



## Tax Depreciation Report

25 Naron Drive,  
Kalkallo VIC 3064

Dinah Nahiwan  
27 Hockley Avenue  
MICKLEHAM, VIC 3064

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

Dinah Nahiwan  
27 Hockley Avenue  
MICKLEHAM, VIC 3064

December 2019  
Job No: RES3064015

### **Tax Depreciation Report – 25 Naroon Drive, Kalkallo VIC 3064**

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

4 December 2019

### Purchaser

Dinah Claire Nahiwan & Manuel Jr Nahiwan

### Property Address

25 Naroon Drive, Kalkallo VIC 3064

### Real Property Description

LOT 1316 PS804309

### Property Type

Residential House

### Date of Construction

12 November 2019

### Date Available To Generate Income

12 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								
Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.	Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.								
Benefits	Benefits								
<ul style="list-style-type: none"> <li>• Cash-flow during initial years of asset ownership</li> <li>• Ability to use Low Value Pool for assets less than \$1000 (Note: unable to write off these assets)</li> </ul>	<ul style="list-style-type: none"> <li>• Write off assets when they are demolished or disposed.</li> </ul>								
Calculation Example	Calculation Example								
<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	Eligible
		Effective Life	Pooled Plant	Total Div 40	Capital Works	Total
1	12 November 19 to 30 June 20	5,258	3,153	8,411	3,520	11,931
2	1 July 20 to 30 June 21	6,813	5,123	11,936	5,578	17,514
3	1 July 21 to 30 June 22	5,366	3,539	8,904	5,578	14,482
4	1 July 22 to 30 June 23	4,132	2,875	7,007	5,578	12,585
5	1 July 23 to 30 June 24	3,473	1,797	5,270	5,578	10,848
6	1 July 24 to 30 June 25	2,924	1,123	4,047	5,578	9,625
7	1 July 25 to 30 June 26	2,465	702	3,167	5,578	8,745
8	1 July 26 to 30 June 27	2,081	439	2,519	5,578	8,097
9	1 July 27 to 30 June 28	1,591	590	2,181	5,578	7,759
10	1 July 28 to 30 June 29	1,354	369	1,723	5,578	7,301
11	1 July 29 to 30 June 30	1,154	230	1,385	5,578	6,963
12	1 July 30 to 30 June 31	800	492	1,291	5,578	6,869
13	1 July 31 to 30 June 32	568	659	1,227	5,578	6,805
14	1 July 32 to 30 June 33	492	412	904	5,578	6,482
15	1 July 33 to 30 June 34	301	610	911	5,578	6,489
16	1 July 34 to 30 June 35	261	381	642	5,578	6,220
17	1 July 35 to 30 June 36	226	238	464	5,578	6,042
18	1 July 36 to 30 June 37	196	149	345	5,578	5,923
19	1 July 37 to 30 June 38	170	93	263	5,578	5,841
20	1 July 38 to 30 June 39	147	58	205	5,578	5,783
21	1 July 39 to 30 June 40	0	395	395	5,578	5,973
22	1 July 40 to 30 June 41	0	247	247	5,578	5,825
23	1 July 41 to 30 June 42	0	154	154	5,578	5,732
24	1 July 42 to 30 June 43	0	97	97	5,578	5,675
25	1 July 43 to 30 June 44	0	60	60	5,578	5,638
26	1 July 44 to 30 June 45	0	38	38	5,578	5,616
27	1 July 45 to 30 June 46	0	24	24	5,578	5,602
28	1 July 46 to 30 June 47	0	15	15	5,578	5,593
29	1 July 47 to 30 June 48	0	9	9	5,578	5,587
30	1 July 48 to 30 June 49	0	6	6	5,578	5,584
31	1 July 49 to 30 June 50	0	4	4	5,578	5,582
32	1 July 50 to 30 June 51	0	2	2	5,578	5,580
33	1 July 51 to 30 June 52	0	1	1	5,578	5,579
34	1 July 52 to 30 June 53	0	1	1	5,578	5,579
35	1 July 53 to 30 June 54	0	1	1	5,578	5,579
36	1 July 54 to 30 June 55	0	0	0	5,578	5,578
37	1 July 55 to 30 June 56	0	0	0	5,578	5,578
38	1 July 56 to 30 June 57	0	0	0	5,578	5,578
39	1 July 57 to 30 June 58	0	0	0	5,578	5,578
40	2058+	0	0	0	7,631	7,631
<b>Totals</b>		<b>39,772</b>	<b>24,087</b>	<b>63,859</b>	<b>223,115</b>	<b>286,974</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
		Effective Life	Pooled Plant	Total Div 40		
1	12 November 19 to 30 June 20	2,846	3,153	5,999	3,520	9,519
2	1 July 20 to 30 June 21	3,827	5,123	8,950	5,578	14,528
3	1 July 21 to 30 June 22	3,827	3,202	7,029	5,578	12,607
4	1 July 22 to 30 June 23	3,827	2,001	5,828	5,578	11,406
5	1 July 23 to 30 June 24	3,827	1,251	5,078	5,578	10,656
6	1 July 24 to 30 June 25	3,827	782	4,609	5,578	10,187
7	1 July 25 to 30 June 26	3,827	489	4,316	5,578	9,894
8	1 July 26 to 30 June 27	3,600	305	3,906	5,578	9,484
9	1 July 27 to 30 June 28	3,590	191	3,781	5,578	9,359
10	1 July 28 to 30 June 29	3,590	119	3,709	5,578	9,287
11	1 July 29 to 30 June 30	2,481	75	2,555	5,578	8,133
12	1 July 30 to 30 June 31	1,826	47	1,873	5,578	7,451
13	1 July 31 to 30 June 32	1,826	29	1,855	5,578	7,433
14	1 July 32 to 30 June 33	1,826	18	1,844	5,578	7,422
15	1 July 33 to 30 June 34	1,826	11	1,837	5,578	7,415
16	1 July 34 to 30 June 35	671	7	678	5,578	6,256
17	1 July 35 to 30 June 36	0	4	4	5,578	5,582
18	1 July 36 to 30 June 37	0	3	3	5,578	5,581
19	1 July 37 to 30 June 38	0	2	2	5,578	5,580
20	1 July 38 to 30 June 39	0	1	1	5,578	5,579
21	1 July 39 to 30 June 40	0	1	1	5,578	5,579
22	1 July 40 to 30 June 41	0	0	0	5,578	5,578
23	1 July 41 to 30 June 42	0	0	0	5,578	5,578
24	1 July 42 to 30 June 43	0	0	0	5,578	5,578
25	1 July 43 to 30 June 44	0	0	0	5,578	5,578
26	1 July 44 to 30 June 45	0	0	0	5,578	5,578
27	1 July 45 to 30 June 46	0	0	0	5,578	5,578
28	1 July 46 to 30 June 47	0	0	0	5,578	5,578
29	1 July 47 to 30 June 48	0	0	0	5,578	5,578
30	1 July 48 to 30 June 49	0	0	0	5,578	5,578
31	1 July 49 to 30 June 50	0	0	0	5,578	5,578
32	1 July 50 to 30 June 51	0	0	0	5,578	5,578
33	1 July 51 to 30 June 52	0	0	0	5,578	5,578
34	1 July 52 to 30 June 53	0	0	0	5,578	5,578
35	1 July 53 to 30 June 54	0	0	0	5,578	5,578
36	1 July 54 to 30 June 55	0	0	0	5,578	5,578
37	1 July 55 to 30 June 56	0	0	0	5,578	5,578
38	1 July 56 to 30 June 57	0	0	0	5,578	5,578
39	1 July 57 to 30 June 58	0	0	0	5,578	5,578
40	2058+	0	0	0	7,631	7,631
<b>Totals</b>		<b>47,044</b>	<b>16,815</b>	<b>63,859</b>	<b>223,115</b>	<b>286,974</b>

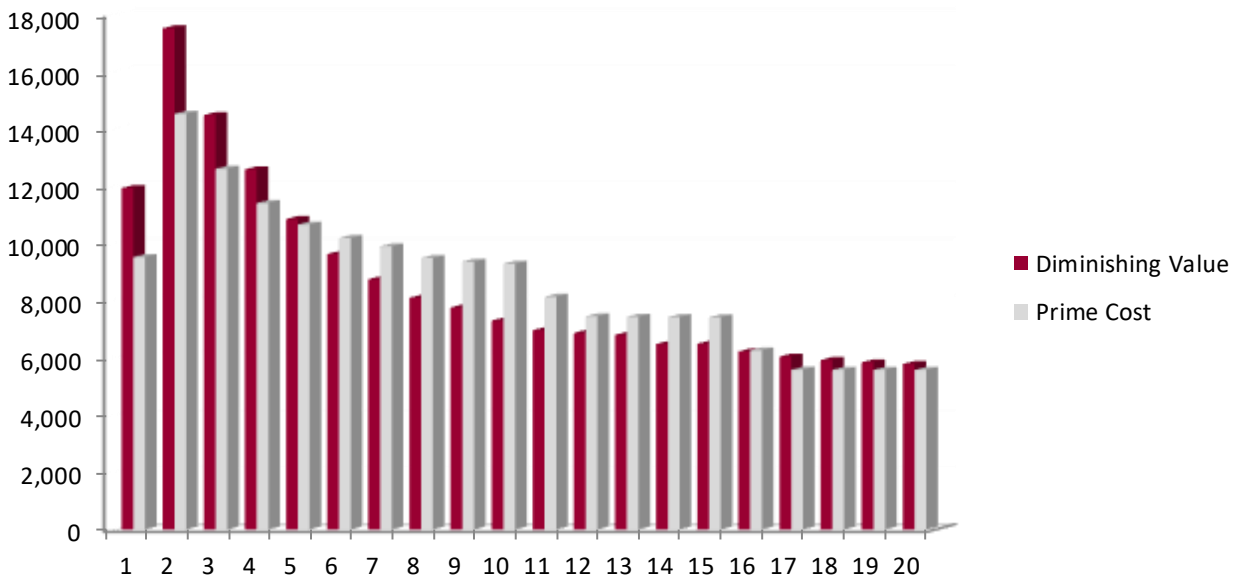
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

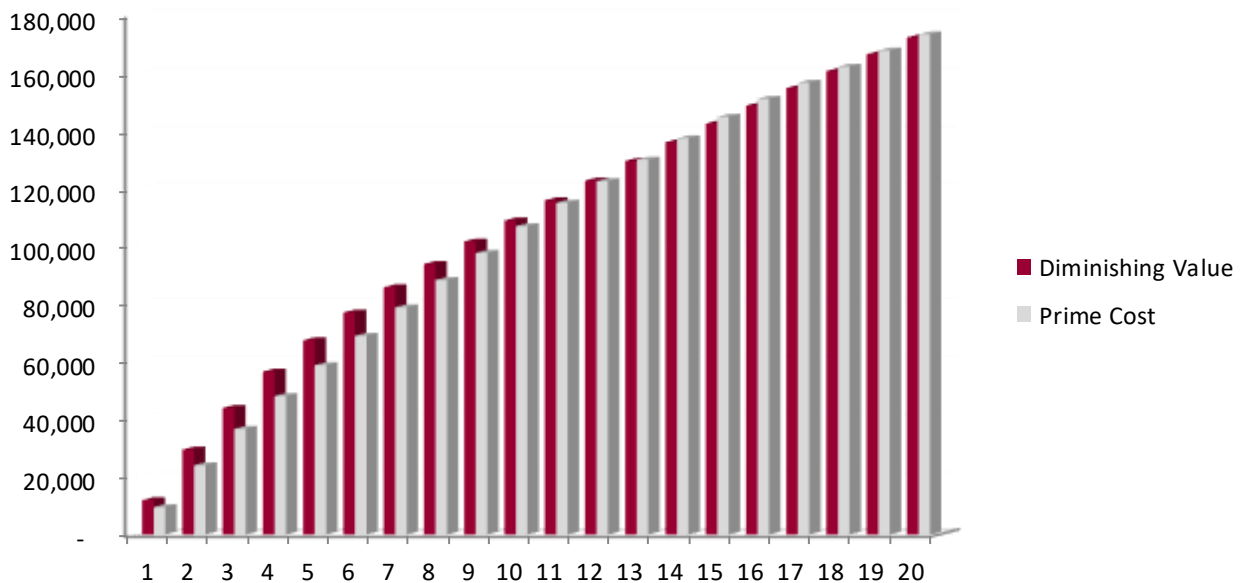
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 7. Comparison Graphs

20 YEAR COMPARISON GRAPH



20 YEAR CUMULATIVE GRAPH



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

## 8. Capital Expenditure Analysed

### Construction Details

Contract Date	16 May 2019
Handover Date	12 November 2019
Available To Generate Income	12 November 2019

### Expenditure Analysed

Construction Cost	\$287,000
Post Expenditure	\$4,588
<b>Total Expenditure Analysed</b>	<b>\$291,588</b>

### Historical Construction Details

Construction Start Date	16 May 2019
Construction Completion Date	12 November 2019
Historical Construction Cost (Estimated)*	\$287,000

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

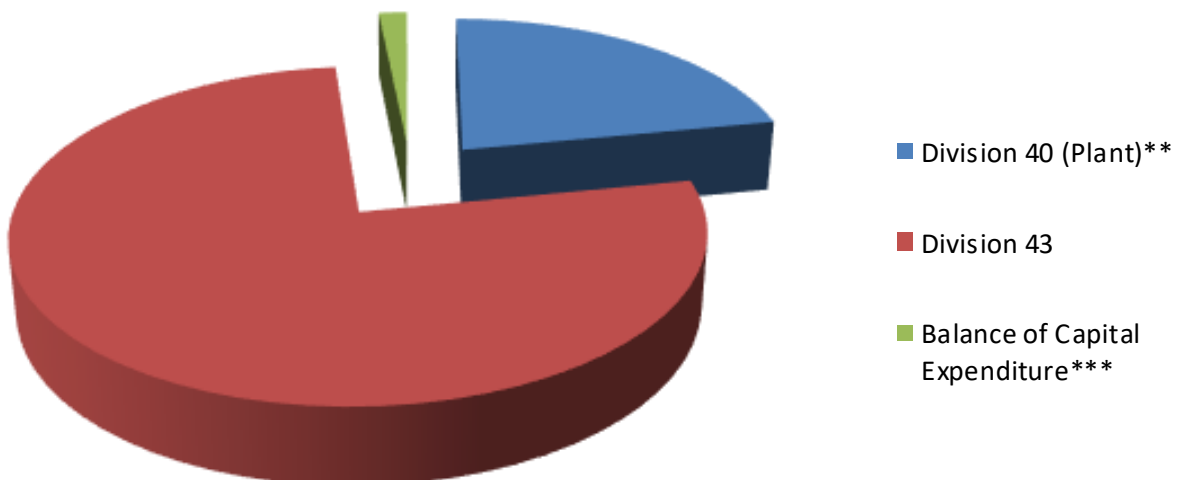
Division 40 (Plant)**	\$63,859
Division 43	\$223,115
Balance of Capital Expenditure***	\$4,614
<b>Total Expenditure Analysed</b>	<b>\$291,588</b>

### 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	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>Division 40 - Plant and Equipment</b>													
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	20.00%	12-Nov-19	9,888	1,248	1,728	1,382	1,106	885	708	566	453	362	290
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	12-Nov-19	989	185	301	188	118	74	46	29	18	11	7
<b>Blinds Residential</b>	18.75%	12-Nov-19	3,416	640	1,041	650	407	254	159	99	62	39	24
<b>Computer systems</b>													
General	18.75%	12-Nov-19	461	87	141	88	55	34	21	13	8	5	3
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	12-Nov-19	2,030	381	619	387	242	151	94	59	37	23	14
<b>Floor coverings ( removable without damage)</b>													
Floating timber	13.33%	12-Nov-19	15,851	1,334	1,936	1,678	1,454	1,260	1,092	946	820	711	616
<b>Furniture</b>	18.75%	12-Nov-19	4,552	854	1,387	867	542	339	212	132	83	52	32
<b>Garage doors, automatic</b>													
Motors	20.00%	12-Nov-19	1,582	200	276	221	332	207	130	81	51	32	20
<b>Garden watering system</b>	18.75%	12-Nov-19	791	148	241	151	94	59	37	23	14	9	6
<b>Hot water systems (excluding piping)</b>													
Solar	13.33%	12-Nov-19	4,944	416	604	523	453	393	341	295	256	222	192
<b>Kitchen assets</b>													
Dishwashers	20.00%	12-Nov-19	1,582	200	276	221	332	207	130	81	51	32	20
Rangehoods	18.75%	12-Nov-19	1,714	321	522	326	204	127	80	50	31	19	12
Stoves	13.33%	12-Nov-19	6,592	555	805	698	605	524	454	394	341	296	256
<b>Lights</b>													
Shades, removable	18.75%	12-Nov-19	2,861	536	872	545	341	213	133	83	52	32	20
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	12-Nov-19	1,582	300	385	337	210	132	82	51	32	20	13
<b>\$300 items</b>	100.00%	12-Nov-19	435	435									
<b>Additional Items (Post Expenditure)</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>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Evaporative cooling	20.00%	15-Nov-19	4,588	572	803	643	514	411	329	263	211	316	197
<b>Pooled Plant Total</b>				<b>3,153</b>	<b>5,123</b>	<b>3,539</b>	<b>2,875</b>	<b>1,797</b>	<b>1,123</b>	<b>702</b>	<b>439</b>	<b>590</b>	<b>369</b>
<b>Effective Life Plant Total</b>				<b>5,258</b>	<b>6,813</b>	<b>5,366</b>	<b>4,132</b>	<b>3,473</b>	<b>2,924</b>	<b>2,465</b>	<b>2,081</b>	<b>1,591</b>	<b>1,354</b>
<b>Total Division 40</b>			<b>63,859</b>	<b>8,411</b>	<b>11,936</b>	<b>8,904</b>	<b>7,007</b>	<b>5,270</b>	<b>4,047</b>	<b>3,167</b>	<b>2,519</b>	<b>2,181</b>	<b>1,723</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
<b>Building Works - Completed 2019</b>	2.50%	12-Nov-19	213,469	3,368	5,337	5,337	5,337	5,337	5,337	5,337	5,337	5,337	5,337
<b>Structural Improvements - Completed 2019</b>	2.50%	12-Nov-19	9,646	152	241	241	241	241	241	241	241	241	241
<b>Total Division 43</b>			223,115	3,520	5,578	5,578	5,578	5,578	5,578	5,578	5,578	5,578	5,578
<b>Total Depreciation</b>			286,974	11,931	17,514	14,482	12,585	10,848	9,625	8,745	8,097	7,759	7,301

## 11. Prime Cost Depreciation Schedule

Assets Generally	Prime Cost												
Division 40 - Plant and Equipment	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	10.00%	12-Nov-19	9,888	624	989	989	989	989	989	989	989	989	989
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	12-Nov-19	989	185	301	188	118	74	46	29	18	11	7
<b>Blinds Residential</b>	18.75%	12-Nov-19	3,416	640	1,041	650	407	254	159	99	62	39	24
<b>Computer systems</b>													
General	18.75%	12-Nov-19	461	87	141	88	55	34	21	13	8	5	3
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	12-Nov-19	2,030	381	619	387	242	151	94	59	37	23	14
<b>Floor coverings ( removable without damage)</b>													
Floating timber	6.67%	12-Nov-19	15,851	667	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057
<b>Furniture</b>	18.75%	12-Nov-19	4,552	854	1,387	867	542	339	212	132	83	52	32
<b>Garage doors, automatic</b>													
Motors	10.00%	12-Nov-19	1,582	100	158	158	158	158	158	158	158	158	158
<b>Garden watering system</b>	18.75%	12-Nov-19	791	148	241	151	94	59	37	23	14	9	6
<b>Hot water systems (excluding piping)</b>													
Solar	6.67%	12-Nov-19	4,944	208	330	330	330	330	330	330	330	330	330
<b>Kitchen assets</b>													
Dishwashers	10.00%	12-Nov-19	1,582	100	158	158	158	158	158	158	158	158	158
Rangehoods	18.75%	12-Nov-19	1,714	321	522	326	204	127	80	50	31	19	12
Stoves	6.67%	12-Nov-19	6,592	277	439	439	439	439	439	439	439	439	439
<b>Lights</b>													
Shades, removable	18.75%	12-Nov-19	2,861	536	872	545	341	213	133	83	52	32	20
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	12-Nov-19	1,582	150	237	237	237	237	237	237	10		
<b>\$300 items</b>	100.00%	12-Nov-19	435	435									
<b>Additional Items (Post Expenditure)</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>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Evaporative cooling	10.00%	15-Nov-19	4,588	286	459	459	459	459	459	459	459	459	459
<b>Pooled Plant Total</b>				<b>3,153</b>	<b>5,123</b>	<b>3,202</b>	<b>2,001</b>	<b>1,251</b>	<b>782</b>	<b>489</b>	<b>305</b>	<b>191</b>	<b>119</b>
<b>Effective Life Plant Total</b>				<b>2,846</b>	<b>3,827</b>	<b>3,827</b>	<b>3,827</b>	<b>3,827</b>	<b>3,827</b>	<b>3,827</b>	<b>3,600</b>	<b>3,590</b>	<b>3,590</b>
<b>Total Division 40</b>			<b>63,859</b>	<b>5,999</b>	<b>8,950</b>	<b>7,029</b>	<b>5,828</b>	<b>5,078</b>	<b>4,609</b>	<b>4,316</b>	<b>3,906</b>	<b>3,781</b>	<b>3,709</b>

## 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
<b>Building Works - Completed 2019</b>	2.50%	12-Nov-19	213,469	3,368	5,337	5,337	5,337	5,337	5,337	5,337	5,337	5,337	5,337
<b>Structural Improvements - Completed 2019</b>	2.50%	12-Nov-19	9,646	152	241	241	241	241	241	241	241	241	241
<b>Total Division 43</b>			223,115	3,520	5,578	5,578	5,578	5,578	5,578	5,578	5,578	5,578	5,578
<b>Total Depreciation</b>			286,974	9,519	14,528	12,607	11,406	10,656	10,187	9,894	9,484	9,359	9,287



## 12. Division 43 Capital Works Schedule

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

### Qualifying Building Allowance

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Building Works - Completed 2019	16 May 19 to 12 Nov 19	213,469	2.50%	5,337	213,469
<b>Sub-total</b>		<b>213,469</b>		<b>5,337</b>	<b>213,469</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2019	16 May 19 to 12 Nov 19	9,646	2.50%	241	9,646
<b>Sub-total</b>		<b>9,646</b>		<b>241</b>	<b>9,646</b>
<b>Totals</b>		<b>223,115</b>		<b>5,578</b>	<b>223,115</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.