



Tax Depreciation Report

2/77 Raleigh Street,
Carlisle WA 6101

Chelsea Clare
7 Blackburn St
BELLEVUE, WA 6056

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

Chelsea Clare
7 Blackburn St
BELLEVUE, WA 6056

October 2019
Job No: RES6101002

Tax Depreciation Report – 2/77 Raleigh Street, Carlisle WA 6101

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

30 October 2019

Purchaser

Chelsea Clare

Property Address

2/77 Raleigh Street, Carlisle WA 6101

Real Property Description

LOT 2 S025033

Property Type

Residential Townhouse

Date of Construction

10 October 1993

Date Available To Generate Income

1 March 2019

Property Photo



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				
<p>Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.</p>					<p>Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.</p>				
Benefits					Benefits				
<ul style="list-style-type: none"> • Cash-flow during initial years of asset ownership • Ability to use Low Value Pool for assets less than \$1000 (Note: unable to write off these assets) 					<ul style="list-style-type: none"> • Write off assets when they are demolished or disposed. 				
Calculation Example					Calculation Example				
<p>Under Diminishing Value method, the effective life is dividing by 200.</p> <p>200 / 10 Years = 20% (Adjusted Value)</p> <p>If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.</p>					<p>Under Prime Cost method, the effective life is dividing by 100.</p> <p>100 / 10 Years = 10% (Straight Line)</p> <p>If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.</p>				
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	Division 40 - Capital Allowance (Eligible)			Division 43 Capital Works	Eligible Total	Capital Loss - See Appendix A	
		Effective Life	Pooled Plant	Total Div 40			Div 40 Yearly	Cumulative
1	25 June 14 to 30 June 14	0	0	0	45	45	0	0
2	1 July 14 to 30 June 15	0	0	0	3,242	3,242	0	0
3	1 July 15 to 30 June 16	0	0	0	3,242	3,242	0	0
4	1 July 16 to 30 June 17	0	0	0	3,242	3,242	0	0
5	1 July 17 to 30 June 18	0	0	0	3,242	3,242	0	0
6	1 July 18 to 30 June 19	0	354	354	3,345	3,699	3,748	3,748
7	1 July 19 to 30 June 20	522	221	743	3,441	4,184	2,030	5,778
8	1 July 20 to 30 June 21	596	138	734	3,441	4,175	1,676	7,454
9	1 July 21 to 30 June 22	477	86	563	3,441	4,004	1,180	8,633
10	1 July 22 to 30 June 23	381	54	435	3,441	3,876	846	9,479
11	1 July 23 to 30 June 24	305	34	339	3,441	3,780	618	10,097
12	1 July 24 to 30 June 25	244	21	265	3,441	3,706	817	10,914
13	1 July 25 to 30 June 26	0	379	379	3,441	3,820	511	11,425
14	1 July 26 to 30 June 27	0	237	237	3,441	3,678	319	11,744
15	1 July 27 to 30 June 28	0	148	148	3,441	3,589	200	11,944
16	1 July 28 to 30 June 29	0	93	93	3,441	3,534	124	12,068
17	1 July 29 to 30 June 30	0	58	58	3,441	3,499	78	12,146
18	1 July 30 to 30 June 31	0	36	36	3,441	3,477	49	12,195
19	1 July 31 to 30 June 32	0	23	23	3,441	3,464	30	12,225
20	1 July 32 to 30 June 33	0	14	14	3,441	3,455	19	12,244
21	1 July 33 to 30 June 34	0	9	9	1,979	1,988	12	12,256
22	1 July 34 to 30 June 35	0	6	6	1,437	1,443	7	12,263
23	1 July 35 to 30 June 36	0	3	3	1,437	1,440	5	12,268
24	1 July 36 to 30 June 37	0	2	2	1,437	1,439	3	12,271
25	1 July 37 to 30 June 38	0	1	1	1,437	1,438	2	12,273
26	1 July 38 to 30 June 39	0	1	1	1,437	1,438	1	12,274
27	1 July 39 to 30 June 40	0	1	1	1,293	1,294	0	12,274
28	1 July 40 to 30 June 41	0	0	0	1,025	1,025	1	12,275
29	1 July 41 to 30 June 42	0	0	0	1,025	1,025	0	12,276
30	1 July 42 to 30 June 43	0	0	0	1,025	1,025	0	12,276
31	1 July 43 to 30 June 44	0	0	0	1,025	1,025	0	12,276
32	1 July 44 to 30 June 45	0	0	0	1,025	1,025	0	12,276
33	1 July 45 to 30 June 46	0	0	0	1,025	1,025	0	12,276
34	1 July 46 to 30 June 47	0	0	0	1,025	1,025	0	12,276
35	1 July 47 to 30 June 48	0	0	0	1,025	1,025	0	12,276
36	1 July 48 to 30 June 49	0	0	0	1,025	1,025	0	12,276
37	1 July 49 to 30 June 50	0	0	0	1,025	1,025	0	12,276
38	1 July 50 to 30 June 51	0	0	0	415	415	0	12,276
39	1 July 51 to 30 June 52	0	0	0	199	199	0	12,276
40	2052+	0	0	0	1,280	1,280	0	12,276
Totals		2,525	1,919	4,444	87,133	91,577	12,276	12,276

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	Division 40 - Capital Allowance (Eligible)			Division 43 Capital Works	Eligible Total	Capital Loss - See Appendix A	
		Effective Life	Pooled Plant	Total Div 40			Div 40 Yearly	Cumulative
1	25 June 14 to 30 June 14	0	0	0	45	45	0	0
2	1 July 14 to 30 June 15	0	0	0	3,242	3,242	0	0
3	1 July 15 to 30 June 16	0	0	0	3,242	3,242	0	0
4	1 July 16 to 30 June 17	0	0	0	3,242	3,242	0	0
5	1 July 17 to 30 June 18	0	0	0	3,242	3,242	0	0
6	1 July 18 to 30 June 19	38	0	38	3,345	3,383	4,262	4,262
7	1 July 19 to 30 June 20	377	0	377	3,441	3,818	2,248	6,509
8	1 July 20 to 30 June 21	466	0	466	3,441	3,907	2,069	8,578
9	1 July 21 to 30 June 22	466	0	466	3,441	3,907	2,041	10,619
10	1 July 22 to 30 June 23	466	0	466	3,441	3,907	2,041	12,660
11	1 July 23 to 30 June 24	444	0	444	3,441	3,885	2,023	14,684
12	1 July 24 to 30 June 25	404	0	404	3,441	3,845	725	15,409
13	1 July 25 to 30 June 26	404	0	404	3,441	3,845	725	16,134
14	1 July 26 to 30 June 27	404	0	404	3,441	3,845	480	16,614
15	1 July 27 to 30 June 28	402	0	402	3,441	3,843	239	16,853
16	1 July 28 to 30 June 29	400	0	400	3,441	3,841	122	16,975
17	1 July 29 to 30 June 30	139	0	139	3,441	3,580	54	17,029
18	1 July 30 to 30 June 31	32	0	32	3,441	3,473	18	17,047
19	1 July 31 to 30 June 32	0	0	0	3,441	3,441	18	17,065
20	1 July 32 to 30 June 33	0	0	0	3,441	3,441	18	17,083
21	1 July 33 to 30 June 34	0	0	0	1,979	1,979	18	17,101
22	1 July 34 to 30 June 35	0	0	0	1,437	1,437	1	17,103
23	1 July 35 to 30 June 36	0	0	0	1,437	1,437	0	17,103
24	1 July 36 to 30 June 37	0	0	0	1,437	1,437	0	17,103
25	1 July 37 to 30 June 38	0	0	0	1,437	1,437	0	17,103
26	1 July 38 to 30 June 39	0	0	0	1,437	1,437	0	17,103
27	1 July 39 to 30 June 40	0	0	0	1,293	1,293	0	17,103
28	1 July 40 to 30 June 41	0	0	0	1,025	1,025	0	17,103
29	1 July 41 to 30 June 42	0	0	0	1,025	1,025	0	17,103
30	1 July 42 to 30 June 43	0	0	0	1,025	1,025	0	17,103
31	1 July 43 to 30 June 44	0	0	0	1,025	1,025	0	17,103
32	1 July 44 to 30 June 45	0	0	0	1,025	1,025	0	17,103
33	1 July 45 to 30 June 46	0	0	0	1,025	1,025	0	17,103
34	1 July 46 to 30 June 47	0	0	0	1,025	1,025	0	17,103
35	1 July 47 to 30 June 48	0	0	0	1,025	1,025	0	17,103
36	1 July 48 to 30 June 49	0	0	0	1,025	1,025	0	17,103
37	1 July 49 to 30 June 50	0	0	0	1,025	1,025	0	17,103
38	1 July 50 to 30 June 51	0	0	0	415	415	0	17,103
39	1 July 51 to 30 June 52	0	0	0	199	199	0	17,103
40	2052+	0	0	0	1,280	1,280	0	17,103
Totals		4,443	0	4,443	87,133	91,576	17,103	17,103

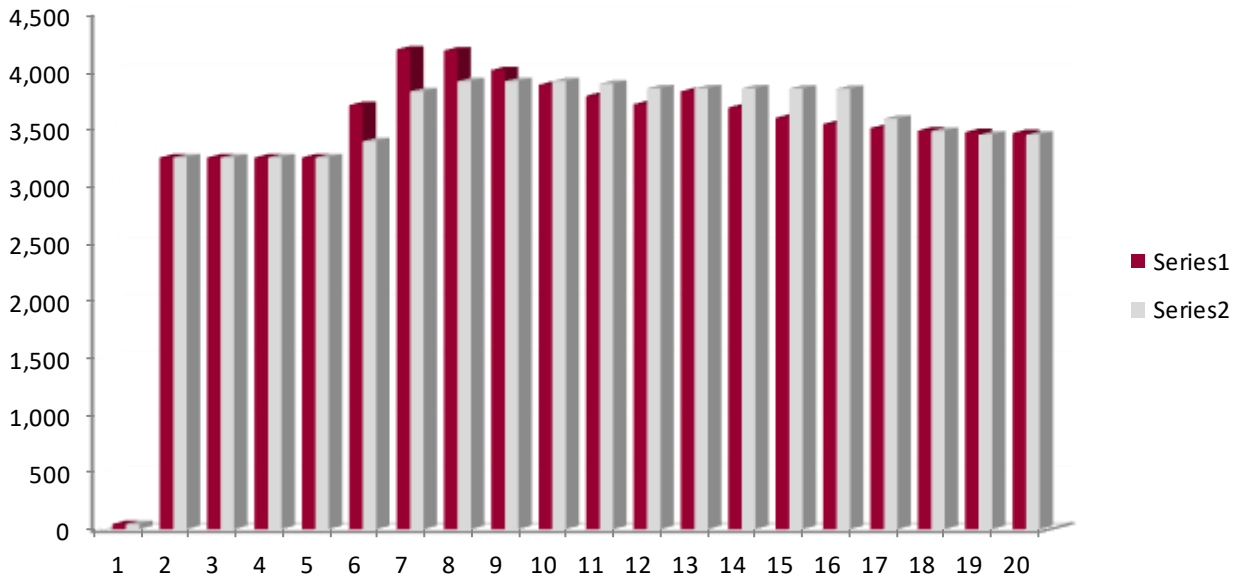
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

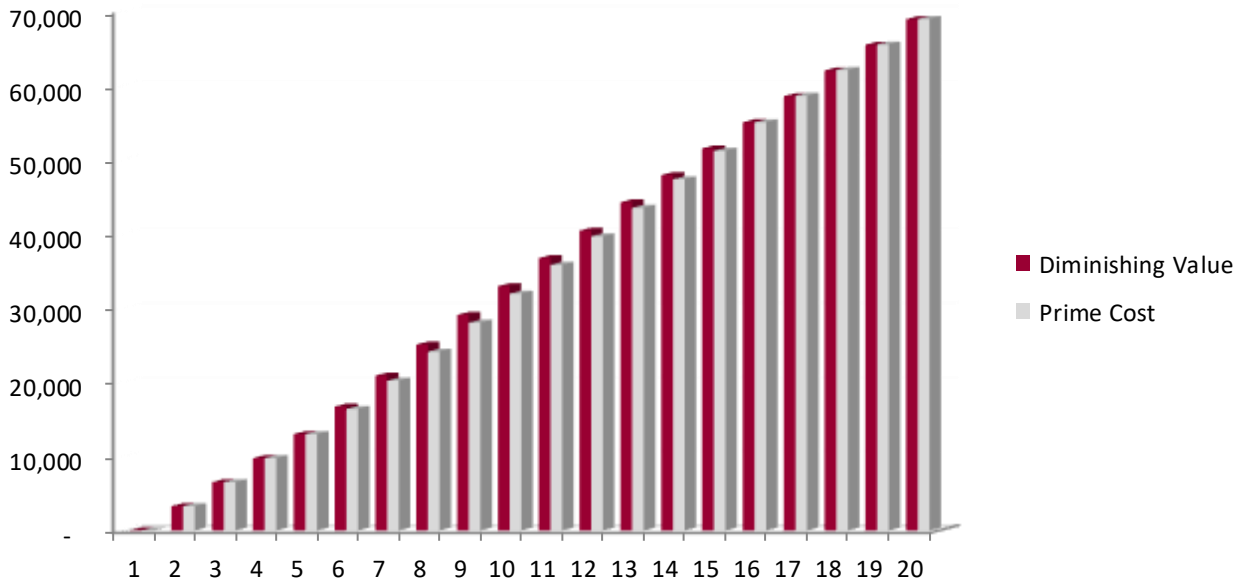
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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

Purchase Details

Contract Date	26 May 2014
Settlement Date	25 June 2014
Available To Generate Income	1 March 2019

Expenditure Analysed

Purchase Price	\$530,000
Stamp Duty	\$7,220
Legals	\$660
Post Expenditure	\$13,642
Total Expenditure Analysed	\$551,522

Historical Construction Details

Construction Start Date	13 January 1993
Construction Completion Date	10 October 1993
Historical Construction Cost (Estimated)*	\$113,436

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

Division 40 (Plant)**	\$36,811
Division 43	\$87,133
Land (Estimated)	\$188,027
Balance of Capital Expenditure***	\$239,551
Total Expenditure Analysed	\$551,522

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

** Some assets in Division 40 (Plant) may not be eligible for yearly depreciation claim but for capital gain deduction only. Please go to Summary of Entitlements and detailed schedules for more information

*** 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 Division 40 - Plant and Equipment	Eligibility For Depreciation	Diminishing Value Rate	Start Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Bathroom assets														
Exhaust fans (including light/heating)	NO	20.00%	25-Jun-14	411	1	82	66	52	42	63	39	25	15	10
Exhaust fans (including light/heating)	NO	20.00%	25-Jun-14	411	1	82	66	52	42	168				
Blinds Residential														
	NO	20.00%	25-Jun-14	985	3	197	157	126	101	151	94	59	37	23
Ceiling Fans														
	NO	40.00%	25-Jun-14	821	4	327	196	118	71	40	25	16	10	6
	NO	40.00%	25-Jun-14	411	2	163	98	59	35	53				
Computer systems														
General	NO	40.00%	25-Jun-14	575	3	229	137	82	49	28	17	11	7	4
Curtains and drapes														
	NO	33.33%	25-Jun-14	1,025	5	340	227	151	101	76	47	30	18	12
Fire control assets														
Detection & alarm systems, detectors	NO	10.00%	25-Jun-14	361	0	36	32	29	26	89	55	35	22	14
Floor coverings (removable without damage)														
Carpets	NO	20.00%	25-Jun-14	7,822	21	1,560	1,248	999	799	639	511	409	327	262
Furniture														
	NO	15.00%	25-Jun-14	4,763	10	713	606	515	438	372	316	269	229	194
Garage doors, automatic														
Controls	NO	40.00%	25-Jun-14	263	1	105	63	38	23	13	8	5	3	2
Motors	NO	20.00%	25-Jun-14	1,971	5	393	314	252	201	302	189	118	74	46
Garbage disposal														
Garbage bins	NO	30.00%	25-Jun-14	263	1	79	55	38	27	24	15	9	6	4
Hot water systems (excluding piping)														
Gas or electric	NO	16.67%	25-Jun-14	2,956	7	492	410	341	285	237	198	370	232	145
Kitchen assets														
Cooktops	NO	16.67%	25-Jun-14	1,396	3	232	193	161	134	672				
Dishwashers	NO	20.00%	25-Jun-14	1,971	5	393	314	252	201	302	189	118	74	46
Ovens	NO	16.67%	25-Jun-14	1,807	4	300	250	209	1,043					
Rangehoods	NO	16.67%	25-Jun-14	739	2	123	102	85	427					
Lights														
Shades, removable	NO	40.00%	25-Jun-14	2,168	12	862	517	310	186	105	65	41	26	16
Additional Items (Post Expenditure)														
	Eligibility				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Air-conditioning assets (excl. ducting, pipes & vents)														
Mini split system upto 20KW	YES	20.00%	1-Oct-19	3,500							522	596	476	381
	Carried forward		838,224	34,619	92	6,707	5,053	3,870	4,231	3,331	2,291	2,109	1,554	

Diminishing Value Depreciation Schedule (cont.)

Assets Generally	Eligibility For Depreciation	Diminishing Value Rate	Start 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														
	Brought forward		838,224	34,619	92	6,707	5,053	3,870	4,231	3,331	2,291	2,109	1,554	
Bathroom assets														
Exhaust fans (including light/heating)	YES	20.00%	1-Mar-19	35						13	8	5	3	2
Ceiling Fans														
	YES	40.00%	1-Mar-19	180						68	42	26	16	10
Kitchen assets														
Cooktops	YES	16.67%	1-Mar-19	599						225	140	88	55	34
Ovens	NO	16.67%	1-Nov-17	899					99	300	188	117	73	46
Rangehoods	NO	16.67%	1-Nov-17	350					39	117	73	46	29	18
Lights														
Shades, removable	YES	40.00%	1-Mar-19	129						48	30	19	12	7
Pooled Plant Total										2,853	1,226	1,136	710	444
Effective Life Plant Total										1,248	1,547	1,273	1,032	837
Total Division 40				36,811	92	6,707	5,053	3,870	4,368	4,102	2,773	2,410	1,743	1,281
Division 43 - Capital Works Allowance														
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 1993		2.50%	25-Jun-14	35,766	25	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855
Building Works - Completed 2000		2.50%	25-Jun-14	6,896	4	269	269	269	269	269	269	269	269	269
Building Works - Completed 2010		2.50%	25-Jun-14	22,514	9	621	621	621	621	621	621	621	621	621
Building Works - Completed 2018		2.50%	01-Sep-18	3,000						62	75	75	75	75
Building Works - Completed 2019		2.50%	01-Mar-19	4,530						37	113	113	113	113
Structural Improvements - Completed 1993		2.50%	25-Jun-14	2,879	2	149	149	149	149	149	149	149	149	149
Structural Improvements - Completed 2000		2.50%	25-Jun-14	3,678	2	143	143	143	143	143	143	143	143	143
Structural Improvements - Completed 2010		2.50%	25-Jun-14	7,450	3	205	205	205	205	205	205	205	205	205
Structural Improvements - Completed 2019		2.50%	01-Mar-19	420						4	11	11	11	11
Total Division 43				87,133	45	3,242	3,242	3,242	3,242	3,345	3,441	3,441	3,441	3,441
Total Depreciation				123,944	137	9,949	8,295	7,112	7,610	7,447	6,214	5,851	5,184	4,722

11. Prime Cost Depreciation Schedule

Assets Generally Division 40 - Plant and Equipment	Eligibility For Depreciation	Prime Cost Rate	Start Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Bathroom assets														
Exhaust fans (including light/heating)	NO	10.00%	25-Jun-14	411	1	41	41	41	41	41	41	41	41	41
Exhaust fans (including light/heating)	NO	10.00%	25-Jun-14	411	1	41	41	41	41	246				
Blinds Residential														
Blinds Residential	NO	10.00%	25-Jun-14	985	1	99	99	99	99	99	99	99	99	99
Ceiling Fans														
Ceiling Fans	NO	20.00%	25-Jun-14	821	2	164	164	164	164	163				
Ceiling Fans	NO	20.00%	25-Jun-14	411	1	82	82	82	82	81				
Computer systems														
General	NO	20.00%	25-Jun-14	575	2	115	115	115	115	113				
Curtains and drapes														
Curtains and drapes	NO	16.67%	25-Jun-14	1,025	2	171	171	171	171	171	168			
Fire control assets														
Detection & alarm systems, detectors	NO	5.00%	25-Jun-14	361	0	18	18	18	18	18	18	18	18	18
Floor coverings (removable without damage)														
Carpets	NO	10.00%	25-Jun-14	7,822	11	782	782	782	782	782	782	782	782	782
Furniture														
Furniture	NO	7.50%	25-Jun-14	4,763	5	357	357	357	357	357	357	357	357	357
Garage doors, automatic														
Controls	NO	20.00%	25-Jun-14	263	1	53	53	53	53	50				
Motors	NO	10.00%	25-Jun-14	1,971	3	197	197	197	197	197	197	197	197	197
Garbage disposal														
Garbage bins	NO	15.00%	25-Jun-14	263	1	39	39	39	39	39	39	28		
Hot water systems (excluding piping)														
Gas or electric	NO	8.33%	25-Jun-14	2,956	3	246	246	246	246	246	246	246	246	246
Kitchen assets														
Cooktops	NO	8.33%	25-Jun-14	1,396	2	116	116	116	116	931				
Dishwashers	NO	10.00%	25-Jun-14	1,971	3	197	197	197	197	197	197	197	197	197
Ovens	NO	8.33%	25-Jun-14	1,807	2	151	151	151	1,352					
Rangehoods	NO	8.33%	25-Jun-14	739	1	62	62	62	552					
Lights														
Shades, removable	NO	20.00%	25-Jun-14	2,168	6	434	434	434	434	426				
Additional Items (Post Expenditure)														
Additional Items (Post Expenditure)	Eligibility				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Air-conditioning assets (excl. ducting, pipes & vents)														
Mini split system upto 20KW	YES	10.00%	01-Oct-19	3,500							261	350	350	350
Carried forward				838,224	34,619	46	3,365	3,365	3,365	5,056	4,158	2,405	2,315	2,287

Prime Cost Depreciation Schedule (cont.)

Assets Generally	Eligibility For Depreciation	Prime Cost Rate	Start 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														
	Brought forward		838,224	34,619	46	3,365	3,365	3,365	5,056	4,158	2,405	2,315	2,287	
Bathroom assets														
Exhaust fans (including light/heating)	YES	10.00%	01-Mar-19	35						1	4	4	4	4
Ceiling Fans	YES	20.00%	01-Mar-19	180						12	36	36	36	36
Kitchen assets														
Cooktops	YES	8.33%	01-Mar-19	599						17	50	50	50	50
Ovens	NO	8.33%	01-Nov-17	899					50	75	75	75	75	75
Rangehoods	NO	8.33%	01-Nov-17	350					19	29	29	29	29	29
Lights														
Shades, removable	YES	20.00%	01-Mar-19	129						9	26	26	26	26
Pooled Plant Total														
Effective Life Plant Total					46	3,365	3,365	3,365	5,125	4,300	2,625	2,535	2,507	2,507
Total Division 40				36,811	46	3,365	3,365	3,365	5,125	4,300	2,625	2,535	2,507	2,507
Division 43 - Capital Works Allowance														
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 1993		2.50%	25-Jun-14	35,766	25	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855
Building Works - Completed 2000		2.50%	25-Jun-14	6,896	4	269	269	269	269	269	269	269	269	269
Building Works - Completed 2010		2.50%	25-Jun-14	22,514	9	621	621	621	621	621	621	621	621	621
Building Works - Completed 2018		2.50%	01-Sep-18	3,000						62	75	75	75	75
Building Works - Completed 2019		2.50%	01-Mar-19	4,530						37	113	113	113	113
Structural Improvements - Completed 1993		2.50%	25-Jun-14	2,879	2	149	149	149	149	149	149	149	149	149
Structural Improvements - Completed 2000		2.50%	25-Jun-14	3,678	2	143	143	143	143	143	143	143	143	143
Structural Improvements - Completed 2010		2.50%	25-Jun-14	7,450	3	205	205	205	205	205	205	205	205	205
Structural Improvements - Completed 2019		2.50%	01-Mar-19	420						4	11	11	11	11
Total Division 43				87,133	45	3,242	3,242	3,242	3,242	3,345	3,441	3,441	3,441	3,441
Total Depreciation				123,944	91	6,607	6,607	6,607	8,367	7,645	6,066	5,976	5,948	5,948

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 1993	13 Jan 93 to 10 Oct 93	74,205	2.50%	1,855	35,766
Building Works - Completed 2000	13 Sep 03 to 15 Feb 00	10,761	2.50%	269	6,896
Building Works - Completed 2010	13 Sep 13 to 1 Oct 10	24,833	2.50%	621	22,514
Building Works - Completed 2018	22 Aug 18 to 1 Sep 18	3,000	2.50%	75	3,000
Building Works - Completed 2019	19 Feb 19 to 1 Mar 19	4,530	2.50%	113	4,530

Sub-total 117,328 2,933 72,706

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 1993	13 Jan 93 to 10 Oct 93	5,973	2.50%	149	2,879
Structural Improvements - Completed 2000	13 Sep 03 to 15 Feb 00	5,740	2.50%	143	3,678
Structural Improvements - Completed 2010	13 Sep 13 to 1 Oct 10	8,217	2.50%	205	7,450
Structural Improvements - Completed 2019	19 Feb 19 to 1 Mar 19	420	2.50%	11	420

Sub-total 20,350 508 14,427

Totals 137,678 3,441 87,133

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

Adjusted Value	This is the value of an asset after a period of decline often referred to as the written down value or WDV.
Balancing Adjustment	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.
Decline in Value	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.
Depreciating Assets	Assets with limited effective life that are reasonably expected to decline in value.
Diminishing Value Method	This is the method of calculating the decline in value which uses the opening adjusted value as the basis for the calculation.
Effective Life	The effective life of a depreciating asset is how long it can be used by any entity for a taxable income producing purpose.
Immediate WriteOff	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.
Installed Costs	This is the total cost of installing the asset inclusive of fees and labour etc.
Low Value Pool	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.
Low Cost Asset	A depreciable asset with an installed cost of less than \$1000.
Low Value Asset	A depreciable asset that has an adjusted value of less than \$1000.
Non Eligible	This may include a proportion of the purchase price that is not claimable due to the age of the building or asset type.
Prime Cost Method	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	
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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.

Appendix A: ATO's New Legislations on Post 9 May Purchased and Capital Loss

A1. Post 9 May 2017

The amendments to the ITAA 1997 recently limited the income tax deductions for the decline in value of previously used plant and equipment in rental premises used for residential accommodation. The changes apply to any second-hand property purchasers who contracts after 7.30 pm on 9 May 2017, and to any property owners who convert their main occupancies into investment properties after 1 July 2017.

This may give rise to a capital loss due to the difference between an asset's original - cost/value and its termination value at the time of a balancing adjustment event. This capital loss may be used to be offset against any future capital gains. Koste has taken into consideration of the legislation changes and identify both the eligible depreciation each year and the capital loss that will be applied.

A2. Capital Gain / Capital Loss

If you sell a capital asset, such as your investment property, the difference between what it cost you to acquire the asset and what you receive when you dispose of it will become your capital gain or capital loss. When you make a capital gain, it is added to your assessable income and may significantly increase the tax you need to pay. If you make a capital loss, you cannot claim it against your other income but you can use it to reduce a capital gain in current or future years.

A3. Capital Loss on Plant and Equipment (Division 40)

When you dispose a depreciating asset, a balancing adjustment event will occur and you need to work out a balancing adjustment amount to include in your assessable income or to claim as a deduction by comparing the asset's termination value (such as the proceeds from the sale of the asset) and its adjustable value at the time of the balancing adjustment event. However, from 1 July 2017, if a balancing adjustment event happens to a depreciating asset to which the new rules about deductions for decline in value of second-hand depreciating assets in residential rental properties apply, then a capital gain or capital loss might arise.

Further information regarding the legislation please refer to Schedule 2 of Treasury Laws Amendment Act 2017 at <https://www.legislation.gov.au/Details/C2017A00126>