



## Tax Depreciation Report

30907/67 Blamey Street,  
Kelvin Grove QLD 4059

Hidetaka Konishi  
30907/67 Blamey Street  
KELVIN GROVE, QLD 4059

Issue Schedule	
Issue Date:	Issued by:
18 November 2019	Mark Kilroy Bsc (Hons) MRICS



Hidetaka Konishi  
30907/67 Blamey Street  
KELVIN GROVE, QLD 4059

November 2019  
Job No: RES4059011

### **Tax Depreciation Report – 30907/67 Blamey Street, Kelvin Grove QLD 4059**

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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## TABLE OF CONTENTS

1. Property Information .....	2
2. Report Details.....	3
3. Capital Allowances .....	4
4. Capital Works .....	6
5. Summary of Entitlements – Diminishing Value Method .....	7
6. Summary of Entitlements – Prime Cost Method.....	8
7. Comparison Graphs.....	9
8. Capital Expenditure Analysed .....	10
9. Reconciliation of Capital Expenditure .....	10
10. Diminishing Value Depreciation Schedule.....	11
11. Prime Cost Depreciation Schedule .....	14
12. Division 43 Capital Works Schedule .....	17
13. Definition of Terms .....	18
14. Contact Details .....	19
15. Disclaimer.....	20
Appendix A: ATO’s New Legislations on Post 9 May Purchased and Capital Loss.....	21

## 1. Property Information

### Date of Report

18 November 2019

### Purchaser

Hidetaka Konishi

### Property Address

30907/67 Blamey Street, Kelvin Grove QLD 4059

### Real Property Description

L30907 SP241517

### Property Type

Residential Unit

### Date of Construction

12 September 2014

### Date Available To Generate Income

11 November 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"> <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				
<p>Under Diminishing Value method, the effective life is dividing by 200.</p> <p><b>200 / 10 Years = 20% (Adjusted Value)</b></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><b>100 / 10 Years = 10% (Straight Line)</b></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	22 September 14 to 30 June 15	0	0	0	3,713	3,713	0	0
2	1 July 15 to 30 June 16	0	0	0	4,823	4,823	0	0
3	1 July 16 to 30 June 17	0	0	0	4,823	4,823	0	0
4	1 July 17 to 30 June 18	0	0	0	4,823	4,823	0	0
5	1 July 18 to 30 June 19	0	0	0	4,823	4,823	0	0
6	1 July 19 to 30 June 20	1,411	555	1,966	4,823	6,789	3,898	3,898
7	1 July 20 to 30 June 21	1,987	347	2,334	4,823	7,157	2,913	6,811
8	1 July 21 to 30 June 22	1,652	217	1,869	4,823	6,692	2,017	8,828
9	1 July 22 to 30 June 23	1,375	135	1,510	4,823	6,333	1,577	10,404
10	1 July 23 to 30 June 24	1,144	85	1,229	4,823	6,052	1,094	11,499
11	1 July 24 to 30 June 25	812	371	1,183	4,823	6,006	778	12,277
12	1 July 25 to 30 June 26	677	232	909	4,823	5,732	715	12,992
13	1 July 26 to 30 June 27	397	460	857	4,823	5,680	488	13,480
14	1 July 27 to 30 June 28	338	287	625	4,823	5,448	344	13,824
15	1 July 28 to 30 June 29	287	180	467	4,823	5,290	251	14,075
16	1 July 29 to 30 June 30	244	112	356	4,823	5,179	191	14,266
17	1 July 30 to 30 June 31	208	70	278	4,823	5,101	151	14,417
18	1 July 31 to 30 June 32	176	44	220	4,823	5,043	124	14,541
19	1 July 32 to 30 June 33	0	402	402	4,823	5,225	105	14,646
20	1 July 33 to 30 June 34	0	251	251	4,823	5,074	92	14,737
21	1 July 34 to 30 June 35	0	157	157	4,823	4,980	81	14,819
22	1 July 35 to 30 June 36	0	98	98	4,823	4,921	73	14,892
23	1 July 36 to 30 June 37	0	61	61	4,823	4,884	360	15,252
24	1 July 37 to 30 June 38	0	38	38	4,823	4,861	225	15,477
25	1 July 38 to 30 June 39	0	24	24	4,823	4,847	140	15,617
26	1 July 39 to 30 June 40	0	15	15	4,823	4,838	88	15,705
27	1 July 40 to 30 June 41	0	9	9	4,823	4,832	55	15,760
28	1 July 41 to 30 June 42	0	6	6	4,823	4,829	34	15,794
29	1 July 42 to 30 June 43	0	4	4	4,823	4,827	21	15,815
30	1 July 43 to 30 June 44	0	2	2	4,823	4,825	14	15,829
31	1 July 44 to 30 June 45	0	1	1	4,823	4,824	9	15,838
32	1 July 45 to 30 June 46	0	1	1	4,823	4,824	5	15,843
33	1 July 46 to 30 June 47	0	1	1	4,823	4,824	3	15,846
34	1 July 47 to 30 June 48	0	0	0	4,823	4,823	2	15,848
35	1 July 48 to 30 June 49	0	0	0	4,823	4,823	1	15,849
36	1 July 49 to 30 June 50	0	0	0	4,823	4,823	1	15,850
37	1 July 50 to 30 June 51	0	0	0	4,823	4,823	1	15,851
38	1 July 51 to 30 June 52	0	0	0	4,823	4,823	0	15,851
39	1 July 52 to 30 June 53	0	0	0	4,823	4,823	0	15,852
40	2053+	0	0	0	5,800	5,800	0	15,852
<b>Totals</b>		<b>10,708</b>	<b>4,165</b>	<b>14,873</b>	<b>192,787</b>	<b>207,660</b>	<b>15,852</b>	<b>15,852</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	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	22 September 14 to 30 June 15	0	0	0	3,713	3,713	0	0
2	1 July 15 to 30 June 16	0	0	0	4,823	4,823	0	0
3	1 July 16 to 30 June 17	0	0	0	4,823	4,823	0	0
4	1 July 17 to 30 June 18	0	0	0	4,823	4,823	0	0
5	1 July 18 to 30 June 19	0	0	0	4,823	4,823	0	0
6	1 July 19 to 30 June 20	820	0	820	4,823	5,643	3,471	3,471
7	1 July 20 to 30 June 21	1,294	0	1,294	4,823	6,117	3,367	6,837
8	1 July 21 to 30 June 22	1,294	0	1,294	4,823	6,117	3,095	9,932
9	1 July 22 to 30 June 23	1,294	0	1,294	4,823	6,117	3,095	13,027
10	1 July 23 to 30 June 24	1,294	0	1,294	4,823	6,117	3,094	16,122
11	1 July 24 to 30 June 25	1,294	0	1,294	4,823	6,117	1,414	17,536
12	1 July 25 to 30 June 26	1,294	0	1,294	4,823	6,117	914	18,449
13	1 July 26 to 30 June 27	1,197	0	1,197	4,823	6,020	519	18,969
14	1 July 27 to 30 June 28	1,195	0	1,195	4,823	6,018	339	19,307
15	1 July 28 to 30 June 29	1,195	0	1,195	4,823	6,018	228	19,535
16	1 July 29 to 30 June 30	908	0	908	4,823	5,731	228	19,763
17	1 July 30 to 30 June 31	746	0	746	4,823	5,569	228	19,991
18	1 July 31 to 30 June 32	641	0	641	4,823	5,464	228	20,219
19	1 July 32 to 30 June 33	409	0	409	4,823	5,232	227	20,447
20	1 July 33 to 30 June 34	0	0	0	4,823	4,823	225	20,671
21	1 July 34 to 30 June 35	0	0	0	4,823	4,823	162	20,833
22	1 July 35 to 30 June 36	0	0	0	4,823	4,823	142	20,975
23	1 July 36 to 30 June 37	0	0	0	4,823	4,823	142	21,117
24	1 July 37 to 30 June 38	0	0	0	4,823	4,823	142	21,259
25	1 July 38 to 30 June 39	0	0	0	4,823	4,823	142	21,401
26	1 July 39 to 30 June 40	0	0	0	4,823	4,823	142	21,543
27	1 July 40 to 30 June 41	0	0	0	4,823	4,823	142	21,685
28	1 July 41 to 30 June 42	0	0	0	4,823	4,823	142	21,827
29	1 July 42 to 30 June 43	0	0	0	4,823	4,823	142	21,969
30	1 July 43 to 30 June 44	0	0	0	4,823	4,823	142	22,111
31	1 July 44 to 30 June 45	0	0	0	4,823	4,823	36	22,147
32	1 July 45 to 30 June 46	0	0	0	4,823	4,823	0	22,147
33	1 July 46 to 30 June 47	0	0	0	4,823	4,823	0	22,147
34	1 July 47 to 30 June 48	0	0	0	4,823	4,823	0	22,147
35	1 July 48 to 30 June 49	0	0	0	4,823	4,823	0	22,147
36	1 July 49 to 30 June 50	0	0	0	4,823	4,823	0	22,147
37	1 July 50 to 30 June 51	0	0	0	4,823	4,823	0	22,147
38	1 July 51 to 30 June 52	0	0	0	4,823	4,823	0	22,147
39	1 July 52 to 30 June 53	0	0	0	4,823	4,823	0	22,147
40	2053+	0	0	0	5,800	5,800	0	22,147
<b>Totals</b>		<b>14,877</b>	<b>0</b>	<b>14,877</b>	<b>192,787</b>	<b>207,664</b>	<b>22,147</b>	<b>22,147</b>

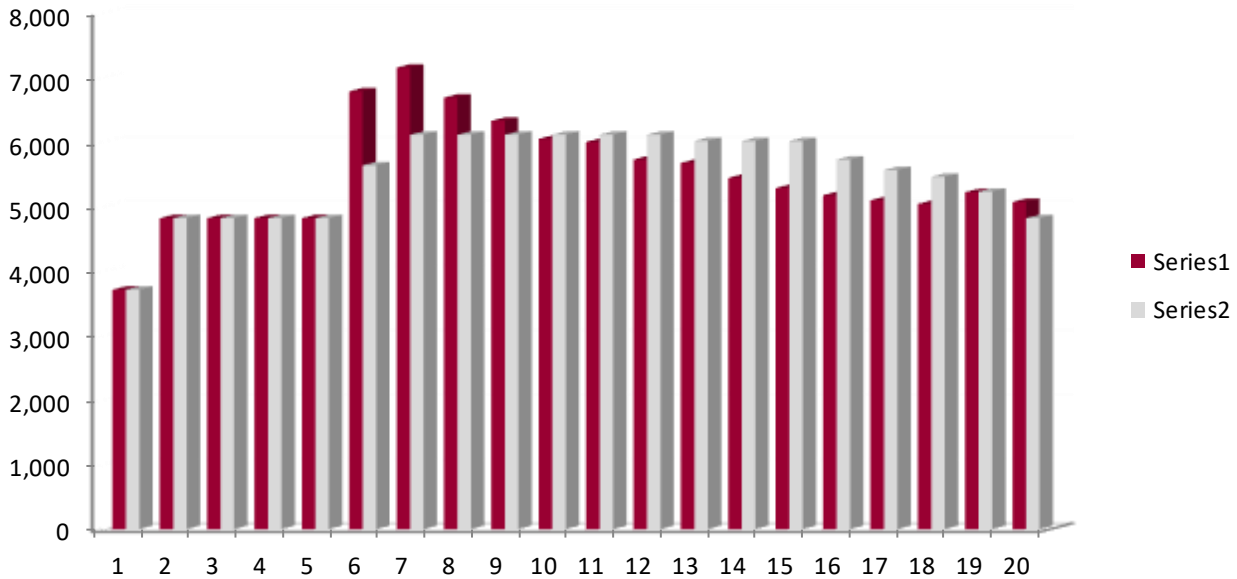
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

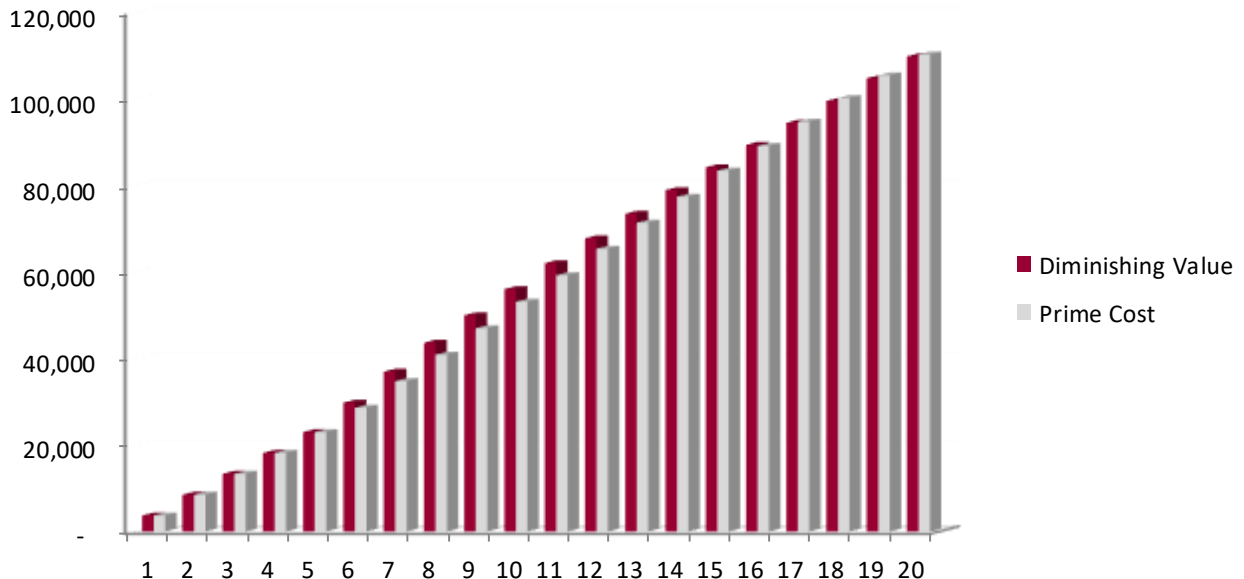
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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

### Purchase Details

Contract Date	22 April 2014
Settlement Date	22 September 2014
Available To Generate Income	11 November 2019

### Expenditure Analysed

Purchase Price	\$480,000
Post Expenditure	\$14,877
<b>Total Expenditure Analysed</b>	<b>\$494,877</b>

### Historical Construction Details

Construction Start Date	16 December 2013
Construction Completion Date	12 September 2014
Historical Construction Cost (Estimated)*	\$217,267

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

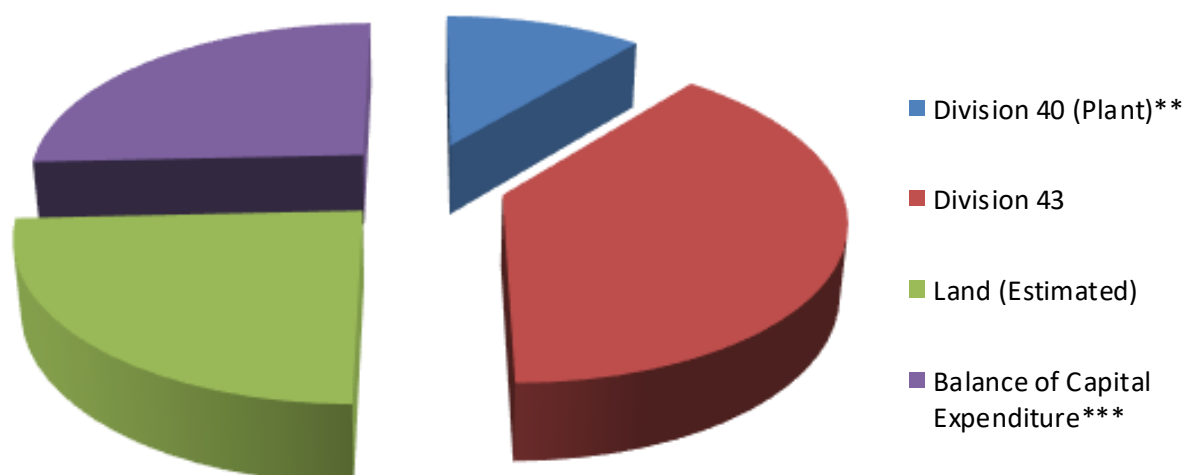
Division 40 (Plant)**	\$54,772
Division 43	\$192,787
Land (Estimated)	\$120,000
Balance of Capital Expenditure***	\$127,318
<b>Total Expenditure Analysed</b>	<b>\$494,877</b>

### 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

\*\* 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
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>														
Mini split system upto 20KW	NO	20.00%	22-Sep-14	9,251	1,424	1,565	1,252	1,002	801	641	513	410	328	263
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	NO	20.00%	22-Sep-14	479	74	81	65	52	41	62	39	24	15	9
<b>Blinds Residential</b>														
	NO	20.00%	22-Sep-14	2,744	422	464	371	297	238	357	223	139	87	54
<b>Computer systems</b>														
Building management system	NO	40.00%	22-Sep-14	269	83	74	45	27	16	9	6	4	2	1
<b>Door closers</b>														
	NO	20.00%	22-Sep-14	500	77	85	68	54	43	65	41	25	16	10
<b>Electrical Machinery &amp; Equipment :</b>														
Motors	NO	20.00%	22-Sep-14	20	3	3	3	2	2	3	2	1	1	0
<b>Fire control assets</b>														
Detection & alarm systems, detectors	NO	10.00%	22-Sep-14	972	75	90	81	73	65	221	138	86	54	34
Detection & alarm systems, fire indicator panel	NO	16.67%	22-Sep-14	336	43	49	41	34	28	53	33	21	13	8
Emergency warning & intercommunication system	NO	16.67%	22-Sep-14	742	95	108	90	75	62	117	73	46	29	18
Hoses and nozzles	NO	20.00%	22-Sep-14	576	89	97	78	62	50	75	47	29	18	11
Pumps, diesel & electric	NO	8.00%	22-Sep-14	38	2	3	3	2	2	10	6	4	2	1
Fire extinguishers	NO	15.00%	22-Sep-14	120	14	16	14	11	10	21	13	8	5	3
<b>Fire sprinklers - pumps only</b>														
	NO	10.00%	22-Sep-14	38	3	4	3	3	3	9	5	3	2	1
<b>Floor coverings ( removable without damage)</b>														
Carpets	NO	20.00%	22-Sep-14	4,879	751	826	660	528	423	338	271	216	325	203
<b>Furniture</b>														
	NO	15.00%	22-Sep-14	2,325	269	308	262	223	189	161	342	214	134	84
<b>Garbage disposal</b>														
Garbage bins	NO	30.00%	22-Sep-14	583	135	135	94	66	46	40	25	16	10	6
<b>Gymnasium equipment</b>														
Static	NO	20.00%	22-Sep-14	13	2	2	2	1	1	2	1	1	0	0
Equipment	NO	20.00%	22-Sep-14	40	6	7	5	4	3	5	3	2	1	1
<b>Hot water systems (excluding piping)</b>														
Gas or electric	NO	16.67%	22-Sep-14	262	34	38	32	26	22	41	26	16	10	6
<b>Kitchen assets</b>														
Cooktops	NO	16.67%	22-Sep-14	1,629	209	237	197	164	137	257	160	100	63	39
Dishwashers	NO	20.00%	22-Sep-14	2,299	354	389	311	249	199	299	187	117	73	46
Ovens	NO	16.67%	22-Sep-14	2,108	270	306	255	213	177	332	208	130	81	51
Rangehoods	NO	16.67%	22-Sep-14	862	111	125	104	87	72	136	85	53	33	21
<b>Carried forward</b>				<b>963,792</b>	<b>31,086</b>	<b>4,545</b>	<b>5,012</b>	<b>4,036</b>	<b>3,257</b>	<b>2,633</b>	<b>3,253</b>	<b>2,446</b>	<b>1,666</b>	<b>1,302</b>

## Diminishing Value Depreciation Schedule (cont.)

Assets Generally	Eligibility	Diminishing	Start Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Division 40 - Plant and Equipment</b>														
Brought forward			963,792	31,086	4,545	5,012	4,036	3,257	2,633	3,253	2,446	1,666	1,302	
<b>Laundry assets</b>														
Clothes dryers	NO	20.00%	22-Sep-14	862	133	146	117	93	75	112	70	44	27	17
Lifts (including hydraulic & tractions lifts)	NO	6.67%	22-Sep-14	4,264	219	270	252	235	219	205	191	178	166	155
<b>Lights</b>														
Fittings (excluding hardwired)	NO	40.00%	22-Sep-14	1,362	419	377	226	136	81	46	29	18	11	7
MATV - amplifiers & modulators	NO	20.00%	22-Sep-14	146	22	25	20	16	13	19	12	7	5	3
<b>Outdoor assets</b>														
Barbecues	NO	10.00%	22-Sep-14	18	1	2	1	1	1	4	3	2	1	1
<b>Security systems &amp; equipment</b>														
Electronic	NO	30.00%	22-Sep-14	1,419	328	327	229	160	112	98	61	38	24	15
<b>Swimming pools</b>														
Filtration equipment	NO	15.00%	22-Sep-14	67	8	9	8	6	5	12	7	5	3	2
Televisions	NO	20.00%	22-Sep-14	22	3	4	3	2	2	3	2	1	1	0
<b>Ventilating plant</b>														
Ventilation plant - fans only	NO	10.00%	22-Sep-14	649	50	60	54	49	44	147	92	58	36	22
<b>Additional Items (Post Expenditure)</b>	<b>Eligibility</b>				<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>Audio visual equipment</b>														
Amplifying & music equipment	YES	30.00%	11-Nov-19	659						247	154	97	60	38
Furniture	YES	15.00%	11-Nov-19	7,762						738	1,054	896	761	647
<b>Kitchen assets</b>														
Microwave ovens	YES	25.00%	11-Nov-19	109						41	26	16	10	6
Refrigerators	YES	16.67%	11-Nov-19	1,967						208	293	244	204	170
<b>Laundry assets</b>														
Washing machines	YES	25.00%	11-Nov-19	712						267	167	104	65	41
Televisions	YES	20.00%	11-Nov-19	3,667						465	640	512	410	328
<b>Pooled Plant Total</b>										<b>3,109</b>	<b>2,285</b>	<b>1,428</b>	<b>1,217</b>	<b>761</b>
<b>Effective Life Plant Total</b>					<b>5,729</b>	<b>6,231</b>	<b>4,946</b>	<b>3,956</b>	<b>3,186</b>	<b>2,756</b>	<b>2,962</b>	<b>2,457</b>	<b>1,869</b>	<b>1,563</b>
<b>Total Division 40</b>				<b>54,772</b>	<b>5,729</b>	<b>6,231</b>	<b>4,946</b>	<b>3,956</b>	<b>3,186</b>	<b>5,864</b>	<b>5,247</b>	<b>3,886</b>	<b>3,087</b>	<b>2,323</b>

## Diminishing Value Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2014	2.50%	22-Sep-14	191,656	3,691	4,795	4,795	4,795	4,795	4,795	4,795	4,795	4,795	4,795
Structural Improvements - Completed 2014	2.50%	22-Sep-14	1,131	22	28	28	28	28	28	28	28	28	28
<b>Total Division 43</b>			<b>192,787</b>	<b>3,713</b>	<b>4,823</b>	<b>4,823</b>	<b>4,823</b>	<b>4,823</b>	<b>4,823</b>	<b>4,823</b>	<b>4,823</b>	<b>4,823</b>	<b>4,823</b>
<b>Total Depreciation</b>			<b>247,559</b>	<b>9,442</b>	<b>11,054</b>	<b>9,769</b>	<b>8,779</b>	<b>8,009</b>	<b>10,687</b>	<b>10,070</b>	<b>8,709</b>	<b>7,910</b>	<b>7,146</b>

## 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
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>														
Mini split system upto 20KW	NO	10.00%	22-Sep-14	9,251	712	925	925	925	925	925	925	925	925	925
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	NO	10.00%	22-Sep-14	479	37	48	48	48	48	48	48	48	48	48
<b>Blinds Residential</b>														
	NO	10.00%	22-Sep-14	2,744	211	274	274	274	274	274	274	274	274	274
<b>Computer systems</b>														
Building management system	NO	20.00%	22-Sep-14	269	41	54	54	54	54	12				
<b>Door closers</b>														
	NO	10.00%	22-Sep-14	500	39	50	50	50	50	50	50	50	50	50
<b>Electrical Machinery &amp; Equipment :</b>														
Motors	NO	10.00%	22-Sep-14	20	2	2	2	2	2	2	2	2	2	2
<b>Fire control assets</b>														
Detection & alarm systems, detectors	NO	5.00%	22-Sep-14	972	37	49	49	49	49	49	49	49	49	49
Detection & alarm systems, fire indicator panel	NO	8.33%	22-Sep-14	336	22	28	28	28	28	28	28	28	28	28
Emergency warning & intercommunication system	NO	8.33%	22-Sep-14	742	48	62	62	62	62	62	62	62	62	62
Hoses and nozzles	NO	10.00%	22-Sep-14	576	44	58	58	58	58	58	58	58	58	58
Pumps, diesel & electric	NO	4.00%	22-Sep-14	38	1	2	2	2	2	2	2	2	2	2
Fire extinguishers	NO	7.50%	22-Sep-14	120	7	9	9	9	9	9	9	9	9	9
<b>Fire sprinklers - pumps only</b>														
	NO	5.00%	22-Sep-14	38	1	2	2	2	2	2	2	2	2	2
<b>Floor coverings ( removable without damage)</b>														
Carpets	NO	10.00%	22-Sep-14	4,879	376	488	488	488	488	488	488	488	488	488
<b>Furniture</b>														
	NO	7.50%	22-Sep-14	2,325	134	174	174	174	174	174	174	174	174	174
<b>Garbage disposal</b>														
Garbage bins	NO	15.00%	22-Sep-14	583	67	87	87	87	87	87	81			
<b>Gymnasium equipment</b>														
Static	NO	10.00%	22-Sep-14	13	1	1	1	1	1	1	1	1	1	1
Equipment	NO	10.00%	22-Sep-14	40	3	4	4	4	4	4	4	4	4	4
<b>Hot water systems (excluding piping)</b>														
Gas or electric	NO	8.33%	22-Sep-14	262	17	22	22	22	22	22	22	22	22	22
<b>Kitchen assets</b>														
Cooktops	NO	8.33%	22-Sep-14	1,629	104	136	136	136	136	136	136	136	136	136
Dishwashers	NO	10.00%	22-Sep-14	2,299	177	230	230	230	230	230	230	230	230	230
Ovens	NO	8.33%	22-Sep-14	2,108	135	176	176	176	176	176	176	176	176	176
Rangehoods	NO	8.33%	22-Sep-14	862	55	72	72	72	72	72	72	72	72	72
Carried forward				963,792	31,086	2,272	2,953	2,953	2,953	2,953	2,911	2,893	2,812	2,812



## Prime Cost Depreciation Schedule (cont.)

Assets Generally	Eligibility	Prime Cost	Start Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Division 40 - Plant and Equipment</b>														
Brought forward			963,792	31,086	2,272	2,953	2,953	2,953	2,953	2,911	2,893	2,812	2,812	
<b>Laundry assets</b>														
Clothes dryers	NO	10.00%	22-Sep-14	862	66	86	86	86	86	86	86	86	86	86
Lifts (including hydraulic & tractions lifts)	NO	3.33%	22-Sep-14	4,264	109	142	142	142	142	142	142	142	142	142
<b>Lights</b>														
Fittings (excluding hardwired)	NO	20.00%	22-Sep-14	1,362	210	272	272	272	272	64				
<b>MATV - amplifiers &amp; modulators</b>														
	NO	10.00%	22-Sep-14	146	11	15	15	15	15	15	15	15	15	14
<b>Outdoor assets</b>														
Barbecues	NO	5.00%	22-Sep-14	18	1	1	1	1	1	1	1	1	1	1
<b>Security systems &amp; equipment</b>														
Electronic	NO	15.00%	22-Sep-14	1,419	164	213	213	213	213	213	191			
<b>Swimming pools</b>														
Filtration equipment	NO	7.50%	22-Sep-14	67	4	5	5	5	5	5	5	5	5	5
<b>Televisions</b>														
	NO	10.00%	22-Sep-14	22	2	2	2	2	2	2	2	2	2	2
<b>Ventilating plant</b>														
Ventilation plant - fans only	NO	5.00%	22-Sep-14	649	25	32	32	32	32	32	32	32	32	32
<b>Additional Items (Post Expenditure)</b>	<b>Eligibility</b>				<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>Audio visual equipment</b>														
Amplifying & music equipment	YES	15.00%	11-Nov-19	659						63	99	99	99	99
<b>Furniture</b>														
	YES	7.50%	11-Nov-19	7,762						369	582	582	582	582
<b>Kitchen assets</b>														
Microwave ovens	YES	10.00%	11-Nov-19	109						7	11	11	11	11
Refrigerators	YES	8.33%	11-Nov-19	1,967						104	164	164	164	164
<b>Laundry assets</b>														
Washing machines	YES	10.00%	11-Nov-19	712						45	71	71	71	71
<b>Televisions</b>														
	YES	10.00%	11-Nov-19	3,667						233	367	367	367	367
<b>Pooled Plant Total</b>														
<b>Effective Life Plant Total</b>					2,864	3,721	3,721	3,721	3,721	4,291	4,661	4,389	4,389	4,388
<b>Total Division 40</b>				54,772	2,864	3,721	3,721	3,721	3,721	4,291	4,661	4,389	4,389	4,388

## Prime Cost Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2014	2.50%	22-Sep-14	191,656	3,691	4,795	4,795	4,795	4,795	4,795	4,795	4,795	4,795	4,795
Structural Improvements - Completed 2014	2.50%	22-Sep-14	1,131	22	28	28	28	28	28	28	28	28	28
<b>Total Division 43</b>			192,787	3,713	4,823	4,823	4,823	4,823	4,823	4,823	4,823	4,823	4,823
<b>Total Depreciation</b>			247,559	6,577	8,544	8,544	8,544	8,544	9,114	9,484	9,212	9,212	9,211

## 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 2014	16 Dec 13 to 12 Sep 14	191,787	2.50%	4,795	191,656
<b>Sub-total</b>		<b>191,787</b>		<b>4,795</b>	<b>191,656</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2014	16 Dec 13 to 12 Sep 14	1,131	2.50%	28	1,131
<b>Sub-total</b>		<b>1,131</b>		<b>28</b>	<b>1,131</b>
<b>Totals</b>		<b>192,919</b>		<b>4,823</b>	<b>192,787</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
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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.

Further information regarding the legislation please refer to ATO website – [www.ato.gov.au](http://www.ato.gov.au)

### **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.