



Tax Depreciation Report

11 Goodacre Avenue,
Fairfield West, NSW 2165

Andreas Katsikakis and Cindy Micallef
23W
FAIRFIELD WEST, NSW 2165

Issue Schedule	
Issue Date:	Issued by:
04 December 2019	Mark Kilroy Bsc (Hons) MRICS

Andreas Katsikakis and Cindy Micallef
23W
FAIRFIELD WEST, NSW 2165

December 2019
Job No: RES2165003

Tax Depreciation Report – 11 Goodacre Avenue, Fairfield West, NSW 2165

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



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	13
12. Division 43 Capital Works Schedule	15
13. Definition of Terms	16
14. Contact Details	17
15. Disclaimer.....	18
Appendix A: ATO’s New Legislations on Post 9 May Purchased and Capital Loss.....	19

1. Property Information

Date of Report

4 December 2019

Purchaser

Andreas Katsikakis and Cindy Micallef

Property Address

11 Goodacre Avenue, Fairfield West, NSW 2165

Real Property Description

LOT 84 DP223799

Property Type

Residential House

Date of Construction

Pre 1985

Date Available To Generate Income

1 May 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								
Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.	Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.								
Benefits	Benefits								
<ul style="list-style-type: none"> • 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	29 June 10 to 30 June 10	0	0	0	5	5	0	0
2	1 July 10 to 30 June 11	0	0	0	1,536	1,536	0	0
3	1 July 11 to 30 June 12	0	0	0	1,644	1,644	0	0
4	1 July 12 to 30 June 13	0	0	0	1,644	1,644	0	0
5	1 July 13 to 30 June 14	0	0	0	1,754	1,754	0	0
6	1 July 14 to 30 June 15	0	0	0	1,754	1,754	0	0
7	1 July 15 to 30 June 16	0	0	0	1,829	1,829	0	0
8	1 July 16 to 30 June 17	0	0	0	1,829	1,829	0	0
9	1 July 17 to 30 June 18	0	0	0	1,829	1,829	0	0
10	1 July 18 to 30 June 19	0	0	0	1,831	1,831	1,728	1,728
11	1 July 19 to 30 June 20	0	0	0	1,884	1,884	1,273	3,001
12	1 July 20 to 30 June 21	0	0	0	1,884	1,884	962	3,963
13	1 July 21 to 30 June 22	0	0	0	1,884	1,884	964	4,927
14	1 July 22 to 30 June 23	0	0	0	1,884	1,884	699	5,626
15	1 July 23 to 30 June 24	0	0	0	1,884	1,884	520	6,146
16	1 July 24 to 30 June 25	0	0	0	1,884	1,884	397	6,543
17	1 July 25 to 30 June 26	0	0	0	1,884	1,884	311	6,854
18	1 July 26 to 30 June 27	0	0	0	1,884	1,884	248	7,102
19	1 July 27 to 30 June 28	0	0	0	1,884	1,884	202	7,304
20	1 July 28 to 30 June 29	0	0	0	1,884	1,884	167	7,471
21	1 July 29 to 30 June 30	0	0	0	1,884	1,884	369	7,840
22	1 July 30 to 30 June 31	0	0	0	1,884	1,884	231	8,070
23	1 July 31 to 30 June 32	0	0	0	1,884	1,884	144	8,214
24	1 July 32 to 30 June 33	0	0	0	1,553	1,553	90	8,304
25	1 July 33 to 30 June 34	0	0	0	1,436	1,436	56	8,361
26	1 July 34 to 30 June 35	0	0	0	1,436	1,436	35	8,396
27	1 July 35 to 30 June 36	0	0	0	1,436	1,436	22	8,418
28	1 July 36 to 30 June 37	0	0	0	1,436	1,436	14	8,432
29	1 July 37 to 30 June 38	0	0	0	1,436	1,436	9	8,440
30	1 July 38 to 30 June 39	0	0	0	1,436	1,436	5	8,446
31	1 July 39 to 30 June 40	0	0	0	1,436	1,436	3	8,449
32	1 July 40 to 30 June 41	0	0	0	1,303	1,303	2	8,451
33	1 July 41 to 30 June 42	0	0	0	676	676	1	8,452
34	1 July 42 to 30 June 43	0	0	0	676	676	1	8,453
35	1 July 43 to 30 June 44	0	0	0	676	676	1	8,454
36	1 July 44 to 30 June 45	0	0	0	676	676	0	8,454
37	1 July 45 to 30 June 46	0	0	0	676	676	0	8,454
38	1 July 46 to 30 June 47	0	0	0	676	676	0	8,454
39	1 July 47 to 30 June 48	0	0	0	676	676	0	8,454
40	2048+	0	0	0	2,666	2,666	0	8,455
Totals		0	0	0	60,453	60,453	8,455	8,455

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	29 June 10 to 30 June 10	0	0	0	5	5	0	0
2	1 July 10 to 30 June 11	0	0	0	1,536	1,536	0	0
3	1 July 11 to 30 June 12	0	0	0	1,644	1,644	0	0
4	1 July 12 to 30 June 13	0	0	0	1,644	1,644	0	0
5	1 July 13 to 30 June 14	0	0	0	1,754	1,754	0	0
6	1 July 14 to 30 June 15	0	0	0	1,754	1,754	0	0
7	1 July 15 to 30 June 16	0	0	0	1,829	1,829	0	0
8	1 July 16 to 30 June 17	0	0	0	1,829	1,829	0	0
9	1 July 17 to 30 June 18	0	0	0	1,829	1,829	0	0
10	1 July 18 to 30 June 19	0	0	0	1,831	1,831	1,904	1,904
11	1 July 19 to 30 June 20	0	0	0	1,884	1,884	1,901	3,805
12	1 July 20 to 30 June 21	0	0	0	1,884	1,884	1,729	5,534
13	1 July 21 to 30 June 22	0	0	0	1,884	1,884	1,689	7,223
14	1 July 22 to 30 June 23	0	0	0	1,884	1,884	1,644	8,867
15	1 July 23 to 30 June 24	0	0	0	1,884	1,884	1,490	10,357
16	1 July 24 to 30 June 25	0	0	0	1,884	1,884	1,420	11,777
17	1 July 25 to 30 June 26	0	0	0	1,884	1,884	71	11,848
18	1 July 26 to 30 June 27	0	0	0	1,884	1,884	61	11,909
19	1 July 27 to 30 June 28	0	0	0	1,884	1,884	61	11,970
20	1 July 28 to 30 June 29	0	0	0	1,884	1,884	61	12,031
21	1 July 29 to 30 June 30	0	0	0	1,884	1,884	52	12,083
22	1 July 30 to 30 June 31	0	0	0	1,884	1,884	0	12,083
23	1 July 31 to 30 June 32	0	0	0	1,884	1,884	0	12,083
24	1 July 32 to 30 June 33	0	0	0	1,553	1,553	0	12,083
25	1 July 33 to 30 June 34	0	0	0	1,436	1,436	0	12,083
26	1 July 34 to 30 June 35	0	0	0	1,436	1,436	0	12,083
27	1 July 35 to 30 June 36	0	0	0	1,436	1,436	0	12,083
28	1 July 36 to 30 June 37	0	0	0	1,436	1,436	0	12,083
29	1 July 37 to 30 June 38	0	0	0	1,436	1,436	0	12,083
30	1 July 38 to 30 June 39	0	0	0	1,436	1,436	0	12,083
31	1 July 39 to 30 June 40	0	0	0	1,436	1,436	0	12,083
32	1 July 40 to 30 June 41	0	0	0	1,303	1,303	0	12,083
33	1 July 41 to 30 June 42	0	0	0	676	676	0	12,083
34	1 July 42 to 30 June 43	0	0	0	676	676	0	12,083
35	1 July 43 to 30 June 44	0	0	0	676	676	0	12,083
36	1 July 44 to 30 June 45	0	0	0	676	676	0	12,083
37	1 July 45 to 30 June 46	0	0	0	676	676	0	12,083
38	1 July 46 to 30 June 47	0	0	0	676	676	0	12,083
39	1 July 47 to 30 June 48	0	0	0	676	676	0	12,083
40	2048+	0	0	0	2,666	2,666	0	12,083
Totals		0	0	0	60,453	60,453	12,083	12,083

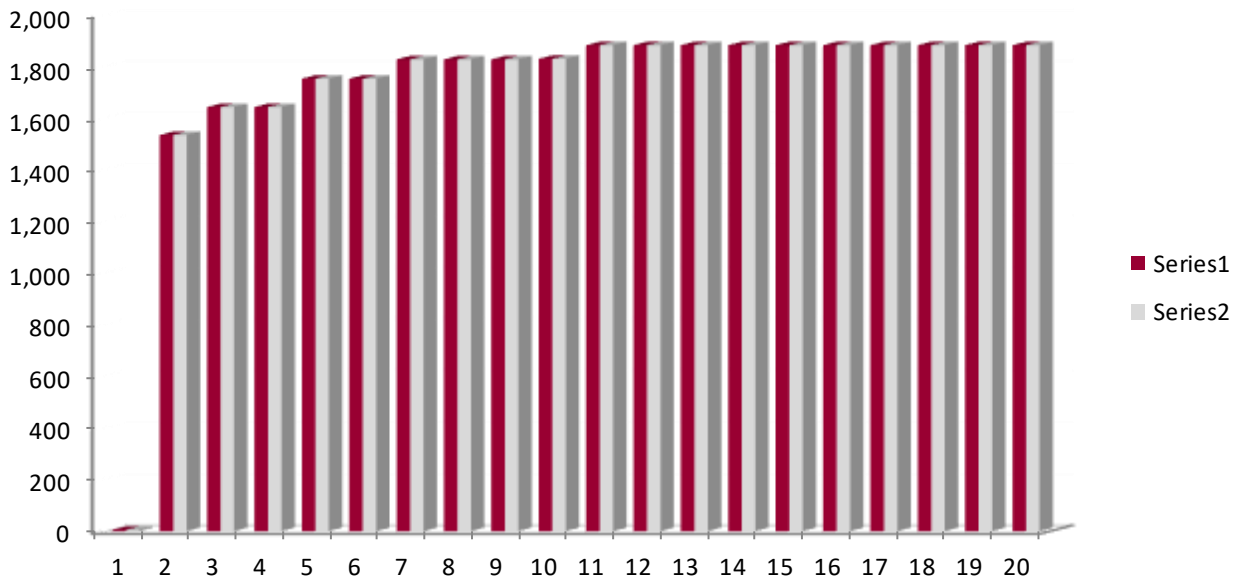
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

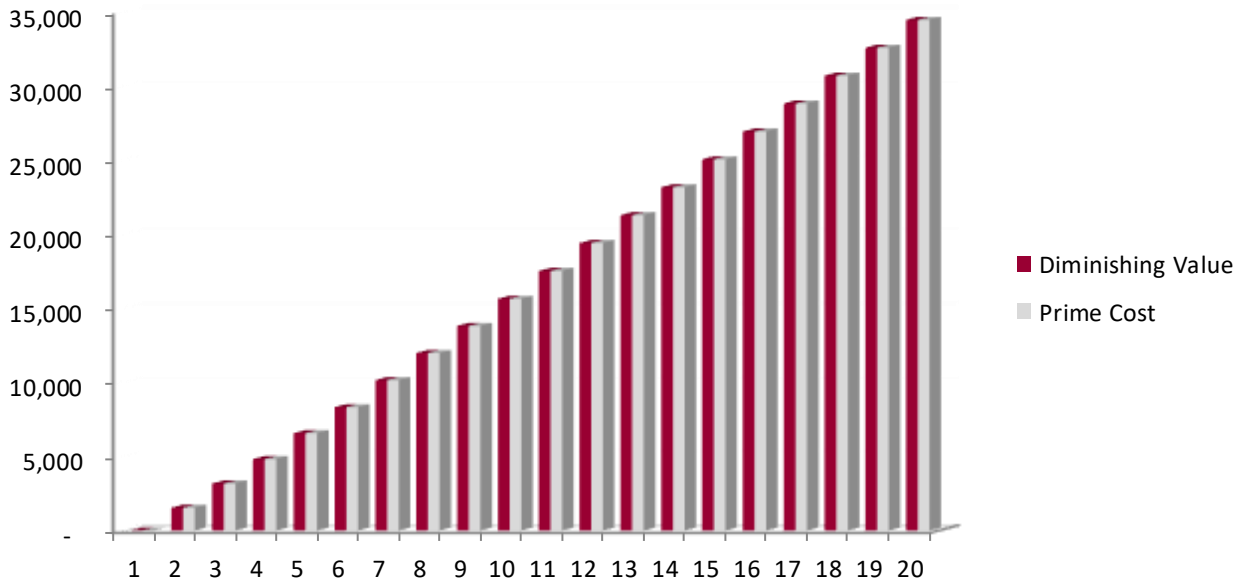
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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 May 2010
Settlement Date	29 June 2010
Available To Generate Income	1 May 2019

Expenditure Analysed

Purchase Price	\$440,000
Post Expenditure	\$30,203
Total Expenditure Analysed	\$470,203

Historical Construction Details

Construction Start Date	Pre 1985
Construction Completion Date	Pre 1985
Historical Construction Cost (Estimated)*	N/A

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

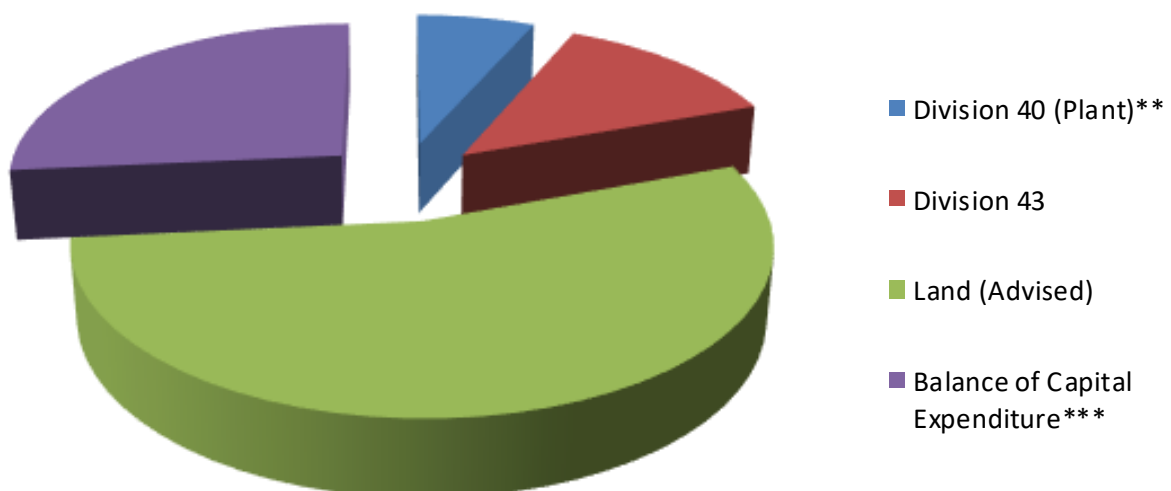
Division 40 (Plant)**	\$31,059
Division 43	\$60,453
Land (Advised)	\$254,000
Balance of Capital Expenditure***	\$124,691
Total Expenditure Analysed	\$470,203

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%	29-Jun-10	687	0	137	110	88	70	56	45	36	29	43
Curtains and drapes														
	NO	33.33%	29-Jun-10	25	0	8	6	4	2	2	1	1	0	0
Fire control assets														
Detection & alarm systems, detectors	NO	10.00%	29-Jun-10	275	0	27	25	22	20	18	16	15	13	44
Floor coverings (removable without damage)														
Floating timber	NO	13.33%	29-Jun-10	14,384	5	1,917	1,662	1,440	1,248	1,082	937	812	704	610
Furniture														
	NO	15.00%	29-Jun-10	1,755	1	263	224	190	162	137	117	99	84	179
Garbage disposal														
Garbage bins	NO	30.00%	29-Jun-10	200	0	60	42	29	21	14	10	7	5	4
Garden sheds, freestanding														
	NO	20.00%	29-Jun-10	624	0	125	100	80	64	51	41	33	26	39
Hot water systems (excluding piping)														
Solar	NO	13.33%	29-Jun-10	4,371	2	583	505	438	379	329	285	247	214	185
Kitchen assets														
Rangehoods	NO	16.67%	29-Jun-10	562	0	94	78	65	54	45	38	31	26	49
Stoves	NO	13.33%	29-Jun-10	1,686	1	225	195	169	146	127	110	95	83	201
Lights														
Shades, removable	NO	40.00%	29-Jun-10	1,211	1	484	290	174	105	63	38	23	14	8
Pumps														
	NO	10.00%	29-Jun-10	937	0	94	84	76	68	61	55	50	45	151
Swimming pools														
Filtration equipment	NO	15.00%	29-Jun-10	1,186	0	178	151	129	109	93	79	67	57	121
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
Blinds Residential														
	NO	20.00%	19-Nov-10	822		100	144	115	92	74	59	47	38	57
Lights														
Shades, removable	NO	40.00%	27-Sep-10	1,284		388	358	215	129	77	46	28	17	9
Security systems & equipment														
Electronic	NO	30.00%	27-Oct-10	1,050		212	251	176	123	86	60	42	30	26
Pooled Plant Total														
					11	4,896	4,225	3,409	2,793	2,315	1,937	1,633	1,384	933
Effective Life Plant Total														
					11	4,896	4,225	3,409	2,793	2,315	1,937	1,633	1,384	796
Total Division 40														
				31,059	11	4,896	4,225	3,409	2,793	2,315	1,937	1,633	1,384	1,728

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 1992	2.50%	29-Jun-10	7,620	1	342	342	342	342	342	342	342	342	342
Building Works - Completed 2001	2.50%	29-Jun-10	19,238	2	624	624	624	624	624	624	624	624	624
Building Works - Completed 2010	2.50%	05-Jul-10	3,071		76	77	77	77	77	77	77	77	77
Building Works - Completed 2010	2.50%	27-Oct-10	12,898		217	322	322	322	322	322	322	322	322
Building Works - Completed 2013	2.50%	01-Jul-13	4,410					110	110	110	110	110	110
Building Works - Completed 2015	2.50%	01-Jul-15	3,000							75	75	75	75
Structural Improvements - Completed 1992	2.50%	29-Jun-10	2,355	1	106	106	106	106	106	106	106	106	106
Structural Improvements - Completed 2001	2.50%	29-Jun-10	4,192	1	136	136	136	136	136	136	136	136	136
Structural Improvements - Completed 2010	2.50%	20-Jul-10	1,469		35	37	37	37	37	37	37	37	37
Structural Improvements - Completed 2019	2.50%	18-Jun-19	2,200										2
Total Division 43			60,453	5	1,536	1,644	1,644	1,754	1,754	1,829	1,829	1,829	1,831
Total Depreciation			91,512	16	6,432	5,869	5,053	4,547	4,069	3,766	3,462	3,213	3,559

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%	29-Jun-10	687	0	69	69	69	69	69	69	69	69	69
Curtains and drapes														
	NO	16.67%	29-Jun-10	25	0	4	4	4	4	4	4	1		
Fire control assets														
Detection & alarm systems, detectors	NO	5.00%	29-Jun-10	275	0	14	14	14	14	14	14	14	14	14
Floor coverings (removable without damage)														
Floating timber	NO	6.67%	29-Jun-10	14,384	3	959	959	959	959	959	959	959	959	959
Furniture														
	NO	7.50%	29-Jun-10	1,755	0	132	132	132	132	132	132	132	132	132
Garbage disposal														
Garbage bins	NO	15.00%	29-Jun-10	200	0	30	30	30	30	30	30	20		
Garden sheds, freestanding														
	NO	10.00%	29-Jun-10	624	0	62	62	62	62	62	62	62	62	62
Hot water systems (excluding piping)														
Solar	NO	6.67%	29-Jun-10	4,371	1	291	291	291	291	291	291	291	291	291
Kitchen assets														
Rangehoods	NO	8.33%	29-Jun-10	562	0	47	47	47	47	47	47	47	47	47
Stoves	NO	6.67%	29-Jun-10	1,686	0	112	112	112	112	112	112	112	112	112
Lights														
Shades, removable	NO	20.00%	29-Jun-10	1,211	1	242	242	242	242	242	1			
Pumps														
	NO	5.00%	29-Jun-10	937	0	47	47	47	47	47	47	47	47	47
Swimming pools														
Filtration equipment	NO	7.50%	29-Jun-10	1,186	0	89	89	89	89	89	89	89	89	89
Additional Items (Post Expenditure)														
					Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Blinds Residential														
	NO	10.00%	19-Nov-10	822		50	82	82	82	82	82	82	82	82
Lights														
Shades, removable	NO	20.00%	27-Sep-10	1,284		194	257	257	257	257	62			
Security systems & equipment														
Electronic	NO	15.00%	27-Oct-10	1,050		106	158	158	158	158	158	154		
Pooled Plant Total														
Effective Life Plant Total					6	2,449	2,595	2,595	2,595	2,595	2,159	2,078	1,904	1,904
Total Division 40														
				31,059	6	2,449	2,595	2,595	2,595	2,595	2,159	2,078	1,904	1,904

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 1992	2.50%	29-Jun-10	7,620	1	342	342	342	342	342	342	342	342
Building Works - Completed 2001	2.50%	29-Jun-10	19,238	2	624	624	624	624	624	624	624	624
Building Works - Completed 2010	2.50%	05-Jul-10	3,071		76	77	77	77	77	77	77	77
Building Works - Completed 2010	2.50%	27-Oct-10	12,898		217	322	322	322	322	322	322	322
Building Works - Completed 2013	2.50%	01-Jul-13	4,410				110	110	110	110	110	110
Building Works - Completed 2015	2.50%	01-Jul-15	3,000						75	75	75	75
Structural Improvements - Completed 1992	2.50%	29-Jun-10	2,355	1	106	106	106	106	106	106	106	106
Structural Improvements - Completed 2001	2.50%	29-Jun-10	4,192	1	136	136	136	136	136	136	136	136
Structural Improvements - Completed 2010	2.50%	20-Jul-10	1,469		35	37	37	37	37	37	37	37
Structural Improvements - Completed 2019	2.50%	18-Jun-19	2,200									2
Total Division 43			60,453	5	1,536	1,644	1,644	1,754	1,754	1,829	1,829	1,831
Total Depreciation			91,512	11	3,985	4,239	4,239	4,349	4,349	3,988	3,907	3,733

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 1992	9 Sep 92 to 9 Oct 92	13,687	2.50%	342	7,620
Building Works - Completed 2001	1 Apr 01 to 1 May 01	24,958	2.50%	624	19,238
Building Works - Completed 2010	1 Jul 10 to 5 Jul 10	3,071	2.50%	77	3,071
Building Works - Completed 2010	25 May 12 to 27 Oct 10	12,898	2.50%	322	12,898
Building Works - Completed 2013	1 Jun 13 to 1 Jul 13	4,410	2.50%	110	4,410
Building Works - Completed 2015	1 Jun 15 to 1 Jul 15	3,000	2.50%	75	3,000

Sub-total 62,023 1,550 50,237

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 1992	9 Sep 92 to 9 Oct 92	4,229	2.50%	106	2,355
Structural Improvements - Completed 2001	1 Apr 01 to 1 May 01	5,438	2.50%	136	4,192
Structural Improvements - Completed 2010	10 Jul 10 to 20 Jul 10	1,469	2.50%	37	1,469
Structural Improvements - Completed 2019	8 Jun 19 to 18 Jun 19	2,200	2.50%	55	2,200

Sub-total 13,336 334 10,216

Totals 75,359 1,884 60,453

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

15. Disclaimer

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

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>