



Tax Depreciation Report

705/31 Mascar Street,
Upper Mount Gravatt, QLD

Halliday Property 1 Pty Ltd
186 Excelsior Avenue
CASTLE HILL, NSW 2154

Issue Schedule	
Issue Date:	Issued by:
16 January 2020	Mark Kilroy Bsc (Hons) MRICS

Halliday Property 1 Pty Ltd
186 Excelsior Avenue
CASTLE HILL, NSW 2154

January 2020
Job No: RES4122016

Tax Depreciation Report – 705/31 Mascar Street, Upper Mount Gravatt, QLD

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

16 January 2020

Purchaser

Halliday Property 1 Pty Ltd

Property Address

705/31 Mascar Street, Upper Mount Gravatt, QLD

Real Property Description

705/SP304510

Property Type

Residential Unit

Date of Construction

1 December 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	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	8 January 20 to 30 June 20	3,778	4,076	7,854	3,232	11,086
2	1 July 20 to 30 June 21	6,190	7,339	13,529	6,800	20,329
3	1 July 21 to 30 June 22	4,650	5,257	9,908	6,800	16,708
4	1 July 22 to 30 June 23	3,855	3,286	7,141	6,800	13,941
5	1 July 23 to 30 June 24	3,047	2,415	5,462	6,800	12,262
6	1 July 24 to 30 June 25	2,165	2,223	4,388	6,800	11,188
7	1 July 25 to 30 June 26	1,549	2,059	3,607	6,800	10,407
8	1 July 26 to 30 June 27	1,150	1,602	2,752	6,800	9,552
9	1 July 27 to 30 June 28	994	1,001	1,995	6,800	8,795
10	1 July 28 to 30 June 29	864	626	1,490	6,800	8,290
11	1 July 29 to 30 June 30	756	391	1,147	6,800	7,947
12	1 July 30 to 30 June 31	665	244	909	6,800	7,709
13	1 July 31 to 30 June 32	393	519	911	6,800	7,711
14	1 July 32 to 30 June 33	366	324	691	6,800	7,491
15	1 July 33 to 30 June 34	342	203	545	6,800	7,345
16	1 July 34 to 30 June 35	319	127	446	6,800	7,246
17	1 July 35 to 30 June 36	298	79	377	6,800	7,177
18	1 July 36 to 30 June 37	278	49	328	6,800	7,128
19	1 July 37 to 30 June 38	260	31	290	6,800	7,090
20	1 July 38 to 30 June 39	242	19	262	6,800	7,062
21	1 July 39 to 30 June 40	226	12	238	6,800	7,038
22	1 July 40 to 30 June 41	211	8	219	6,800	7,019
23	1 July 41 to 30 June 42	197	5	202	6,800	7,002
24	1 July 42 to 30 June 43	184	3	187	6,800	6,987
25	1 July 43 to 30 June 44	172	2	173	6,800	6,973
26	1 July 44 to 30 June 45	160	1	161	6,800	6,961
27	1 July 45 to 30 June 46	149	1	150	6,800	6,950
28	1 July 46 to 30 June 47	139	0	140	6,800	6,940
29	1 July 47 to 30 June 48	130	0	130	6,800	6,930
30	1 July 48 to 30 June 49	122	0	122	6,800	6,922
31	1 July 49 to 30 June 50	113	0	114	6,800	6,914
32	1 July 50 to 30 June 51	106	0	106	6,800	6,906
33	1 July 51 to 30 June 52	99	0	99	6,800	6,899
34	1 July 52 to 30 June 53	92	0	92	6,800	6,892
35	1 July 53 to 30 June 54	86	0	86	6,800	6,886
36	1 July 54 to 30 June 55	80	0	80	6,800	6,880
37	1 July 55 to 30 June 56	75	0	75	6,800	6,875
38	1 July 56 to 30 June 57	70	0	70	6,800	6,870
39	1 July 57 to 30 June 58	0	367	367	6,800	7,167
40	2058+	0	612	612	9,661	10,273
Totals		34,572	32,882	67,454	271,293	338,747

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	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	8 January 20 to 30 June 20	2,076	4,076	6,152	3,232	9,384
2	1 July 20 to 30 June 21	3,582	6,623	10,205	6,800	17,005
3	1 July 21 to 30 June 22	3,582	4,139	7,721	6,800	14,521
4	1 July 22 to 30 June 23	3,582	2,587	6,169	6,800	12,969
5	1 July 23 to 30 June 24	3,582	1,617	5,199	6,800	11,999
6	1 July 24 to 30 June 25	3,582	1,011	4,593	6,800	11,393
7	1 July 25 to 30 June 26	3,582	632	4,214	6,800	11,014
8	1 July 26 to 30 June 27	3,403	395	3,798	6,800	10,598
9	1 July 27 to 30 June 28	3,358	247	3,605	6,800	10,405
10	1 July 28 to 30 June 29	3,358	154	3,512	6,800	10,312
11	1 July 29 to 30 June 30	2,288	96	2,384	6,800	9,184
12	1 July 30 to 30 June 31	1,129	60	1,189	6,800	7,989
13	1 July 31 to 30 June 32	874	38	912	6,800	7,712
14	1 July 32 to 30 June 33	582	24	605	6,800	7,405
15	1 July 33 to 30 June 34	433	15	448	6,800	7,248
16	1 July 34 to 30 June 35	433	9	442	6,800	7,242
17	1 July 35 to 30 June 36	433	6	439	6,800	7,239
18	1 July 36 to 30 June 37	433	4	437	6,800	7,237
19	1 July 37 to 30 June 38	433	2	435	6,800	7,235
20	1 July 38 to 30 June 39	433	1	434	6,800	7,234
21	1 July 39 to 30 June 40	433	1	434	6,800	7,234
22	1 July 40 to 30 June 41	433	1	434	6,800	7,234
23	1 July 41 to 30 June 42	433	0	433	6,800	7,233
24	1 July 42 to 30 June 43	433	0	433	6,800	7,233
25	1 July 43 to 30 June 44	433	0	433	6,800	7,233
26	1 July 44 to 30 June 45	433	0	433	6,800	7,233
27	1 July 45 to 30 June 46	433	0	433	6,800	7,233
28	1 July 46 to 30 June 47	433	0	433	6,800	7,233
29	1 July 47 to 30 June 48	433	0	433	6,800	7,233
30	1 July 48 to 30 June 49	433	0	433	6,800	7,233
31	1 July 49 to 30 June 50	229	0	229	6,800	7,029
32	1 July 50 to 30 June 51	0	0	0	6,800	6,800
33	1 July 51 to 30 June 52	0	0	0	6,800	6,800
34	1 July 52 to 30 June 53	0	0	0	6,800	6,800
35	1 July 53 to 30 June 54	0	0	0	6,800	6,800
36	1 July 54 to 30 June 55	0	0	0	6,800	6,800
37	1 July 55 to 30 June 56	0	0	0	6,800	6,800
38	1 July 56 to 30 June 57	0	0	0	6,800	6,800
39	1 July 57 to 30 June 58	0	0	0	6,800	6,800
40	2058+	0	0	0	9,661	9,661
Totals		45,717	21,737	67,454	271,293	338,747

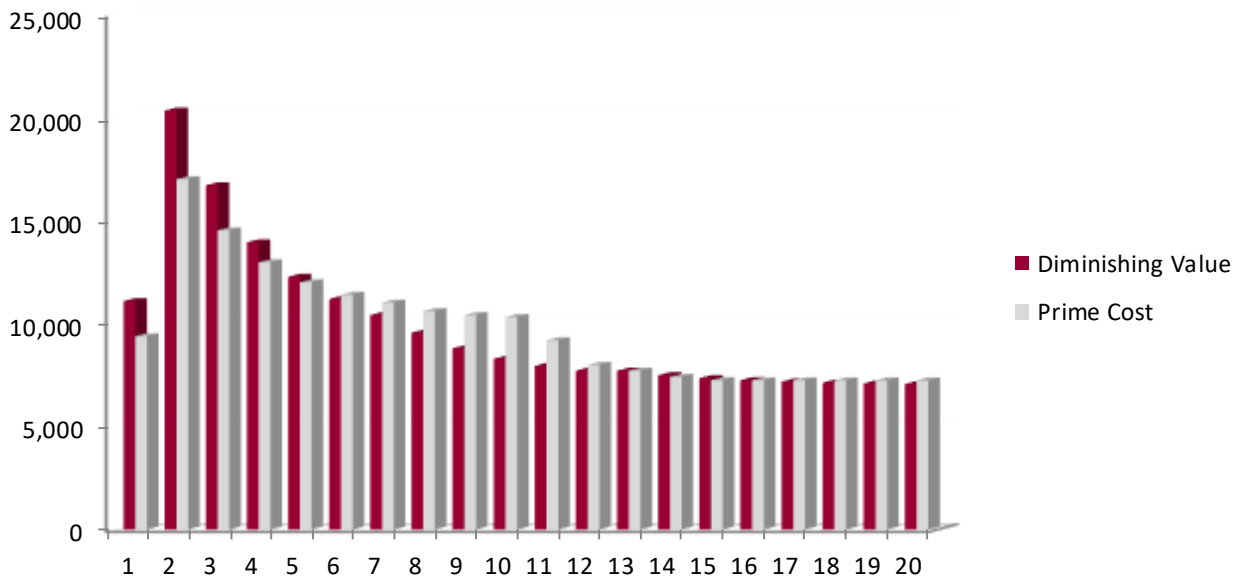
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

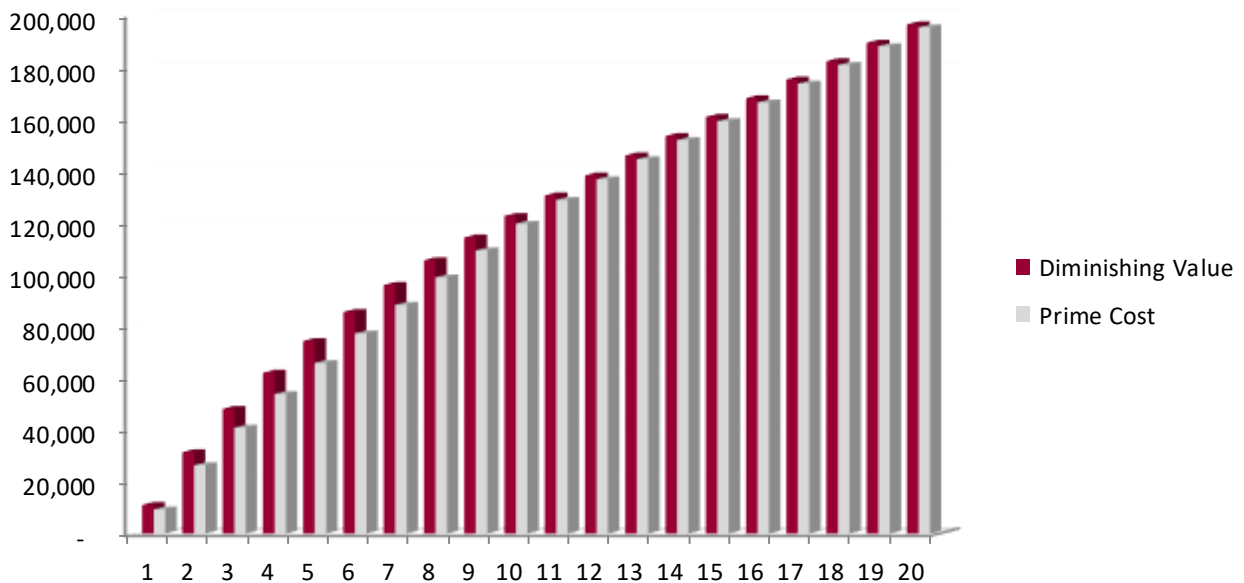
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	Not Provided
Settlement Date	8 January 2020

Expenditure Analysed

Purchase Price	\$528,500
Stamp Duty	\$16,994
Total Expenditure Analysed	\$545,494

Historical Construction Details

Construction Start Date	7 October 2018
Construction Completion Date	1 December 2019
Historical Construction Cost (Estimated)*	\$317,811
Lot Entitlement	243
Overall Lot Entitlement	9,960

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

Division 40 (Plant)	\$67,454
Division 43	\$271,293
Land (Advised)	\$45,328
Balance of Capital Expenditure**	\$161,419
Total Expenditure Analysed	\$545,494

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

** 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	Diminishing Value Rate	Install 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	20.00%	8-Jan-20	12,552	1,193	2,272	1,817	1,454	1,163	930	744	595	476	381
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	8-Jan-20	951	178	290	181	113	71	44	28	17	11	7
Blinds Residential													
Blinds Residential	20.00%	8-Jan-20	2,567	244	465	372	297	238	357	223	139	87	54
Blinds Residential	18.75%	8-Jan-20	2,206	414	672	420	263	164	103	64	40	25	16
Ceiling Fans													
Ceiling Fans	18.75%	8-Jan-20	1,997	374	608	380	238	149	93	58	36	23	14
Computer systems													
General	18.75%	8-Jan-20	666	125	203	127	79	50	31	19	12	8	5
Door closers													
Door closers	18.75%	8-Jan-20	490	92	149	93	58	36	23	14	9	6	3
Fire control assets													
Detection & alarm systems, detectors	18.75%	8-Jan-20	2,194	411	669	418	261	163	102	64	40	25	16
Detection & alarm systems, fire indicator panel	16.67%	8-Jan-20	1,160	92	178	334	209	130	81	51	32	20	12
Emergency warning & intercommunication system	18.75%	8-Jan-20	592	111	180	113	70	44	28	17	11	7	4
Pumps, diesel & electric	18.75%	8-Jan-20	394	74	120	75	47	29	18	11	7	4	3
Floor coverings (removable without damage)													
Carpets	20.00%	8-Jan-20	3,547	337	642	513	411	329	263	210	315	197	123
Furniture													
Furniture	15.00%	8-Jan-20	2,282	163	318	270	230	195	166	353	220	138	86
Furniture	18.75%	8-Jan-20	5,756	1,079	1,754	1,096	685	428	268	167	105	65	41
Hot water systems (excluding piping)													
Gas or electric	18.75%	8-Jan-20	835	157	254	159	99	62	39	24	15	9	6
Kitchen assets													
Cooktops	16.67%	8-Jan-20	1,807	143	277	231	193	361	226	141	88	55	34
Dishwashers	20.00%	8-Jan-20	2,567	244	465	372	297	238	357	223	139	87	54
Microwave ovens	20.00%	8-Jan-20	1,046	99	355	222	139	87	54	34	21	13	8
Ovens	16.67%	8-Jan-20	2,282	181	350	292	243	203	169	317	198	124	77
Rangehoods	16.67%	8-Jan-20	1,046	83	361	226	141	88	55	34	22	13	8
Laundry assets													
Clothes dryers	18.75%	8-Jan-20	856	160	261	163	102	64	40	25	16	10	6
Lifts (including hydraulic & tractions lifts)													
Lifts (including hydraulic & tractions lifts)	6.67%	8-Jan-20	12,992	412	839	783	731	682	636	594	554	517	483
Lights													
Shades, removable	18.75%	8-Jan-20	3,636	682	1,108	692	433	270	169	106	66	41	26
MATV - amplifiers & modulators													
MATV - amplifiers & modulators	18.75%	8-Jan-20	812	152	247	155	97	60	38	24	15	9	6
Carried forward			65,232	7,201	13,037	9,504	6,889	5,304	4,289	3,546	2,713	1,971	1,475

Diminishing Value Depreciation Schedule (cont.)

Assets Generally	Diminishing Value Rate	Install 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													
			65,232	7,201	13,037	9,504	6,889	5,304	4,289	3,546	2,713	1,971	1,475
Brought forward													
Security systems & equipment													
Electronic	30.00%	8-Jan-20	1,496	213	385	337	210	132	82	51	32	20	13
Ventilating plant													
Ventilation plant - fans only	18.75%	8-Jan-20	353	66	107	67	42	26	16	10	6	4	3
\$300 items													
	100.00%	8-Jan-20	374	374									
Pooled Plant Total				4,076	7,339	5,257	3,286	2,415	2,223	2,059	1,602	1,001	626
Effective Life Plant Total				3,778	6,190	4,650	3,855	3,047	2,165	1,549	1,150	994	864
Total Division 40			67,454	7,854	13,529	9,908	7,141	5,462	4,388	3,607	2,752	1,995	1,490
Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Building Works - Completed 2019			266,212	3,172	6,673	6,673	6,673	6,673	6,673	6,673	6,673	6,673	6,673
Structural Improvements - Completed 2019			5,081	60	127	127	127	127	127	127	127	127	127
Total Division 43			271,293	3,232	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800
Total Depreciation			338,747	11,086	20,329	16,708	13,941	12,262	11,188	10,407	9,552	8,795	8,290

11. Prime Cost Depreciation Schedule

Assets Generally	Prime Cost												
Division 40 - Plant and Equipment	Rate	Install 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	10.00%	08-Jan-20	12,552	597	1,255	1,255	1,255	1,255	1,255	1,255	1,255	1,255	1,255
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	08-Jan-20	951	178	290	181	113	71	44	28	17	11	7
Blinds Residential	10.00%	08-Jan-20	2,567	122	257	257	257	257	257	257	257	257	257
Blinds Residential	18.75%	08-Jan-20	2,206	414	672	420	263	164	103	64	40	25	16
Ceiling Fans	18.75%	08-Jan-20	1,997	374	608	380	238	149	93	58	36	23	14
Computer systems													
General	18.75%	08-Jan-20	666	125	203	127	79	50	31	19	12	8	5
Door closers	18.75%	08-Jan-20	490	92	149	93	58	36	23	14	9	6	3
Fire control assets													
Detection & alarm systems, detectors	18.75%	08-Jan-20	2,194	411	669	418	261	163	102	64	40	25	16
Detection & alarm systems, fire indicator panel	8.33%	08-Jan-20	1,160	46	97	97	97	97	97	97	97	97	97
Emergency warning & intercommunication system	18.75%	08-Jan-20	592	111	180	113	70	44	28	17	11	7	4
Pumps, diesel & electric	18.75%	08-Jan-20	394	74	120	75	47	29	18	11	7	4	3
Floor coverings (removable without damage)													
Carpets	10.00%	08-Jan-20	3,547	169	355	355	355	355	355	355	355	355	355
Furniture	7.50%	08-Jan-20	2,282	81	171	171	171	171	171	171	171	171	171
Furniture	18.75%	08-Jan-20	5,756	1,079	1,754	1,096	685	428	268	167	105	65	41
Hot water systems (excluding piping)													
Gas or electric	18.75%	08-Jan-20	835	157	254	159	99	62	39	24	15	9	6
Kitchen assets													
Cooktops	8.33%	08-Jan-20	1,807	72	151	151	151	151	151	151	151	151	151
Dishwashers	10.00%	08-Jan-20	2,567	122	257	257	257	257	257	257	257	257	257
Microwave ovens	10.00%	08-Jan-20	1,046	50	105	105	105	105	105	105	105	105	105
Ovens	8.33%	08-Jan-20	2,282	90	190	190	190	190	190	190	190	190	190
Rangehoods	8.33%	08-Jan-20	1,046	41	87	87	87	87	87	87	87	87	87
Laundry assets													
Clothes dryers	18.75%	08-Jan-20	856	160	261	163	102	64	40	25	16	10	6
Lifts (including hydraulic & tractions lifts)	3.33%	08-Jan-20	12,992	206	433	433	433	433	433	433	433	433	433
Lights													
Shades, removable	18.75%	08-Jan-20	3,636	682	1,108	692	433	270	169	106	66	41	26
MATV - amplifiers & modulators	18.75%	08-Jan-20	812	152	247	155	97	60	38	24	15	9	6
Carried forward			65,232	5,605	9,874	7,430	5,903	4,949	4,352	3,979	3,746	3,601	3,510

Prime Cost Depreciation Schedule (cont.)

Assets Generally	Prime Cost												
Division 40 - Plant and Equipment	Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Brought forward			65,232	5,605	9,874	7,430	5,903	4,949	4,352	3,979	3,746	3,601	3,510
Security systems & equipment													
Electronic	15.00%	08-Jan-20	1,496	107	224	224	224	224	224	224	45		
Ventilating plant													
Ventilation plant - fans only	18.75%	08-Jan-20	353	66	107	67	42	26	16	10	6	4	3
\$300 items	100.00%	08-Jan-20	374	374									
Pooled Plant Total				4,076	6,623	4,139	2,587	1,617	1,011	632	395	247	154
Effective Life Plant Total				2,076	3,582	3,582	3,582	3,582	3,582	3,582	3,403	3,358	3,358
Total Division 40			67,454	6,152	10,205	7,721	6,169	5,199	4,593	4,214	3,798	3,605	3,512
Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2019	2.50%	08-Jan-20	266,212	3,172	6,673	6,673	6,673	6,673	6,673	6,673	6,673	6,673	6,673
Structural Improvements - Completed 2019	2.50%	08-Jan-20	5,081	60	127	127	127	127	127	127	127	127	127
Total Division 43			271,293	3,232	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800
Total Depreciation			338,747	9,384	17,005	14,521	12,969	11,999	11,393	11,014	10,598	10,405	10,312

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	7 Oct 18 to 1 Dec 19	266,907	2.50%	6,673	266,212
Sub-total		266,907		6,673	266,212

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2019	7 Oct 18 to 1 Dec 19	5,094	2.50%	127	5,081
Sub-total		5,094		127	5,081
Totals		272,002		6,800	271,293

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.