



## Tax Depreciation Report

15/2103 Gold Coast Highway,  
Miami QLD 4220

Jasmine Sagers and Kane Reiri  
150 Mills Street  
MELBOURNE, VIC 3206

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

Jasmine Saggars and Kane Reiri  
150 Mills Street  
MELBOURNE, VIC 3206

November 2019  
Job No: RES4220034

### **Tax Depreciation Report – 15/2103 Gold Coast Highway, Miami QLD 4220**

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 November 2019

### Purchaser

Jasmine Saggors and Kane Reiri

### Property Address

15/2103 Gold Coast Highway, Miami QLD 4220

### Real Property Description

L15 SP151090

### Property Type

Residential Unit

### Date of Construction

21 September 2002

### Date Available To Generate Income

1 February 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	1 February 19 to 30 June 19	0	0	0	1,121	1,121	3,607	3,607
2	1 July 19 to 30 June 20	0	0	0	2,748	2,748	5,609	9,216
3	1 July 20 to 30 June 21	0	0	0	2,749	2,749	4,182	13,398
4	1 July 21 to 30 June 22	0	0	0	2,749	2,749	3,339	16,737
5	1 July 22 to 30 June 23	0	0	0	2,749	2,749	2,336	19,073
6	1 July 23 to 30 June 24	0	0	0	2,749	2,749	1,663	20,736
7	1 July 24 to 30 June 25	0	0	0	2,749	2,749	1,598	22,333
8	1 July 25 to 30 June 26	0	0	0	2,749	2,749	1,073	23,406
9	1 July 26 to 30 June 27	0	0	0	2,749	2,749	730	24,136
10	1 July 27 to 30 June 28	0	0	0	2,749	2,749	504	24,639
11	1 July 28 to 30 June 29	0	0	0	2,749	2,749	505	25,144
12	1 July 29 to 30 June 30	0	0	0	2,749	2,749	315	25,459
13	1 July 30 to 30 June 31	0	0	0	2,749	2,749	197	25,656
14	1 July 31 to 30 June 32	0	0	0	2,749	2,749	123	25,780
15	1 July 32 to 30 June 33	0	0	0	2,749	2,749	77	25,857
16	1 July 33 to 30 June 34	0	0	0	2,749	2,749	48	25,905
17	1 July 34 to 30 June 35	0	0	0	2,749	2,749	30	25,935
18	1 July 35 to 30 June 36	0	0	0	2,749	2,749	19	25,954
19	1 July 36 to 30 June 37	0	0	0	2,749	2,749	12	25,965
20	1 July 37 to 30 June 38	0	0	0	2,749	2,749	7	25,973
21	1 July 38 to 30 June 39	0	0	0	2,749	2,749	5	25,977
22	1 July 39 to 30 June 40	0	0	0	2,749	2,749	3	25,980
23	1 July 40 to 30 June 41	0	0	0	2,749	2,749	2	25,982
24	1 July 41 to 30 June 42	0	0	0	2,749	2,749	1	25,983
25	1 July 42 to 30 June 43	0	0	0	1,044	1,044	1	25,984
26	1 July 43 to 30 June 44	0	0	0	555	555	0	25,984
27	1 July 44 to 30 June 45	0	0	0	555	555	0	25,984
28	1 July 45 to 30 June 46	0	0	0	555	555	0	25,985
29	1 July 46 to 30 June 47	0	0	0	555	555	0	25,985
30	1 July 47 to 30 June 48	0	0	0	555	555	0	25,985
31	1 July 48 to 30 June 49	0	0	0	555	555	0	25,985
32	1 July 49 to 30 June 50	0	0	0	555	555	0	25,985
33	1 July 50 to 30 June 51	0	0	0	555	555	0	25,985
34	1 July 51 to 30 June 52	0	0	0	356	356	0	25,985
35	1 July 52 to 30 June 53	0	0	0	3	3	0	25,985
36	1 July 53 to 30 June 54	0	0	0	3	3	0	25,985
37	1 July 54 to 30 June 55	0	0	0	2	2	0	25,985
38	1 July 55 to 30 June 56	0	0	0	0	0	0	25,985
39	1 July 56 to 30 June 57	0	0	0	0	0	0	25,985
40	2057+	0	0	0	0	0	0	25,985
<b>Totals</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>70,195</b>	<b>70,195</b>	<b>25,985</b>	<b>25,985</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	1 February 19 to 30 June 19	0	0	0	1,121	1,121	3,026	3,026
2	1 July 19 to 30 June 20	0	0	0	2,748	2,748	4,398	7,424
3	1 July 20 to 30 June 21	0	0	0	2,749	2,749	3,282	10,706
4	1 July 21 to 30 June 22	0	0	0	2,749	2,749	2,585	13,291
5	1 July 22 to 30 June 23	0	0	0	2,749	2,749	2,149	15,441
6	1 July 23 to 30 June 24	0	0	0	2,749	2,749	1,877	17,318
7	1 July 24 to 30 June 25	0	0	0	2,749	2,749	1,707	19,024
8	1 July 25 to 30 June 26	0	0	0	2,749	2,749	1,600	20,625
9	1 July 26 to 30 June 27	0	0	0	2,749	2,749	1,534	22,158
10	1 July 27 to 30 June 28	0	0	0	2,749	2,749	1,492	23,651
11	1 July 28 to 30 June 29	0	0	0	2,749	2,749	1,120	24,771
12	1 July 29 to 30 June 30	0	0	0	2,749	2,749	594	25,365
13	1 July 30 to 30 June 31	0	0	0	2,749	2,749	429	25,794
14	1 July 31 to 30 June 32	0	0	0	2,749	2,749	173	25,967
15	1 July 32 to 30 June 33	0	0	0	2,749	2,749	7	25,974
16	1 July 33 to 30 June 34	0	0	0	2,749	2,749	4	25,978
17	1 July 34 to 30 June 35	0	0	0	2,749	2,749	3	25,981
18	1 July 35 to 30 June 36	0	0	0	2,749	2,749	2	25,982
19	1 July 36 to 30 June 37	0	0	0	2,749	2,749	1	25,983
20	1 July 37 to 30 June 38	0	0	0	2,749	2,749	1	25,984
21	1 July 38 to 30 June 39	0	0	0	2,749	2,749	0	25,984
22	1 July 39 to 30 June 40	0	0	0	2,749	2,749	0	25,984
23	1 July 40 to 30 June 41	0	0	0	2,749	2,749	0	25,985
24	1 July 41 to 30 June 42	0	0	0	2,749	2,749	0	25,985
25	1 July 42 to 30 June 43	0	0	0	1,044	1,044	0	25,985
26	1 July 43 to 30 June 44	0	0	0	555	555	0	25,985
27	1 July 44 to 30 June 45	0	0	0	555	555	0	25,985
28	1 July 45 to 30 June 46	0	0	0	555	555	0	25,985
29	1 July 46 to 30 June 47	0	0	0	555	555	0	25,985
30	1 July 47 to 30 June 48	0	0	0	555	555	0	25,985
31	1 July 48 to 30 June 49	0	0	0	555	555	0	25,985
32	1 July 49 to 30 June 50	0	0	0	555	555	0	25,985
33	1 July 50 to 30 June 51	0	0	0	555	555	0	25,985
34	1 July 51 to 30 June 52	0	0	0	356	356	0	25,985
35	1 July 52 to 30 June 53	0	0	0	3	3	0	25,985
36	1 July 53 to 30 June 54	0	0	0	3	3	0	25,985
37	1 July 54 to 30 June 55	0	0	0	2	2	0	25,985
38	1 July 55 to 30 June 56	0	0	0	0	0	0	25,985
39	1 July 56 to 30 June 57	0	0	0	0	0	0	25,985
40	2057+	0	0	0	0	0	0	25,985
<b>Totals</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>70,195</b>	<b>70,195</b>	<b>25,985</b>	<b>25,985</b>

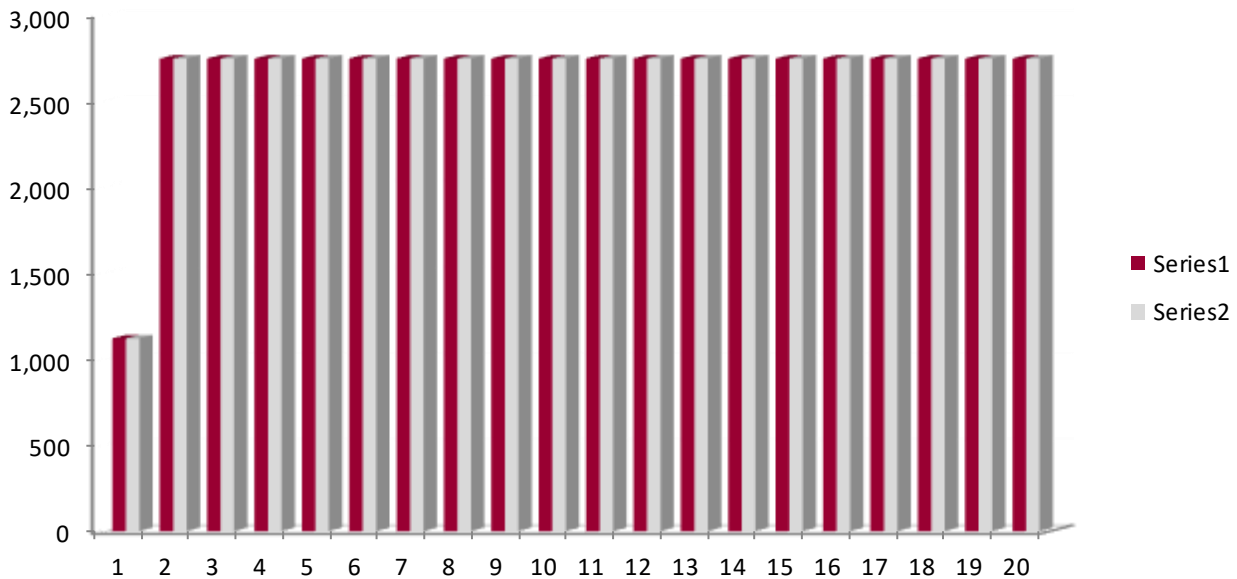
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

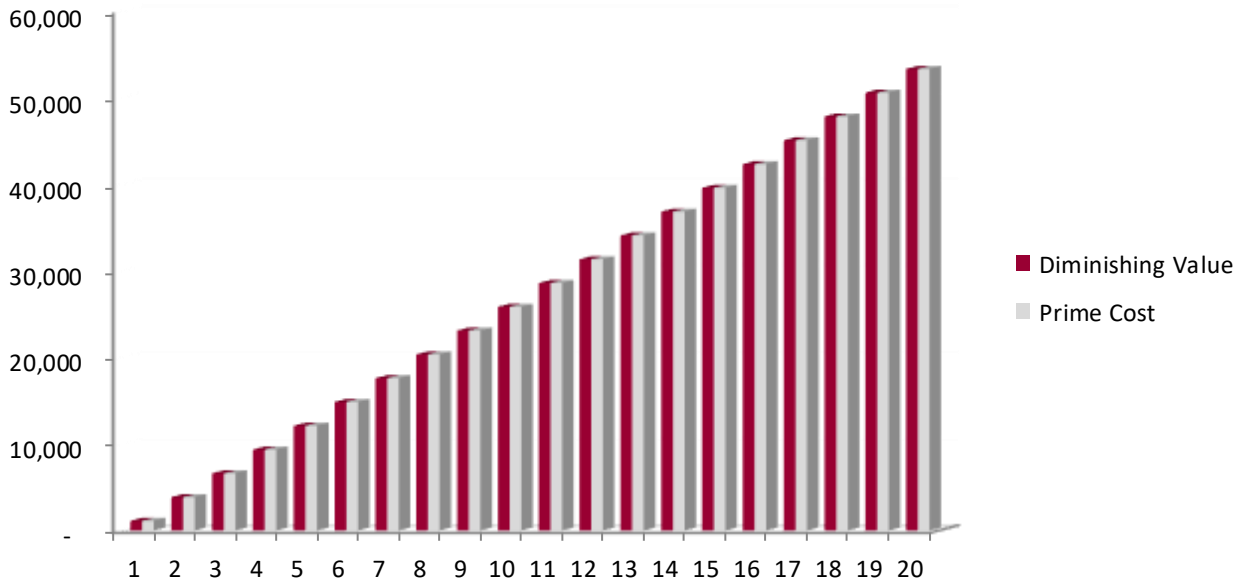
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	9 November 2018
Settlement Date	1 February 2019
Available To Generate Income	1 February 2019

### Expenditure Analysed

Purchase Price	\$390,000
Stamp Duty	\$12,075
Post Expenditure	\$106
<b>Total Expenditure Analysed</b>	<b>\$402,181</b>

### Historical Construction Details

Construction Start Date	25 December 2001
Construction Completion Date	21 September 2002
Historical Construction Cost (Estimated)*	\$114,353

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

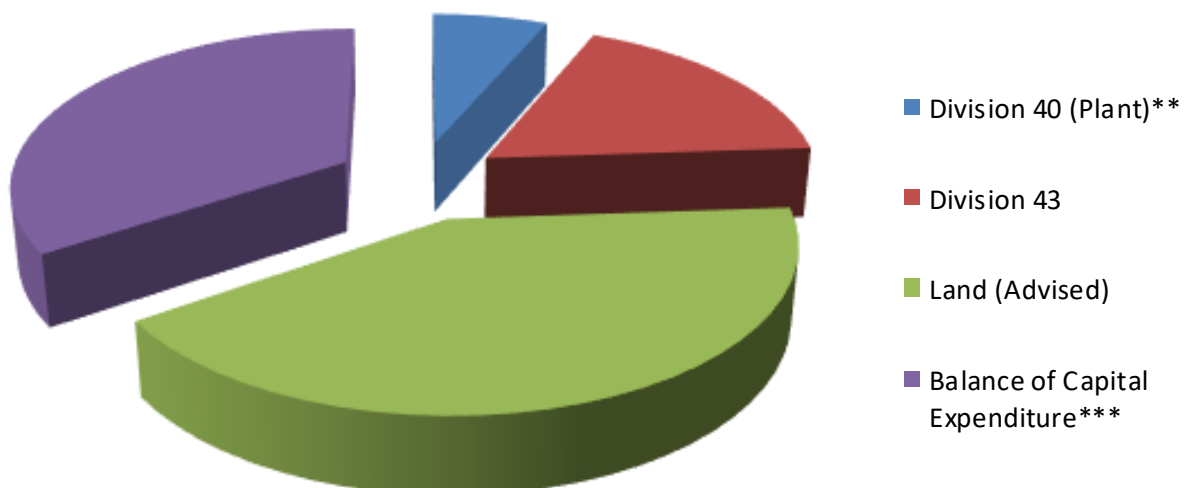
Division 40 (Plant)**	\$25,985
Division 43	\$70,195
Land (Advised)	\$167,531
Balance of Capital Expenditure***	\$138,470
<b>Total Expenditure Analysed</b>	<b>\$402,181</b>

### 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>Bathroom assets</b>														
Exhaust fans (including light/heating)	NO	18.75%	1-Feb-19	635	119	193	121	76	47	30	18	12	7	5
<b>Ceiling Fans</b>														
	NO	18.75%	1-Feb-19	952	178	290	181	113	71	44	28	17	11	7
<b>Curtains and drapes</b>														
	NO	18.75%	1-Feb-19	1,907	358	581	363	227	142	89	55	35	22	14
<b>Door closers</b>														
	NO	18.75%	1-Feb-19	419	79	128	80	50	31	19	12	8	5	3
<b>Fire control assets</b>														
Detection & alarm systems, detectors	NO	18.75%	1-Feb-19	419	79	128	80	50	31	19	12	8	5	3
Pumps, diesel & electric	NO	18.75%	1-Feb-19	449	84	137	86	53	33	21	13	8	5	3
<b>Floor coverings ( removable without damage)</b>														
Carpets	NO	20.00%	1-Feb-19	7,041	575	1,293	1,035	828	662	530	424	339	271	217
<b>Furniture</b>														
	NO	15.00%	1-Feb-19	2,284	140	322	273	232	198	168	357	223	139	87
	NO	18.75%	1-Feb-19	1,478	277	450	281	176	110	69	43	27	17	10
<b>Hot water systems (excluding piping)</b>														
Gas or electric	NO	16.67%	1-Feb-19	2,284	155	355	296	246	205	171	321	201	125	78
<b>Kitchen assets</b>														
Cooktops	NO	16.67%	1-Feb-19	1,079	73	168	314	196	123	77	48	30	19	12
Dishwashers	NO	20.00%	1-Feb-19	1,523	124	280	224	336	210	131	82	51	32	20
Ovens	NO	16.67%	1-Feb-19	1,396	95	217	181	339	212	132	83	52	32	20
Rangehoods	NO	18.75%	1-Feb-19	571	107	174	109	68	42	27	17	10	6	4
<b>Laundry assets</b>														
Clothes dryers	NO	18.75%	1-Feb-19	571	107	174	109	68	42	27	17	10	6	4
<b>Lights</b>														
Shades, removable	NO	18.75%	1-Feb-19	677	127	206	129	81	50	31	20	12	8	5
<b>MATV - amplifiers &amp; modulators</b>														
	NO	18.75%	1-Feb-19	529	99	161	101	63	39	25	15	10	6	4
<b>Security systems &amp; equipment</b>														
Electronic	NO	18.75%	1-Feb-19	761	143	232	145	91	57	35	22	14	9	5
<b>Swimming pools</b>														
Filtration equipment	NO	18.75%	1-Feb-19	397	74	121	76	47	30	18	12	7	5	3
<b>\$300 items</b>														
	NO	100.00%	1-Feb-19	613	613									
<b>Pooled Plant Total</b>					1,831	2,975	2,174	2,033	1,271	794	1,174	734	459	287
<b>Effective Life Plant Total</b>					1,776	2,634	2,008	1,306	1,065	869	424	339	271	217
<b>Total Division 40</b>				25,985	3,607	5,609	4,182	3,339	2,336	1,663	1,598	1,073	730	504

## 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 2002	2.50%	01-Feb-19	48,054	830	2,034	2,034	2,034	2,034	2,034	2,034	2,034	2,034	2,034
Building Works - Completed 2012	2.50%	01-Feb-19	11,464	142	347	347	347	347	347	347	347	347	347
Building Works - Completed 2019	2.50%	06-Oct-19	106		2	3	3	3	3	3	3	3	3
Structural Improvements - Completed 2002	2.50%	01-Feb-19	3,792	65	160	160	160	160	160	160	160	160	160
Structural Improvements - Completed 2012	2.50%	01-Feb-19	6,779	84	205	205	205	205	205	205	205	205	205
<b>Total Division 43</b>			<b>70,195</b>	<b>1,121</b>	<b>2,748</b>	<b>2,749</b>	<b>2,749</b>	<b>2,749</b>	<b>2,749</b>	<b>2,749</b>	<b>2,749</b>	<b>2,749</b>	<b>2,749</b>
<b>Total Depreciation</b>			<b>96,180</b>	<b>4,728</b>	<b>8,357</b>	<b>6,931</b>	<b>6,088</b>	<b>5,085</b>	<b>4,412</b>	<b>4,347</b>	<b>3,822</b>	<b>3,479</b>	<b>3,253</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>Bathroom assets</b>															
Exhaust fans (including light/heating)	NO	18.75%	01-Feb-19	635	119	193	121	76	47	30	18	12	7	5	
Ceiling Fans	NO	18.75%	01-Feb-19	952	178	290	181	113	71	44	28	17	11	7	
Curtains and drapes	NO	18.75%	01-Feb-19	1,907	358	581	363	227	142	89	55	35	22	14	
Door closers	NO	18.75%	01-Feb-19	419	79	128	80	50	31	19	12	8	5	3	
<b>Fire control assets</b>															
Detection & alarm systems, detectors	NO	18.75%	01-Feb-19	419	79	128	80	50	31	19	12	8	5	3	
Pumps, diesel & electric	NO	18.75%	01-Feb-19	449	84	137	86	53	33	21	13	8	5	3	
<b>Floor coverings ( removable without damage)</b>															
Carpets	NO	10.00%	01-Feb-19	7,041	287	704	704	704	704	704	704	704	704	704	
<b>Furniture</b>															
Furniture	NO	7.50%	01-Feb-19	2,284	70	171	171	171	171	171	171	171	171	171	
Furniture	NO	18.75%	01-Feb-19	1,478	277	450	281	176	110	69	43	27	17	10	
<b>Hot water systems (excluding piping)</b>															
Gas or electric	NO	8.33%	01-Feb-19	2,284	78	190	190	190	190	190	190	190	190	190	
<b>Kitchen assets</b>															
Cooktops	NO	8.33%	01-Feb-19	1,079	37	90	90	90	90	90	90	90	90	90	
Dishwashers	NO	10.00%	01-Feb-19	1,523	62	152	152	152	152	152	152	152	152	152	
Ovens	NO	8.33%	01-Feb-19	1,396	47	116	116	116	116	116	116	116	116	116	
Rangehoods	NO	18.75%	01-Feb-19	571	107	174	109	68	42	27	17	10	6	4	
<b>Laundry assets</b>															
Clothes dryers	NO	18.75%	01-Feb-19	571	107	174	109	68	42	27	17	10	6	4	
<b>Lights</b>															
Shades, removable	NO	18.75%	01-Feb-19	677	127	206	129	81	50	31	20	12	8	5	
MATV - amplifiers & modulators	NO	18.75%	01-Feb-19	529	99	161	101	63	39	25	15	10	6	4	
<b>Security systems &amp; equipment</b>															
Electronic	NO	18.75%	01-Feb-19	761	143	232	145	91	57	35	22	14	9	5	
<b>Swimming pools</b>															
Filtration equipment	NO	18.75%	01-Feb-19	397	74	121	76	47	30	18	12	7	5	3	
<b>\$300 items</b>															
	NO	100.00%	01-Feb-19	613	613										
<b>Pooled Plant Total</b>						1,831	2,975	1,859	1,162	726	454	284	177	111	69
<b>Effective Life Plant Total</b>						1,195	1,423	1,423	1,423	1,423	1,423	1,423	1,423	1,423	1,423
<b>Total Division 40</b>				25,985	3,026	4,398	3,282	2,585	2,149	1,877	1,707	1,600	1,534	1,492	

## 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 2002	2.50%	01-Feb-19	48,054	830	2,034	2,034	2,034	2,034	2,034	2,034	2,034	2,034	2,034
Building Works - Completed 2012	2.50%	01-Feb-19	11,464	142	347	347	347	347	347	347	347	347	347
Building Works - Completed 2019	2.50%	06-Oct-19	106		2	3	3	3	3	3	3	3	3
Structural Improvements - Completed 2002	2.50%	01-Feb-19	3,792	65	160	160	160	160	160	160	160	160	160
Structural Improvements - Completed 2012	2.50%	01-Feb-19	6,779	84	205	205	205	205	205	205	205	205	205
<b>Total Division 43</b>			<b>70,195</b>	<b>1,121</b>	<b>2,748</b>	<b>2,749</b>	<b>2,749</b>	<b>2,749</b>	<b>2,749</b>	<b>2,749</b>	<b>2,749</b>	<b>2,749</b>	<b>2,749</b>
<b>Total Depreciation</b>			<b>96,180</b>	<b>4,147</b>	<b>7,146</b>	<b>6,031</b>	<b>5,334</b>	<b>4,898</b>	<b>4,626</b>	<b>4,456</b>	<b>4,349</b>	<b>4,283</b>	<b>4,241</b>



## 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 2002	25 Dec 01 to 21 Sep 02	81,362	2.50%	2,034	48,054
Building Works - Completed 2012	1 Jan 12 to 2 Feb 12	13,897	2.50%	347	11,464
Building Works - Completed 2019	5 Oct 19 to 6 Oct 19	106	2.50%	3	106
<b>Sub-total</b>		<b>95,365</b>		<b>2,384</b>	<b>59,624</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2002	25 Dec 01 to 21 Sep 02	6,420	2.50%	160	3,792
Structural Improvements - Completed 2012	1 Jan 12 to 2 Feb 12	8,217	2.50%	205	6,779
<b>Sub-total</b>		<b>14,637</b>		<b>365</b>	<b>10,571</b>
<b>Totals</b>		<b>110,001</b>		<b>2,749</b>	<b>70,195</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	
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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>