
Automobiles not operated by a transport enterprise:		
Passenger cars.....	1952 to Apr. 29, 1960.....	B.
Lorries, vans, etc.....	1952-58.....	B.
	1959 to Apr. 29, 1960.....	D.
Office furniture and fixtures.....	1950-51.....	A.
	1952 to Apr. 29, 1960.....	B.
Intangibles.....	1950-51.....	A.
	1952.....	C.
	1953 to Oct. 31, 1955.....	A.
	Nov. 1, 1955 to 1958.....	B.
	1959 to Apr. 29, 1960.....	D.
Other assets.....	1950 to Oct. 31, 1955.....	A.
	Nov. 1, 1955 to 1958.....	B.
	1959 to Apr. 29, 1960.....	D.
Other assets ordered in 1950-52 and not paid for at Dec. 31, 1952.....		C.

¹ Possibility D is applicable only if the asset is ordered and acquired after Jan. 1, 1959. For an asset ordered in 1958 and acquired in 1959 possibility B remains applicable.

The special incentive allowance on investment was introduced in 1953 and several changes have been made in the rates and time of deducting the allowance. The following table summarizes these changes:

Period in which commitments were entered into or self-made assets were manufactured	Investment deduction		Disinvestment additions when sold within 10 years ¹	
	Number of years	Percentage per annum	Number of years	Percentage per annum
Apr. 1, 1953, to Nov. 5, 1956.....	5	4	15	14
Nov. 6, 1956, to May 20, 1958 (except for certain ships and aircraft (see below)).....				
May 21, 1958, to Dec. 31, 1958 (except for certain ships and aircraft (see below)).....	4	4	4	4
Calendar year 1959. Only for ships and aircraft to be used mainly for international traffic.....	5	4	5	4
As from 1959 to Apr. 29, 1960.....	2	8	2	8

¹ No addition when sold in the period Nov. 6, 1956, to Dec. 31, 1958.