



## Tax Depreciation Report

3/204 Hawthorn Rd,  
Vermont South VIC 3133

Roozbeh Izadi, Armita Chalabi, Alan Orangi and Elly Orangi  
204 Hawthorn Rd  
VERMONT SOUTH, VIC 3133

Issue Schedule	
Issue Date:	Issued by:
22 October 2019	Mark Kilroy Bsc (Hons) MRICS

Roozbeh Izadi, Armita Chalabi, Alan Orangi and Elly Orangi  
204 Hawthorn Rd  
VERMONT SOUTH, VIC 3133

October 2019  
Job No: RES3133003

### **Tax Depreciation Report – 3/204 Hawthorn Rd, Vermont South VIC 3133**

We thank you for choosing Koste Pty Ltd to prepare the attached Tax Depreciation report and schedule for the above property.

This report has been prepared to provide an independent review of Tax Depreciation entitlements available on the subject property, under The Income Tax Assessment Act 1997.

Koste Pty Ltd are a registered tax agent (24836767) who comply with the Tax Agent Services Act 2009. The attached schedule is based on an apportionment of the total expenditure, together with the Tax Commissioners current intentions in preparing this document.

As you continue to grow your portfolio, we would be pleased to provide you with free estimates of tax depreciation allowances on purchases. We can also provide updates for \$100+GST on any revised depreciation reports which may include new capital works and write-offs on disposed assets over the coming years.

The majority of our custom is based on repeat customers and from word of mouth. Testimonials are important to our business especially on social media including Google+, LinkedIn and Facebook. If you are pleased with our service and have some time to write a short testimonial on either social media or via an email, this would be greatly appreciated.

If you or your accountant require any further clarification on the contents of this report, please do not hesitate in contacting a member of our team on 1300 669 400 where they would be more than happy to assist.

Yours Sincerely

*Koste Pty Ltd*

Koste Pty Ltd  
Tax Depreciation Quantity Surveyors



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## 1. Property Information

### Date of Report

22 October 2019

### Purchaser

Roosbeh Izadi, Armita Chalabi, Alan Orangi and Elly Orangi

### Property Address

3/204 Hawthorn Rd, Vermont South VIC 3133

### Real Property Description

3//PS824408

### Property Type

Residential Townhouse

### Date of Construction

18 January 2019

## 2. Report Details

### 2.1 Introduction

Koste Pty Ltd has prepared an independent Tax Depreciation Schedule for the purchase of the subject property under the Income Tax Act 1997.

We have evaluated and reported the allowances based on the following:

#### **Division 40 (Capital Allowances)**

Referred to as Depreciating Assets, identified as assets which can be removed with ease including; Appliances, Furnishings and the like. Koste will identify and provide an analysis using both Diminishing Value and Prime Cost methods of depreciation. All items which have a value less than \$300 will be written off in the first year.

#### **Division 40 (Capital Allowances) - Low Value Pool**

Low Cost Assets are depreciating assets which have a cost of between \$300 and \$1,000 at your purchase date. These assets are depreciated at 18.75% in the first year, and 37.5% in each subsequent year.

#### **Division 43 (Capital Works)**

Capital works often referred to as Building Allowances entitles the tax payer to a deduction on assessable income producing buildings and other capital works. The opening value of these assets will be calculated on the date of installation; typical assets may include Windows, Doors and Walls.

### **3. Capital Allowances**

#### **3.1 Entitlement**

Capital Allowances Division 40 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life. A depreciating asset will deteriorate over the life and will therefore decline in value.

#### **3.2 Qualifying Expenditure Calculation**

On a property acquisition, Capital Allowances (Plant and Equipment) are based on a reasonable apportionment of the purchase price relating to qualifying plant under the Income Tax Assessment Act (ITAA) 1977 Section 40 – 195.

#### **3.3 Effective Life**

The Commissioner of Taxation provides regular tax rulings which determine the period an asset can be used to produce income. Included within this report is as new effective life rates.

#### **3.4 Immediate Write-Off Assets**

A depreciating asset which costs less than \$300 can be immediately written off under Division 40 of ITAA. Please note that this is only applicable to residential property investments.

#### **3.5 Low Value Pool**

Assets which have a starting value of between \$300 and \$1000 have been included within the Low Value Pool. These assets are depreciated at 18.75% in the first year and 37.5% for all subsequent years on a diminishing basis.

An asset that has a written down value under \$1000 in following years will be allocated to the low value pool and depreciated at 37.5% using diminishing value method. This method does not apply to assets that were depreciated using the prime cost method in any previous years.

### 3.6 Method of Depreciation

We provide you with a choice to calculate the decline in value for depreciating assets. Your choice on whether to use Diminishing Value or Prime Cost method of depreciation should be discussed with your accountant. Once a depreciation method is chosen for an asset this cannot be changed.

Diminishing Value Method					Prime Cost Method				
Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.					Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.				
Benefits					Benefits				
<ul style="list-style-type: none"> <li>• Cash-flow during initial years of asset ownership</li> <li>• Ability to use Low Value Pool for assets less than \$1000 (Note: unable to write off these assets)</li> </ul>					<ul style="list-style-type: none"> <li>• Write off assets when they are demolished or disposed.</li> </ul>				
Calculation Example					Calculation Example				
Under Diminishing Value method, the effective life is dividing by 200.					Under Prime Cost method, the effective life is dividing by 100.				
<b>200 / 10 Years = 20% (Adjusted Value)</b>					<b>100 / 10 Years = 10% (Straight Line)</b>				
If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.					If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.				
Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
\$2,000	\$1,600	\$1,280	\$1,024	\$819.20	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

## **4. Capital Works**

### **4.1 Entitlement**

Capital Works Division 43 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life.

### **4.2 Method of Depreciation**

Capital Works allowances under Division 43 are based on the historical construction costs and are not based on an apportionment of the purchase price. Where construction costs are not available, a qualified Quantity Surveyor will establish costs in accordance with the Tax Ruling TR97/25.

Capital Works are depreciated by Prime Cost method only, which may vary dependant on the date the construction works commenced and the property usage. Where a property has been updated over the years, capital works expenditure may be allocated in different periods. Clients must make any construction periods clear wherever possible to ensure your claim is maximised.

### **4.3 Method of Depreciation**

Structural improvements such as fencing, paths and other hard landscaping can also be written off at 2.5% per annum if construction started after 27 February 1992.



## 5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	18 January 19 to 30 June 19	2,412	1,945	4,357	3,176	7,533
2	1 July 19 to 30 June 20	4,060	3,161	7,220	7,112	14,332
3	1 July 20 to 30 June 21	3,147	2,338	5,485	7,112	12,597
4	1 July 21 to 30 June 22	2,380	1,807	4,187	7,112	11,299
5	1 July 22 to 30 June 23	1,618	1,796	3,415	7,112	10,527
6	1 July 23 to 30 June 24	1,176	1,454	2,630	7,112	9,742
7	1 July 24 to 30 June 25	777	1,253	2,030	7,112	9,142
8	1 July 25 to 30 June 26	639	783	1,422	7,112	8,534
9	1 July 26 to 30 June 27	526	489	1,016	7,112	8,128
10	1 July 27 to 30 June 28	434	306	740	7,112	7,852
11	1 July 28 to 30 June 29	358	191	549	7,112	7,661
12	1 July 29 to 30 June 30	0	793	793	7,112	7,905
13	1 July 30 to 30 June 31	0	496	496	7,112	7,608
14	1 July 31 to 30 June 32	0	310	310	7,112	7,422
15	1 July 32 to 30 June 33	0	194	194	7,112	7,306
16	1 July 33 to 30 June 34	0	121	121	7,112	7,233
17	1 July 34 to 30 June 35	0	76	76	7,112	7,188
18	1 July 35 to 30 June 36	0	47	47	7,112	7,159
19	1 July 36 to 30 June 37	0	30	30	7,112	7,142
20	1 July 37 to 30 June 38	0	18	18	7,112	7,130
21	1 July 38 to 30 June 39	0	12	12	7,112	7,124
22	1 July 39 to 30 June 40	0	7	7	7,112	7,119
23	1 July 40 to 30 June 41	0	5	5	7,112	7,117
24	1 July 41 to 30 June 42	0	3	3	7,112	7,115
25	1 July 42 to 30 June 43	0	2	2	7,112	7,114
26	1 July 43 to 30 June 44	0	1	1	7,112	7,113
27	1 July 44 to 30 June 45	0	1	1	7,112	7,113
28	1 July 45 to 30 June 46	0	0	0	7,112	7,112
29	1 July 46 to 30 June 47	0	0	0	7,112	7,112
30	1 July 47 to 30 June 48	0	0	0	7,112	7,112
31	1 July 48 to 30 June 49	0	0	0	7,112	7,112
32	1 July 49 to 30 June 50	0	0	0	7,112	7,112
33	1 July 50 to 30 June 51	0	0	0	7,112	7,112
34	1 July 51 to 30 June 52	0	0	0	7,112	7,112
35	1 July 52 to 30 June 53	0	0	0	7,112	7,112
36	1 July 53 to 30 June 54	0	0	0	7,112	7,112
37	1 July 54 to 30 June 55	0	0	0	7,112	7,112
38	1 July 55 to 30 June 56	0	0	0	7,112	7,112
39	1 July 56 to 30 June 57	0	0	0	7,112	7,112
40	2057+	0	0	0	11,032	11,032
<b>Totals</b>		<b>17,528</b>	<b>17,638</b>	<b>35,166</b>	<b>284,464</b>	<b>319,630</b>

The diminishing value method involves multiplying the remaining amount (or also known as the written down value) of the item by the depreciation rate each year. Hence the term diminishing value method as it diminishes in value each year never quite reaching zero.

### Example

	DV Rate	Opening Value	Year 1	WDV	Year 2
Carpet	20%	\$1,000	\$200	\$800	\$160

## 6. Summary of Entitlements – Prime Cost Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	18 January 19 to 30 June 19	1,423	1,945	3,368	3,176	6,544
2	1 July 19 to 30 June 20	2,213	3,161	5,374	7,112	12,486
3	1 July 20 to 30 June 21	2,213	1,975	4,188	7,112	11,300
4	1 July 21 to 30 June 22	2,213	1,235	3,448	7,112	10,560
5	1 July 22 to 30 June 23	2,213	772	2,985	7,112	10,097
6	1 July 23 to 30 June 24	2,213	482	2,695	7,112	9,807
7	1 July 24 to 30 June 25	2,213	301	2,514	7,112	9,626
8	1 July 25 to 30 June 26	2,213	188	2,401	7,112	9,513
9	1 July 26 to 30 June 27	2,213	118	2,331	7,112	9,443
10	1 July 27 to 30 June 28	2,213	74	2,287	7,112	9,399
11	1 July 28 to 30 June 29	1,530	46	1,576	7,112	8,688
12	1 July 29 to 30 June 30	692	29	721	7,112	7,833
13	1 July 30 to 30 June 31	508	18	526	7,112	7,638
14	1 July 31 to 30 June 32	280	11	291	7,112	7,403
15	1 July 32 to 30 June 33	280	7	287	7,112	7,399
16	1 July 33 to 30 June 34	162	4	166	7,112	7,278
17	1 July 34 to 30 June 35	0	3	3	7,112	7,115
18	1 July 35 to 30 June 36	0	2	2	7,112	7,114
19	1 July 36 to 30 June 37	0	1	1	7,112	7,113
20	1 July 37 to 30 June 38	0	1	1	7,112	7,113
21	1 July 38 to 30 June 39	0	0	0	7,112	7,112
22	1 July 39 to 30 June 40	0	0	0	7,112	7,112
23	1 July 40 to 30 June 41	0	0	0	7,112	7,112
24	1 July 41 to 30 June 42	0	0	0	7,112	7,112
25	1 July 42 to 30 June 43	0	0	0	7,112	7,112
26	1 July 43 to 30 June 44	0	0	0	7,112	7,112
27	1 July 44 to 30 June 45	0	0	0	7,112	7,112
28	1 July 45 to 30 June 46	0	0	0	7,112	7,112
29	1 July 46 to 30 June 47	0	0	0	7,112	7,112
30	1 July 47 to 30 June 48	0	0	0	7,112	7,112
31	1 July 48 to 30 June 49	0	0	0	7,112	7,112
32	1 July 49 to 30 June 50	0	0	0	7,112	7,112
33	1 July 50 to 30 June 51	0	0	0	7,112	7,112
34	1 July 51 to 30 June 52	0	0	0	7,112	7,112
35	1 July 52 to 30 June 53	0	0	0	7,112	7,112
36	1 July 53 to 30 June 54	0	0	0	7,112	7,112
37	1 July 54 to 30 June 55	0	0	0	7,112	7,112
38	1 July 55 to 30 June 56	0	0	0	7,112	7,112
39	1 July 56 to 30 June 57	0	0	0	7,112	7,112
40	2057+	0	0	0	11,032	11,032
<b>Totals</b>		<b>24,792</b>	<b>10,373</b>	<b>35,166</b>	<b>284,464</b>	<b>319,630</b>

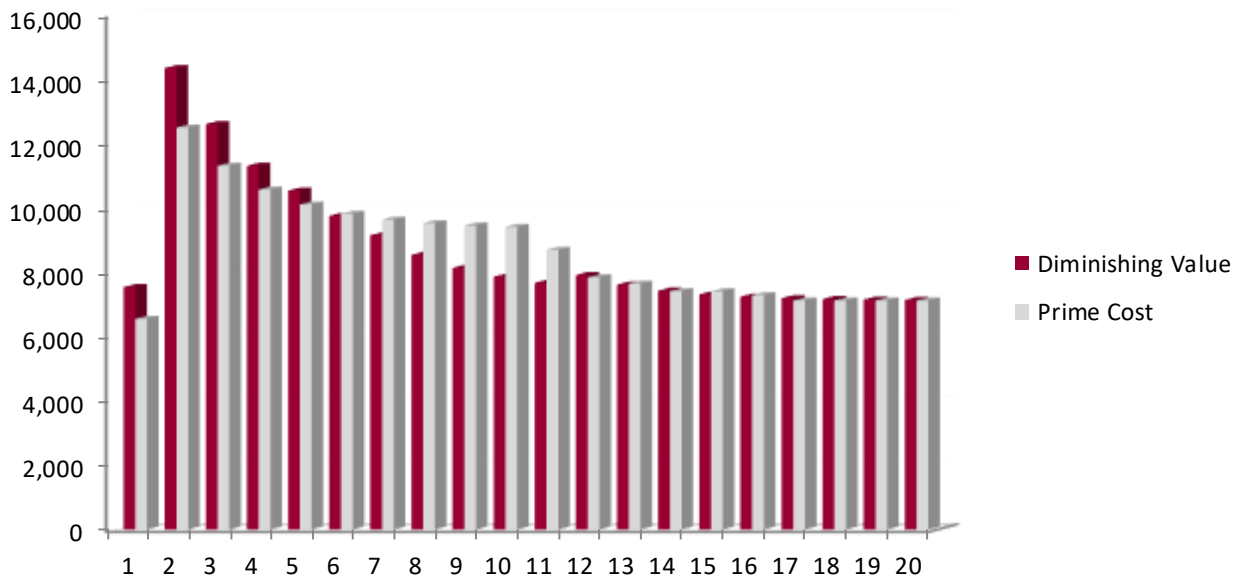
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

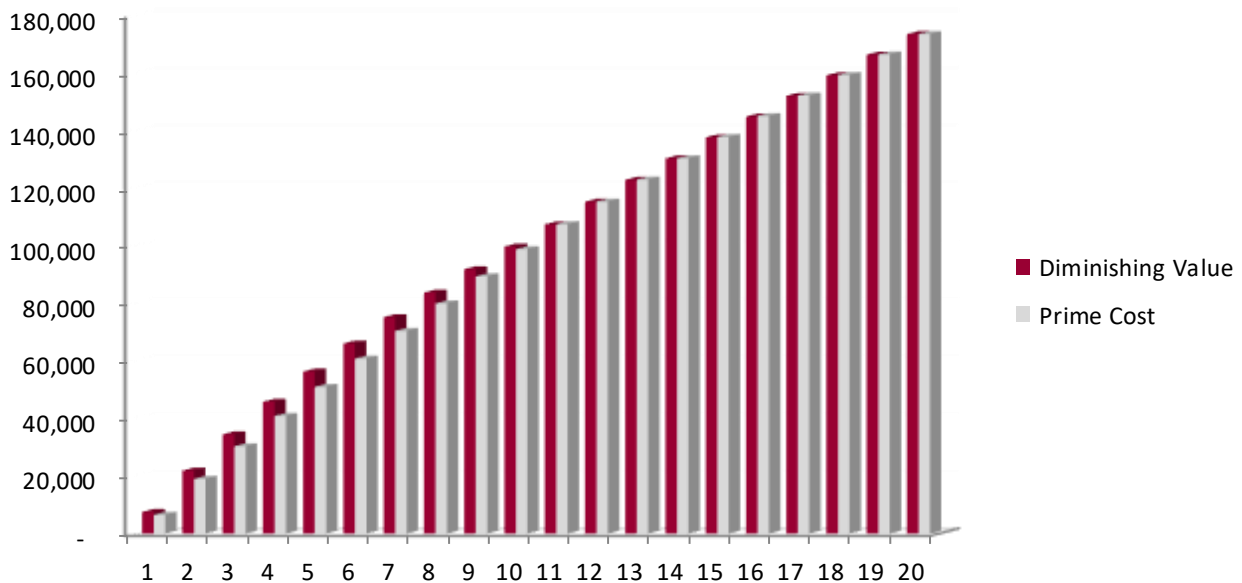
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 7. Comparison Graphs

20 YEAR COMPARISON GRAPH



20 YEAR CUMULATIVE GRAPH



Advantages of using diminishing value method over prime cost method, as can be seen in the 20 year comparison graph, diminishing value method has higher deductions in the first few years. Prime cost method has lower deductions over the first few years, but around the 5-6 year mark starts to give higher deductions and in later years. However cumulatively they equal out at about the 10 year mark. It comes down to whether you want the higher deductions in the first few years or the more evenly spread out deductions approach.

## 8. Capital Expenditure Analysed

### Construction Details

Contract Date	19 December 2018
Handover Date	18 January 2019

### Expenditure Analysed

Construction Cost	\$325,419
<b>Total Expenditure Analysed</b>	<b>\$325,419</b>

### Historical Construction Details

Construction Start Date	19 December 2018
Construction Completion Date	18 January 2019
Historical Construction Cost (Estimated)*	\$325,419

## 9. Reconciliation of Capital Expenditure

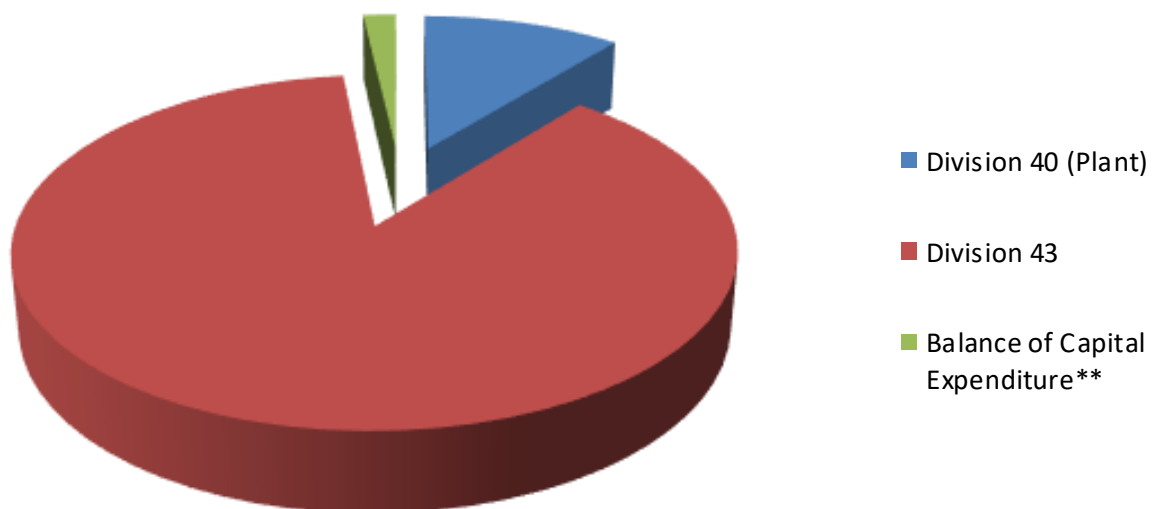
### Apportionment of cost relating to:

Division 40 (Plant)	\$35,166
Division 43	\$284,464
Balance of Capital Expenditure**	\$5,789
<b>Total Expenditure Analysed</b>	<b>\$325,419</b>

### Notes

\* The historical construction has been calculated and the eligible qualifying expenditure for the purposes of calculating the Division 43 deductions capital works has been taken from this total by excluding the plant (Division 40) and any non eligible expenditure items

\*\* Balance of capital expenditure comprises the apportionment of all capital works which are ineligible for depreciation or capital allowances



## 10. Diminishing Value Depreciation Schedule

Assets Generally	Diminishing	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Division 40 - Plant and Equipment	Value Rate												
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	20.00%	18-Jan-19	8,701	777	1,585	1,268	1,014	811	649	519	415	332	266
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	18-Jan-19	1,121	210	341	213	133	83	52	33	20	13	8
<b>Blinds Residential</b>													
	18.75%	18-Jan-19	2,094	393	638	399	249	156	97	61	38	24	15
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	18-Jan-19	580	109	177	110	69	43	27	17	11	7	4
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	18-Jan-19	3,077	275	560	448	359	287	230	344	215	134	84
Floating timber	13.33%	18-Jan-19	4,207	251	528	457	396	343	298	258	224	194	168
<b>Furniture</b>													
	18.75%	18-Jan-19	3,230	606	984	615	384	240	150	94	59	37	23
<b>Garage doors, automatic</b>													
Motors	20.00%	18-Jan-19	1,582	141	288	231	346	216	135	84	53	33	21
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	18-Jan-19	1,978	147	305	254	212	177	331	207	129	81	51
<b>Kitchen assets</b>													
Cooktops	16.67%	18-Jan-19	1,252	93	193	362	226	142	88	55	35	22	13
Dishwashers	20.00%	18-Jan-19	1,846	165	336	269	215	323	202	126	79	49	31
Ovens	16.67%	18-Jan-19	1,714	128	264	220	184	344	215	134	84	53	33
Rangehoods	18.75%	18-Jan-19	725	136	221	138	86	54	34	21	13	8	5
<b>Lights</b>													
Shades, removable	18.75%	18-Jan-19	2,624	492	799	500	312	195	122	76	48	30	19
<b>\$300 items</b>													
	100.00%	18-Jan-19	435	435									
<b>Pooled Plant Total</b>				<b>1,945</b>	<b>3,161</b>	<b>2,338</b>	<b>1,807</b>	<b>1,796</b>	<b>1,454</b>	<b>1,253</b>	<b>783</b>	<b>489</b>	<b>306</b>
<b>Effective Life Plant Total</b>				<b>2,412</b>	<b>4,060</b>	<b>3,147</b>	<b>2,380</b>	<b>1,618</b>	<b>1,176</b>	<b>777</b>	<b>639</b>	<b>526</b>	<b>434</b>
<b>Total Division 40</b>			<b>35,166</b>	<b>4,357</b>	<b>7,220</b>	<b>5,485</b>	<b>4,187</b>	<b>3,415</b>	<b>2,630</b>	<b>2,030</b>	<b>1,422</b>	<b>1,016</b>	<b>740</b>
<b>Division 43 - Capital Works Allowance</b>													
	<b>Rate</b>		<b>Opening Value</b>	<b>Year 1</b>	<b>Year2</b>	<b>Year 3</b>	<b>Year4</b>	<b>Year5</b>	<b>Year6</b>	<b>Year7</b>	<b>Year8</b>	<b>Year9</b>	<b>Year10</b>
<b>Building Works - Completed 2019</b>		2.50%	271,715	3,034	6,793	6,793	6,793	6,793	6,793	6,793	6,793	6,793	6,793
<b>Structural Improvements - Completed 2019</b>		2.50%	12,749	142	319	319	319	319	319	319	319	319	319
<b>Total Division 43</b>			<b>284,464</b>	<b>3,176</b>	<b>7,112</b>	<b>7,112</b>	<b>7,112</b>	<b>7,112</b>	<b>7,112</b>	<b>7,112</b>	<b>7,112</b>	<b>7,112</b>	<b>7,112</b>
<b>Total Depreciation</b>			<b>319,630</b>	<b>7,533</b>	<b>14,332</b>	<b>12,597</b>	<b>11,299</b>	<b>10,527</b>	<b>9,742</b>	<b>9,142</b>	<b>8,534</b>	<b>8,128</b>	<b>7,852</b>

## 11. Prime Cost Depreciation Schedule

Assets Generally	Prime Cost												
Division 40 - Plant and Equipment	Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	10.00%	18-Jan-19	8,701	389	870	870	870	870	870	870	870	870	870
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	18-Jan-19	1,121	210	341	213	133	83	52	33	20	13	8
<b>Blinds Residential</b>	18.75%	18-Jan-19	2,094	393	638	399	249	156	97	61	38	24	15
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	18-Jan-19	580	109	177	110	69	43	27	17	11	7	4
<b>Floor coverings ( removable without damage)</b>													
Carpets	10.00%	18-Jan-19	3,077	137	308	308	308	308	308	308	308	308	308
Floating timber	6.67%	18-Jan-19	4,207	125	280	280	280	280	280	280	280	280	280
<b>Furniture</b>	18.75%	18-Jan-19	3,230	606	984	615	384	240	150	94	59	37	23
<b>Garage doors, automatic</b>													
Motors	10.00%	18-Jan-19	1,582	71	158	158	158	158	158	158	158	158	158
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	18-Jan-19	1,978	74	165	165	165	165	165	165	165	165	165
<b>Kitchen assets</b>													
Cooktops	8.33%	18-Jan-19	1,252	47	104	104	104	104	104	104	104	104	104
Dishwashers	10.00%	18-Jan-19	1,846	82	185	185	185	185	185	185	185	185	185
Ovens	8.33%	18-Jan-19	1,714	64	143	143	143	143	143	143	143	143	143
Rangehoods	18.75%	18-Jan-19	725	136	221	138	86	54	34	21	13	8	5
<b>Lights</b>													
Shades, removable	18.75%	18-Jan-19	2,624	492	799	500	312	195	122	76	48	30	19
<b>\$300 items</b>	100.00%	18-Jan-19	435	435									
<b>Pooled Plant Total</b>				1,945	3,161	1,975	1,235	772	482	301	188	118	74
<b>Effective Life Plant Total</b>				1,423	2,213	2,213	2,213	2,213	2,213	2,213	2,213	2,213	2,213
<b>Total Division 40</b>			35,166	3,368	5,374	4,188	3,448	2,985	2,695	2,514	2,401	2,331	2,287
<b>Division 43 - Capital Works Allowance</b>													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
<b>Building Works - Completed 2019</b>	2.50%	18-Jan-19	271,715	3,034	6,793	6,793	6,793	6,793	6,793	6,793	6,793	6,793	6,793
<b>Structural Improvements - Completed 2019</b>	2.50%	18-Jan-19	12,749	142	319	319	319	319	319	319	319	319	319
<b>Total Division 43</b>			284,464	3,176	7,112	7,112	7,112	7,112	7,112	7,112	7,112	7,112	7,112
<b>Total Depreciation</b>			319,630	6,544	12,486	11,300	10,560	10,097	9,807	9,626	9,513	9,443	9,399

## 12. Division 43 Capital Works Schedule

The table below outlines the amount of Division 43 building write-off available for this property. The building write-off is claimed over forty years from the construction date of the works completed and is the remaining value after plant and equipment has been taken out.

### Qualifying Building Allowance

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Building Works - Completed 2019	19 Dec 18 to 18 Jan 19	271,715	2.50%	6,793	271,715
<b>Sub-total</b>		<b>271,715</b>		<b>6,793</b>	<b>271,715</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2019	19 Dec 18 to 18 Jan 19	12,749	2.50%	319	12,749
<b>Sub-total</b>		<b>12,749</b>		<b>319</b>	<b>12,749</b>
<b>Totals</b>		<b>284,464</b>		<b>7,112</b>	<b>284,464</b>

The table below demonstrates the various property types and the depreciation rates for Capital expenditure deductions. Eligibility is based on the date of construction commencement.

	Today - 27 Feb 92	26 Feb 92 - 16 Sept 87	15 Sept 87 - 18 Jul 85	17 Jul 85 - 22 Aug 84	21 Aug 84 - 20 Jul 82	19 Jul 82 - 21 Aug 79
Traveller Accommodation	4%	2.5%	4%	4%	2.5%	2.5%
Non Residential	2.5%	2.5%	4%	4%	2.5%	N/A
Manufacturing	4%	2.5%	4%	4%	2.5%	N/A
Residential	2.5%	2.5%	4%	N/A	N/A	N/A
Structural Improvement	2.5%	N/A	N/A	N/A	N/A	N/A

### 13. Definition of Terms

<b>Adjusted Value</b>	This is the value of an asset after a period of decline often referred to as the written down value or WDV.
<b>Balancing Adjustment</b>	The balancing adjustment amount is the difference between the termination value and the adjustable value of a depreciating asset at the time of a balancing adjustment event.
<b>Decline in Value</b>	Deductions for the cost of a depreciating asset are based on the decline in value between any two dates. This report includes both methods of the decline in value of a depreciating asset; the prime cost method and diminishing value method.
<b>Depreciating Assets</b>	Assets with limited effective life that are reasonably expected to decline in value.
<b>Diminishing Value Method</b>	This is the method of calculating the decline in value which uses the opening adjusted value as the basis for the calculation.
<b>Effective Life</b>	The effective life of a depreciating asset is how long it can be used by any entity for a taxable income producing purpose.
<b>Immediate WriteOff</b>	A depreciating asset which costs less than \$300 can be immediately written off at 100% of the total cost. This is only available where the asset is not part of a set e.g. table and chairs.
<b>Installed Costs</b>	This is the total cost of installing the asset inclusive of fees and labour etc.
<b>Low Value Pool</b>	Low cost assets which have a value between \$300 and \$1000. These assets are depreciated at 18.75% in the first year and 37.5% in each subsequent years.
<b>Low Cost Asset</b>	A depreciable asset with an installed cost of less than \$1000.
<b>Low Value Asset</b>	A depreciable asset that has an adjusted value of less than \$1000.
<b>Non Eligible</b>	This may include a proportion of the purchase price that is not claimable due to the age of the building or asset type.
<b>Prime Cost Method</b>	This is a method of calculating depreciation using a constant opening cost base often referred to as the "Straight Line" method.



## 14. Contact Details

COMPANY DETAILS	
Company Name	Koste Pty Ltd
Postal Address	Suite 1, L12/133 Mary Street, Brisbane, Qld 4000
Office Number	1300 669 400
Office Email	info@koste.com.au

## **15. Disclaimer**

This report has been prepared for the exclusive use of the parties named within this report, Koste Pty Ltd does not accept any contractual, tortious or other form of liability for any consequences that may arise from any other person acting upon or using this valuation.