



Tax Depreciation Report

Unit 1042, Mantra Harbour Towers, 6–8 Stuart Street ,
Tweed Heads, NSW 2485

Neale and Jennifer Burton
79 Whyte Street
SOMERTON PARK, SA 5044

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

Neale and Jennifer Burton
79 Whyte Street
SOMERTON PARK, SA 5044

December 2019
Job No: RES2485003

Tax Depreciation Report – Unit 1042, Mantra Harbour Towers, 6-8 Stuart Street, Tweed Heads, NSW 2485

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

17 December 2019

Purchaser

Neale and Jennifer Burton

Property Address

Unit 1042, Mantra Harbour Towers, 6-8 Stuart Street , Tweed Heads, NSW 2485

Real Property Description

LOT 128 SP77177

Property Type

Residential Unit

Date of Construction

1 December 2006

Date Available To Generate Income

29 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"> • 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 43 Capital Works	Eligible Total	Capital Loss - See Appendix A	
				Div 40 Yearly	Cumulative
1	29 November 19 to 30 June 20	2,114	2,114	9,487	9,487
2	1 July 20 to 30 June 21	3,616	3,616	12,472	21,959
3	1 July 21 to 30 June 22	3,616	3,616	9,141	31,100
4	1 July 22 to 30 June 23	3,616	3,616	6,912	38,012
5	1 July 23 to 30 June 24	3,616	3,616	4,997	43,009
6	1 July 24 to 30 June 25	3,616	3,616	3,694	46,703
7	1 July 25 to 30 June 26	3,616	3,616	3,056	49,760
8	1 July 26 to 30 June 27	3,616	3,616	2,262	52,022
9	1 July 27 to 30 June 28	3,616	3,616	1,719	53,741
10	1 July 28 to 30 June 29	3,616	3,616	1,341	55,082
11	1 July 29 to 30 June 30	3,616	3,616	1,071	56,153
12	1 July 30 to 30 June 31	3,616	3,616	875	57,028
13	1 July 31 to 30 June 32	3,616	3,616	872	57,900
14	1 July 32 to 30 June 33	3,616	3,616	890	58,790
15	1 July 33 to 30 June 34	3,616	3,616	644	59,433
16	1 July 34 to 30 June 35	3,616	3,616	484	59,917
17	1 July 35 to 30 June 36	3,616	3,616	379	60,296
18	1 July 36 to 30 June 37	3,616	3,616	308	60,604
19	1 July 37 to 30 June 38	3,616	3,616	259	60,863
20	1 July 38 to 30 June 39	3,616	3,616	224	61,087
21	1 July 39 to 30 June 40	3,616	3,616	198	61,285
22	1 July 40 to 30 June 41	3,616	3,616	178	61,462
23	1 July 41 to 30 June 42	3,616	3,616	162	61,624
24	1 July 42 to 30 June 43	3,616	3,616	148	61,772
25	1 July 43 to 30 June 44	3,616	3,616	136	61,908
26	1 July 44 to 30 June 45	3,616	3,616	126	62,035
27	1 July 45 to 30 June 46	3,611	3,611	117	62,152
28	1 July 46 to 30 June 47	1,740	1,740	109	62,261
29	1 July 47 to 30 June 48	419	419	101	62,362
30	1 July 48 to 30 June 49	419	419	95	62,457
31	1 July 49 to 30 June 50	419	419	88	62,545
32	1 July 50 to 30 June 51	419	419	82	62,627
33	1 July 51 to 30 June 52	419	419	77	62,704
34	1 July 52 to 30 June 53	419	419	72	62,775
35	1 July 53 to 30 June 54	419	419	67	62,842
36	1 July 54 to 30 June 55	419	419	350	63,192
37	1 July 55 to 30 June 56	419	419	219	63,411
38	1 July 56 to 30 June 57	419	419	137	63,548
39	1 July 57 to 30 June 58	47	47	86	63,634
40	2058+	0	0	143	63,776
Totals		102,102	102,102	63,776	63,776

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 43 Capital Works	Eligible Total	Capital Loss - See Appendix A	
				Div 40 Yearly	Cumulative
1	29 November 19 to 30 June 20	2,114	2,114	7,204	7,204
2	1 July 20 to 30 June 21	3,616	3,616	9,148	16,352
3	1 July 21 to 30 June 22	3,616	3,616	7,182	23,534
4	1 July 22 to 30 June 23	3,616	3,616	5,953	29,487
5	1 July 23 to 30 June 24	3,616	3,616	5,185	34,672
6	1 July 24 to 30 June 25	3,616	3,616	4,705	39,377
7	1 July 25 to 30 June 26	3,616	3,616	4,269	43,647
8	1 July 26 to 30 June 27	3,616	3,616	3,832	47,479
9	1 July 27 to 30 June 28	3,616	3,616	3,186	50,665
10	1 July 28 to 30 June 29	3,616	3,616	2,748	53,413
11	1 July 29 to 30 June 30	3,616	3,616	1,831	55,244
12	1 July 30 to 30 June 31	3,616	3,616	1,170	56,414
13	1 July 31 to 30 June 32	3,616	3,616	1,010	57,423
14	1 July 32 to 30 June 33	3,616	3,616	765	58,189
15	1 July 33 to 30 June 34	3,616	3,616	350	58,538
16	1 July 34 to 30 June 35	3,616	3,616	345	58,884
17	1 July 35 to 30 June 36	3,616	3,616	343	59,226
18	1 July 36 to 30 June 37	3,616	3,616	341	59,567
19	1 July 37 to 30 June 38	3,616	3,616	340	59,907
20	1 July 38 to 30 June 39	3,616	3,616	339	60,246
21	1 July 39 to 30 June 40	3,616	3,616	339	60,584
22	1 July 40 to 30 June 41	3,616	3,616	338	60,923
23	1 July 41 to 30 June 42	3,616	3,616	338	61,261
24	1 July 42 to 30 June 43	3,616	3,616	338	61,599
25	1 July 43 to 30 June 44	3,616	3,616	338	61,937
26	1 July 44 to 30 June 45	3,616	3,616	338	62,276
27	1 July 45 to 30 June 46	3,611	3,611	338	62,614
28	1 July 46 to 30 June 47	1,740	1,740	338	62,952
29	1 July 47 to 30 June 48	419	419	338	63,290
30	1 July 48 to 30 June 49	419	419	338	63,628
31	1 July 49 to 30 June 50	419	419	149	63,776
32	1 July 50 to 30 June 51	419	419	0	63,776
33	1 July 51 to 30 June 52	419	419	0	63,776
34	1 July 52 to 30 June 53	419	419	0	63,776
35	1 July 53 to 30 June 54	419	419	0	63,776
36	1 July 54 to 30 June 55	419	419	0	63,776
37	1 July 55 to 30 June 56	419	419	0	63,776
38	1 July 56 to 30 June 57	419	419	0	63,776
39	1 July 57 to 30 June 58	47	47	0	63,776
40	2058+	0	0	0	63,776
Totals		102,102	102,102	63,776	63,776

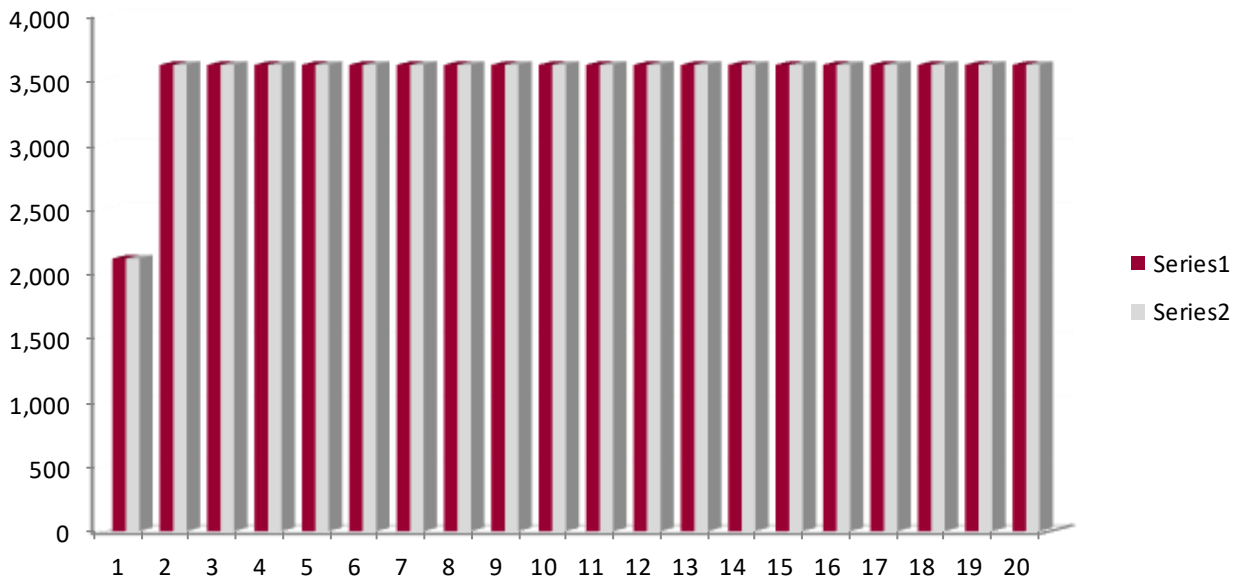
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

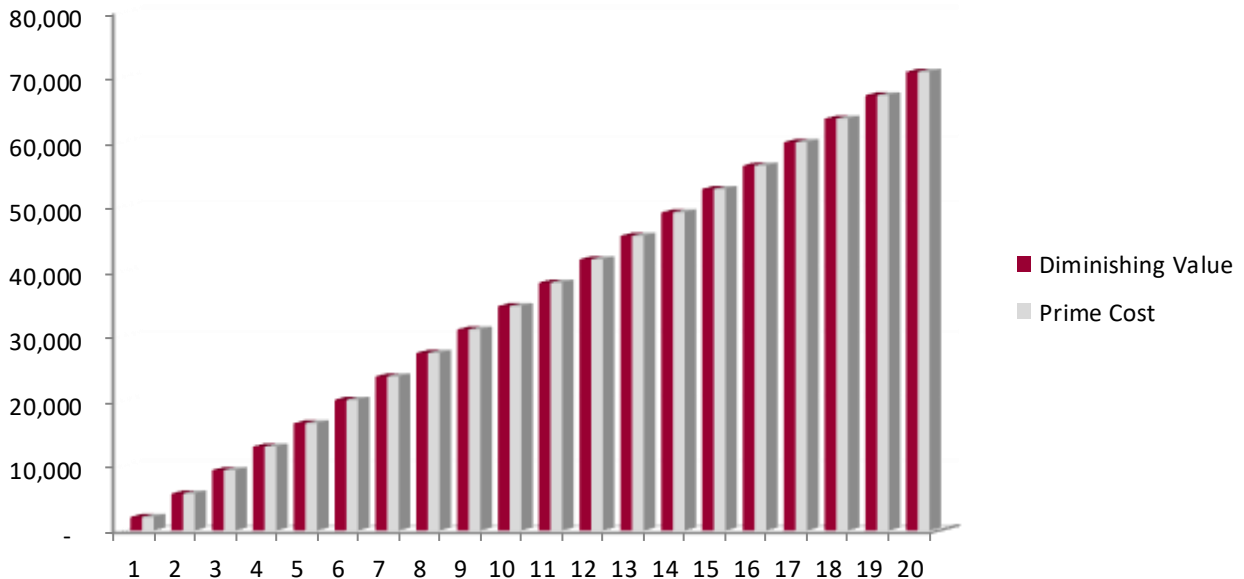
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	17 October 2019
Settlement Date	29 November 2019
Available To Generate Income	29 November 2019

Expenditure Analysed

Purchase Price	\$372,000
Stamp Duty	\$11,445
Total Expenditure Analysed	\$383,445

Historical Construction Details

Construction Start Date	8 August 2005
Construction Completion Date	1 December 2006
Historical Construction Cost (Estimated)*	\$173,415
Lot Entitlement	63
Overall Lot Entitlement	15,413

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

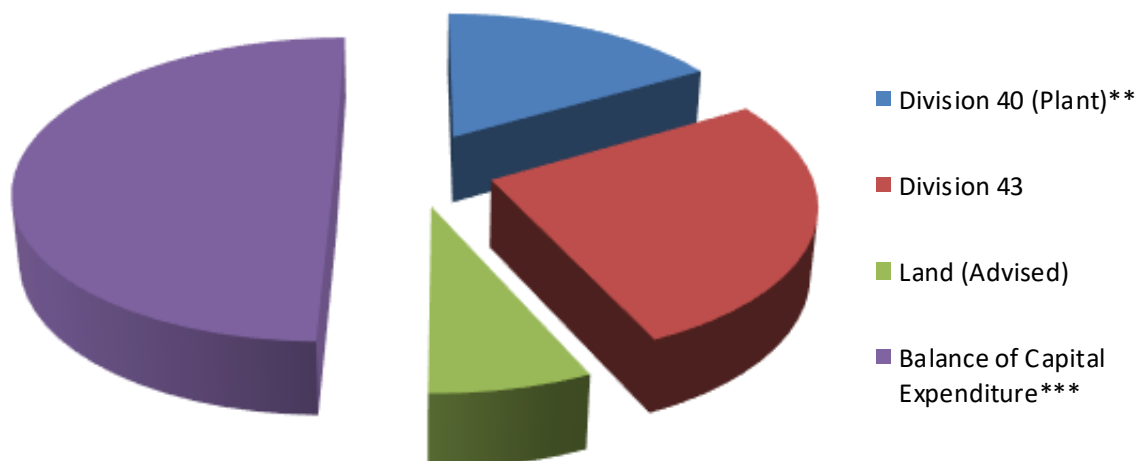
Division 40 (Plant)**	\$63,776
Division 43	\$102,102
Land (Advised)	\$26,796
Balance of Capital Expenditure***	\$190,771
Total Expenditure Analysed	\$383,445

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
Air-conditioning assets (excl. ducting, pipes & vents)														
Mini split system upto 20KW	NO	20.00%	29-Nov-19	10,884	1,273	1,922	1,538	1,230	984	787	630	504	403	323
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	29-Nov-19	363	68	110	69	43	27	17	11	7	4	3
Blinds Residential														
	NO	20.00%	29-Nov-19	1,044	122	346	216	135	84	53	33	21	13	8
Computer systems														
General	NO	18.75%	29-Nov-19	384	72	117	73	46	29	18	11	7	4	3
Curtains and drapes														
Curtains and drapes	NO	33.33%	29-Nov-19	1,392	271	374	280	175	109	68	43	27	17	10
Curtains and drapes	NO	18.75%	29-Nov-19	835	157	254	159	99	62	39	24	15	9	6
Door closers														
	NO	18.75%	29-Nov-19	351	66	107	67	42	26	16	10	6	4	2
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	29-Nov-19	494	93	151	94	59	37	23	14	9	6	4
Emergency warning & intercommunication system	NO	18.75%	29-Nov-19	608	114	185	116	72	45	28	18	11	7	4
Hoses and nozzles	NO	18.75%	29-Nov-19	420	79	128	80	50	31	20	12	8	5	3
Floor coverings (removable without damage)														
Carpets	NO	25.00%	29-Nov-19	4,235	619	904	678	508	381	286	322	201	126	79
Furniture														
Furniture	NO	15.00%	29-Nov-19	7,305	641	1,000	850	722	614	522	444	377	320	272
Furniture	NO	18.75%	29-Nov-19	9,280	1,740	2,827	1,767	1,104	690	431	270	169	105	66
Hot water systems (excluding piping)														
Gas or electric	NO	18.75%	29-Nov-19	400	75	122	76	48	30	19	12	7	5	3
Kitchen assets														
Cooktops	NO	16.67%	29-Nov-19	1,233	120	185	348	217	136	85	53	33	21	13
Cutlery & crockery	NO	18.75%	29-Nov-19	600	113	183	114	71	45	28	17	11	7	4
Dishwashers	NO	25.00%	29-Nov-19	1,740	254	371	279	313	196	122	77	48	30	19
Ovens	NO	16.67%	29-Nov-19	1,595	155	240	200	375	234	146	92	57	36	22
Rangehoods	NO	18.75%	29-Nov-19	653	122	199	124	78	49	30	19	12	7	5
Laundry assets														
Clothes dryers	NO	18.75%	29-Nov-19	653	122	199	124	78	49	30	19	12	7	5
Irons & ironing boards	NO	18.75%	29-Nov-19	384	72	117	73	46	29	18	11	7	4	3
Washing machines	NO	25.00%	29-Nov-19	1,088	159	348	218	136	85	53	33	21	13	8
Lifts (including hydraulic & tractions lifts)														
	NO	6.67%	29-Nov-19	10,148	396	650	607	566	529	493	460	430	401	374
Lights														
Freestanding	NO	18.75%	29-Nov-19	420	79	128	80	50	31	20	12	8	5	3
Shades, removable	NO	18.75%	29-Nov-19	1,364	256	416	260	162	101	63	40	25	15	10
Carried forward			1,094,950	57,872	7,237	11,584	8,489	6,427	4,633	3,417	2,686	2,031	1,575	

Diminishing Value Depreciation Schedule (cont.)

Assets Generally	Eligibility For Depreciation	Diminishing Value Rate	Start Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Division 40 - Plant and Equipment															
			Brought forward	1,094,950	57,872	7,237	11,584	8,489	6,427	4,633	3,417	2,686	2,031	1,575	
Security systems & equipment															
Electronic	NO	30.00%	29-Nov-19	1,090	191	337	211	132	82	51	32	20	13	8	
Televisions	NO	20.00%	29-Nov-19	3,120	365	551	441	353	282	226	339	212	132	83	
\$300 items	NO	100.00%	29-Nov-19	1,694	1,694										
Pooled Plant Total					3,226	6,274	4,549	3,531	2,207	1,379	1,522	952	595	372	
Effective Life Plant Total					6,261	6,198	4,592	3,380	2,790	2,314	1,534	1,311	1,125	969	
Total Division 40				63,776	9,487	12,472	9,141	6,912	4,997	3,694	3,056	2,262	1,719	1,341	
Division 43 - Capital Works Allowance															
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10	
Building Works - Completed 2006				85,860	1,859	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180
Building Works - Completed 2017				9,532	148	253	253	253	253	253	253	253	253	253	253
Structural Improvements - Completed 2006				447	10	17	17	17	17	17	17	17	17	17	17
Structural Improvements - Completed 2017				6,263	97	166	166	166	166	166	166	166	166	166	166
Total Division 43				102,102	2,114	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616
Total Depreciation				165,878	11,601	16,088	12,757	10,528	8,613	7,310	6,672	5,878	5,335	4,957	

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
Air-conditioning assets (excl. ducting, pipes & vents)														
Mini split system upto 20KW	NO	10.00%	29-Nov-19	10,884	636	1,088	1,088	1,088	1,088	1,088	1,088	1,088	1,088	1,088
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	29-Nov-19	363	68	110	69	43	27	17	11	7	4	3
Blinds Residential														
	NO	10.00%	29-Nov-19	1,044	61	104	104	104	104	104	104	104	104	104
Computer systems														
General	NO	18.75%	29-Nov-19	384	72	117	73	46	29	18	11	7	4	3
Curtains and drapes														
Curtains and drapes	NO	16.67%	29-Nov-19	1,392	136	232	232	232	232	232	96			
Curtains and drapes	NO	18.75%	29-Nov-19	835	157	254	159	99	62	39	24	15	9	6
Door closers														
	NO	18.75%	29-Nov-19	351	66	107	67	42	26	16	10	6	4	2
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	29-Nov-19	494	93	151	94	59	37	23	14	9	6	4
Emergency warning & intercommunication system	NO	18.75%	29-Nov-19	608	114	185	116	72	45	28	18	11	7	4
Hoses and nozzles	NO	18.75%	29-Nov-19	420	79	128	80	50	31	20	12	8	5	3
Floor coverings (removable without damage)														
Carpets	NO	12.50%	29-Nov-19	4,235	309	529	529	529	529	529	529	529	222	
Furniture														
Furniture	NO	7.50%	29-Nov-19	7,305	320	548	548	548	548	548	548	548	548	548
Furniture	NO	18.75%	29-Nov-19	9,280	1,740	2,827	1,767	1,104	690	431	270	169	105	66
Hot water systems (excluding piping)														
Gas or electric	NO	18.75%	29-Nov-19	400	75	122	76	48	30	19	12	7	5	3
Kitchen assets														
Cooktops	NO	8.33%	29-Nov-19	1,233	60	103	103	103	103	103	103	103	103	103
Cutlery & crockery	NO	18.75%	29-Nov-19	600	113	183	114	71	45	28	17	11	7	4
Dishwashers	NO	12.50%	29-Nov-19	1,740	127	218	218	218	218	218	218	218	87	
Ovens	NO	8.33%	29-Nov-19	1,595	78	133	133	133	133	133	133	133	133	133
Rangehoods	NO	18.75%	29-Nov-19	653	122	199	124	78	49	30	19	12	7	5
Laundry assets														
Clothes dryers	NO	18.75%	29-Nov-19	653	122	199	124	78	49	30	19	12	7	5
Irons & ironing boards	NO	18.75%	29-Nov-19	384	72	117	73	46	29	18	11	7	4	3
Washing machines	NO	12.50%	29-Nov-19	1,088	79	136	136	136	136	136	136	136	56	
Lifts (including hydraulic & tractions lifts)														
	NO	3.33%	29-Nov-19	10,148	198	338	338	338	338	338	338	338	338	338
Lights														
Freestanding	NO	18.75%	29-Nov-19	420	79	128	80	50	31	20	12	8	5	3
Shades, removable	NO	18.75%	29-Nov-19	1,364	256	416	260	162	101	63	40	25	15	10
Carried forward				1,094,950	57,872	5,232	8,672	6,706	5,477	4,709	4,229	3,793	3,510	2,874

Prime Cost Depreciation Schedule (cont.)

Assets Generally	Eligibility For Depreciation	Prime Cost Rate	Start Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Division 40 - Plant and Equipment															
	Brought forward		1,094,950	57,872	5,232	8,672	6,706	5,477	4,709	4,229	3,793	3,510	2,874		
Security systems & equipment															
Electronic	NO	15.00%	29-Nov-19	1,090	96	164	164	164	164	164	164	10			
Televisions	NO	10.00%	29-Nov-19	3,120	182	312	312	312	312	312	312	312	312	312	
\$300 items	NO	100.00%	29-Nov-19	1,694	1,694										
Pooled Plant Total					3,226	5,243	3,277	2,048	1,280	800	500	313	195	122	
Effective Life Plant Total					3,978	3,905	3,905	3,905	3,905	3,905	3,769	3,519	2,991	2,626	
Total Division 40				63,776	7,204	9,148	7,182	5,953	5,185	4,705	4,269	3,832	3,186	2,748	
Division 43 - Capital Works Allowance															
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10	
Building Works - Completed 2006				85,860	1,859	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180
Building Works - Completed 2017				9,532	148	253	253	253	253	253	253	253	253	253	253
Structural Improvements - Completed 2006				447	10	17	17	17	17	17	17	17	17	17	17
Structural Improvements - Completed 2017				6,263	97	166	166	166	166	166	166	166	166	166	166
Total Division 43				102,102	2,114	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616	3,616
Total Depreciation				165,878	9,318	12,764	10,798	9,569	8,801	8,321	7,885	7,448	6,802	6,364	

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 2006	8 Aug 05 to 1 Dec 06	127,212	2.50%	3,180	85,860
Building Works - Completed 2017	7 Aug 17 to 10 Aug 17	10,114	2.50%	253	9,532
Sub-total		137,327		3,433	95,392

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2006	8 Aug 05 to 1 Dec 06	662	2.50%	17	447
Structural Improvements - Completed 2017	7 Aug 17 to 10 Aug 17	6,646	2.50%	166	6,263
Sub-total		7,309		183	6,710
Totals		144,635		3,616	102,102

The table below demonstrates the various property types and the depreciation rates for Capital expenditure deductions. Eligibility is based on the date of construction commencement.

	Today - 27 Feb 92	26 Feb 92 - 16 Sept 87	15 Sept 87 - 18 Jul 85	17 Jul 85 - 22 Aug 84	21 Aug 84 - 20 Jul 82	19 Jul 82 - 21 Aug 79
Traveller Accommodation	4%	2.5%	4%	4%	2.5%	2.5%
Non Residential	2.5%	2.5%	4%	4%	2.5%	N/A
Manufacturing	4%	2.5%	4%	4%	2.5%	N/A
Residential	2.5%	2.5%	4%	N/A	N/A	N/A
Structural Improvement	2.5%	N/A	N/A	N/A	N/A	N/A

13. Definition of Terms

Adjusted Value	This is the value of an asset after a period of decline often referred to as the written down value or WDV.
Balancing Adjustment	The balancing adjustment amount is the difference between the termination value and the adjustable value of a depreciating asset at the time of a balancing adjustment event.
Decline in Value	Deductions for the cost of a depreciating asset are based on the decline in value between any two dates. This report includes both methods of the decline in value of a depreciating asset; the prime cost method and diminishing value method.
Depreciating Assets	Assets with limited effective life that are reasonably expected to decline in value.
Diminishing Value Method	This is the method of calculating the decline in value which uses the opening adjusted value as the basis for the calculation.
Effective Life	The effective life of a depreciating asset is how long it can be used by any entity for a taxable income producing purpose.
Immediate WriteOff	A depreciating asset which costs less than \$300 can be immediately written off at 100% of the total cost. This is only available where the asset is not part of a set e.g. table and chairs.
Installed Costs	This is the total cost of installing the asset inclusive of fees and labour etc.
Low Value Pool	Low cost assets which have a value between \$300 and \$1000. These assets are depreciated at 18.75% in the first year and 37.5% in each subsequent years.
Low Cost Asset	A depreciable asset with an installed cost of less than \$1000.
Low Value Asset	A depreciable asset that has an adjusted value of less than \$1000.
Non Eligible	This may include a proportion of the purchase price that is not claimable due to the age of the building or asset type.
Prime Cost Method	This is a method of calculating depreciation using a constant opening cost base often referred to as the "Straight Line" method.

14. Contact Details

COMPANY DETAILS	
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15. Disclaimer

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

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

A1. Post 9 May 2017

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

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

A2. Capital Gain / Capital Loss

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

Further information regarding the legislation please refer to ATO website – 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.