



Tax Depreciation Report

32A Rutherglen Avenue,
Valley View SA 5093

Emil Victor Puscas & Daniela Puscas
27 Mercedes Drive
HOLDEN HILL, SA 5088

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

Emil Victor Puscas & Daniela Puscas
27 Mercedes Drive
HOLDEN HILL, SA 5088

January 2020
Job No: RES5093002

Tax Depreciation Report – 32A Rutherglen Avenue, Valley View SA 5093

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

21 January 2020

Purchaser

Emil Victor Puscas & Daniela Puscas

Property Address

32A Rutherglen Avenue, Valley View SA 5093

Real Property Description

LOT 321 D116849

Property Type

Residential House

Date of Construction

30 September 2018

Date Available To Generate Income

31 July 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				
Under Diminishing Value method, the effective life is dividing by 200.					Under Prime Cost method, the effective life is dividing by 100.				
200 / 10 Years = 20% (Adjusted Value)					100 / 10 Years = 10% (Straight Line)				
If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.					If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.				
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	31 July 19 to 30 June 20	2,849	890	3,739	4,790	8,529	7,506	7,506
2	1 July 20 to 30 June 21	289	1,821	2,110	5,233	7,343	7,933	15,439
3	1 July 21 to 30 June 22	246	1,138	1,384	5,233	6,617	6,001	21,440
4	1 July 22 to 30 June 23	209	711	920	5,233	6,153	4,942	26,382
5	1 July 23 to 30 June 24	177	445	622	5,233	5,855	3,549	29,931
6	1 July 24 to 30 June 25	151	278	429	5,233	5,662	2,598	32,529
7	1 July 25 to 30 June 26	0	495	495	5,233	5,728	2,275	34,804
8	1 July 26 to 30 June 27	0	309	309	5,233	5,542	1,621	36,425
9	1 July 27 to 30 June 28	0	193	193	5,233	5,426	1,179	37,604
10	1 July 28 to 30 June 29	0	121	121	5,233	5,354	874	38,478
11	1 July 29 to 30 June 30	0	75	75	5,233	5,308	662	39,140
12	1 July 30 to 30 June 31	0	47	47	5,233	5,280	677	39,817
13	1 July 31 to 30 June 32	0	29	29	5,233	5,262	471	40,288
14	1 July 32 to 30 June 33	0	18	18	5,233	5,251	335	40,623
15	1 July 33 to 30 June 34	0	12	12	5,233	5,245	475	41,098
16	1 July 34 to 30 June 35	0	7	7	5,233	5,240	297	41,396
17	1 July 35 to 30 June 36	0	4	4	5,233	5,237	186	41,582
18	1 July 36 to 30 June 37	0	3	3	5,233	5,236	116	41,698
19	1 July 37 to 30 June 38	0	2	2	5,233	5,235	72	41,770
20	1 July 38 to 30 June 39	0	1	1	5,233	5,234	45	41,816
21	1 July 39 to 30 June 40	0	1	1	5,233	5,234	28	41,844
22	1 July 40 to 30 June 41	0	0	0	5,233	5,233	18	41,862
23	1 July 41 to 30 June 42	0	0	0	5,233	5,233	11	41,873
24	1 July 42 to 30 June 43	0	0	0	5,233	5,233	7	41,881
25	1 July 43 to 30 June 44	0	0	0	5,233	5,233	4	41,885
26	1 July 44 to 30 June 45	0	0	0	5,233	5,233	3	41,888
27	1 July 45 to 30 June 46	0	0	0	5,233	5,233	2	41,889
28	1 July 46 to 30 June 47	0	0	0	5,233	5,233	1	41,891
29	1 July 47 to 30 June 48	0	0	0	5,233	5,233	1	41,891
30	1 July 48 to 30 June 49	0	0	0	5,233	5,233	0	41,892
31	1 July 49 to 30 June 50	0	0	0	5,233	5,233	0	41,892
32	1 July 50 to 30 June 51	0	0	0	5,233	5,233	0	41,892
33	1 July 51 to 30 June 52	0	0	0	5,233	5,233	0	41,892
34	1 July 52 to 30 June 53	0	0	0	5,233	5,233	0	41,892
35	1 July 53 to 30 June 54	0	0	0	5,233	5,233	0	41,892
36	1 July 54 to 30 June 55	0	0	0	5,233	5,233	0	41,892
37	1 July 55 to 30 June 56	0	0	0	5,233	5,233	0	41,892
38	1 July 56 to 30 June 57	0	0	0	5,233	5,233	0	41,892
39	1 July 57 to 30 June 58	0	0	0	5,233	5,233	0	41,892
40	2058+	0	0	0	1,305	1,305	0	41,892
Totals		1,072	6,600	10,521	204,949	215,470	41,892	41,892

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	31 July 19 to 30 June 20	2,584	890	3,474	4,790	8,264	5,052	5,052
2	1 July 20 to 30 June 21	290	1,447	1,737	5,233	6,970	6,150	11,202
3	1 July 21 to 30 June 22	290	904	1,194	5,233	6,427	4,849	16,052
4	1 July 22 to 30 June 23	290	565	855	5,233	6,088	4,036	20,088
5	1 July 23 to 30 June 24	290	353	643	5,233	5,876	3,528	23,616
6	1 July 24 to 30 June 25	290	221	511	5,233	5,744	3,210	26,826
7	1 July 25 to 30 June 26	290	138	428	5,233	5,661	3,012	29,838
8	1 July 26 to 30 June 27	290	86	376	5,233	5,609	2,888	32,726
9	1 July 27 to 30 June 28	290	54	344	5,233	5,577	2,810	35,536
10	1 July 28 to 30 June 29	290	34	324	5,233	5,557	2,762	38,298
11	1 July 29 to 30 June 30	178	21	199	5,233	5,432	1,117	39,415
12	1 July 30 to 30 June 31	168	13	181	5,233	5,414	952	40,367
13	1 July 31 to 30 June 32	168	8	176	5,233	5,409	517	40,883
14	1 July 32 to 30 June 33	68	5	73	5,233	5,306	478	41,361
15	1 July 33 to 30 June 34	0	3	3	5,233	5,236	474	41,835
16	1 July 34 to 30 June 35	0	2	2	5,233	5,235	45	41,880
17	1 July 35 to 30 June 36	0	1	1	5,233	5,234	3	41,883
18	1 July 36 to 30 June 37	0	1	1	5,233	5,234	2	41,885
19	1 July 37 to 30 June 38	0	0	0	5,233	5,233	1	41,886
20	1 July 38 to 30 June 39	0	0	0	5,233	5,233	1	41,887
21	1 July 39 to 30 June 40	0	0	0	5,233	5,233	0	41,888
22	1 July 40 to 30 June 41	0	0	0	5,233	5,233	0	41,888
23	1 July 41 to 30 June 42	0	0	0	5,233	5,233	0	41,888
24	1 July 42 to 30 June 43	0	0	0	5,233	5,233	0	41,888
25	1 July 43 to 30 June 44	0	0	0	5,233	5,233	0	41,888
26	1 July 44 to 30 June 45	0	0	0	5,233	5,233	0	41,888
27	1 July 45 to 30 June 46	0	0	0	5,233	5,233	0	41,888
28	1 July 46 to 30 June 47	0	0	0	5,233	5,233	0	41,888
29	1 July 47 to 30 June 48	0	0	0	5,233	5,233	0	41,888
30	1 July 48 to 30 June 49	0	0	0	5,233	5,233	0	41,888
31	1 July 49 to 30 June 50	0	0	0	5,233	5,233	0	41,888
32	1 July 50 to 30 June 51	0	0	0	5,233	5,233	0	41,888
33	1 July 51 to 30 June 52	0	0	0	5,233	5,233	0	41,888
34	1 July 52 to 30 June 53	0	0	0	5,233	5,233	0	41,888
35	1 July 53 to 30 June 54	0	0	0	5,233	5,233	0	41,888
36	1 July 54 to 30 June 55	0	0	0	5,233	5,233	0	41,888
37	1 July 55 to 30 June 56	0	0	0	5,233	5,233	0	41,888
38	1 July 56 to 30 June 57	0	0	0	5,233	5,233	0	41,888
39	1 July 57 to 30 June 58	0	0	0	5,233	5,233	0	41,888
40	2058+	0	0	0	1,305	1,305	0	41,888
Totals		5,779	4,746	10,525	204,949	215,474	41,888	41,888

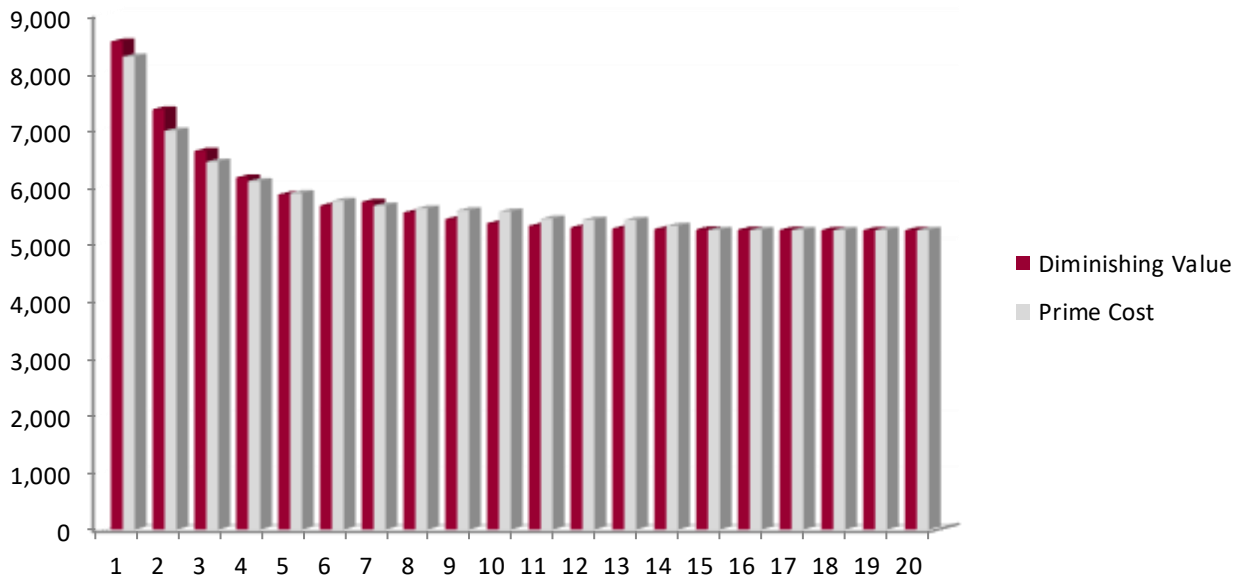
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

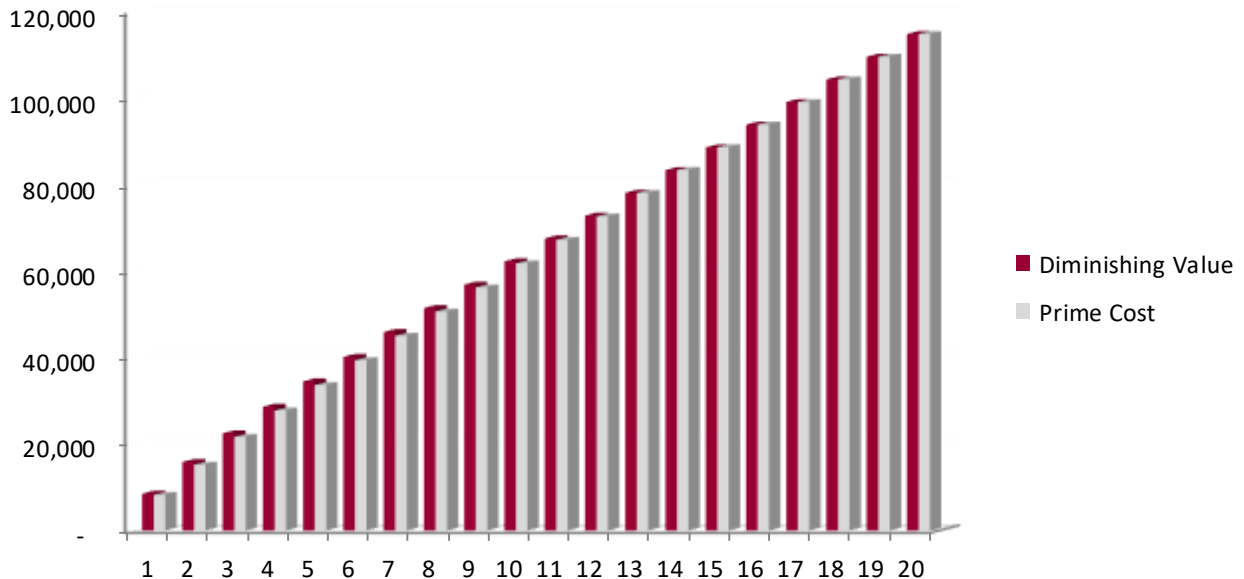
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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 June 2019
Settlement Date	31 July 2019
Available To Generate Income	31 July 2019

Expenditure Analysed

Purchase Price	\$450,000
Stamp Duty	\$18,830
Legals	\$4,428
Post Expenditure	\$10,525
Total Expenditure Analysed	\$483,783

Historical Construction Details

Construction Start Date	3 April 2018
Construction Completion Date	30 September 2018
Historical Construction Cost (Estimated)*	\$248,431

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

Division 40 (Plant)**	\$52,413
Division 43	\$204,949
Land (Assessed)	\$175,030
Balance of Capital Expenditure***	\$51,391
Total Expenditure Analysed	\$483,783

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%	31-Jul-19	10,880	1,992	1,778	1,422	1,138	910	728	582	466	373	298
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	31-Jul-19	1,015	190	309	193	121	76	47	30	18	12	7
Blinds Residential														
	NO	18.75%	31-Jul-19	2,334	438	711	444	278	174	109	68	42	26	17
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	31-Jul-19	638	120	194	122	76	47	30	19	12	7	5
Floor coverings (removable without damage)														
Carpets	NO	20.00%	31-Jul-19	3,246	594	530	424	339	272	217	326	204	127	80
Floating timber	NO	13.33%	31-Jul-19	6,991	853	818	709	615	533	462	400	347	301	260
Furniture														
	NO	18.75%	31-Jul-19	4,062	762	1,238	773	483	302	189	118	74	46	29
Garage doors, automatic														
Motors	NO	20.00%	31-Jul-19	1,741	319	284	228	341	213	133	83	52	33	20
Hot water systems (excluding piping)														
Gas or electric	NO	16.67%	31-Jul-19	2,611	398	369	307	256	213	178	333	208	130	81
Kitchen assets														
Cooktops	NO	16.67%	31-Jul-19	1,233	188	174	327	204	128	80	50	31	19	12
Dishwashers	NO	20.00%	31-Jul-19	1,741	319	284	228	341	213	133	83	52	33	20
Ovens	NO	16.67%	31-Jul-19	1,596	243	225	188	352	220	138	86	54	34	21
Rangehoods	NO	18.75%	31-Jul-19	653	122	199	124	78	49	30	19	12	7	5
Lights														
Shades, removable	NO	18.75%	31-Jul-19	2,684	503	818	511	319	200	125	78	49	30	19
\$300 items														
	NO	100.00%	31-Jul-19	464	464									
Additional Items (Post Expenditure)														
Audio visual equipment														
Amplifying & music equipment	YES	18.75%	31-Jul-19	540	101	165	103	64	40	25	16	10	6	4
Cleaning equipment														
Vacuum cleaner, ducted system, hoses, motors & wands	YES	18.75%	31-Jul-19	368	69	112	70	44	27	17	11	7	4	3
Furniture														
	YES	15.00%	31-Jul-19	2,238	307	290	246	209	178	151	321	201	125	78
	YES	18.75%	31-Jul-19	1,516	284	462	289	180	113	70	44	28	17	11
Kitchen assets														
Refrigerators	YES	18.75%	31-Jul-19	750	141	229	143	89	56	35	22	14	9	5
Carried forward				873,540	47,300	8,408	9,189	6,851	5,529	3,963	2,897	2,689	1,879	1,340

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%	31-Jul-19	10,880	996	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%	31-Jul-19	1,015	190	309	193	121	76	47	30	18	12	7
Blinds Residential														
	NO	18.75%	31-Jul-19	2,334	438	711	444	278	174	109	68	42	26	17
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	31-Jul-19	638	120	194	122	76	47	30	19	12	7	5
Floor coverings (removable without damage)														
Carpets	NO	10.00%	31-Jul-19	3,246	297	325	325	325	325	325	325	325	325	325
Floating timber	NO	6.67%	31-Jul-19	6,991	427	466	466	466	466	466	466	466	466	466
Furniture														
	NO	18.75%	31-Jul-19	4,062	762	1,238	773	483	302	189	118	74	46	29
Garage doors, automatic														
Motors	NO	10.00%	31-Jul-19	1,741	159	174	174	174	174	174	174	174	174	174
Hot water systems (excluding piping)														
Gas or electric	NO	8.33%	31-Jul-19	2,611	199	218	218	218	218	218	218	218	218	218
Kitchen assets														
Cooktops	NO	8.33%	31-Jul-19	1,233	94	103	103	103	103	103	103	103	103	103
Dishwashers	NO	10.00%	31-Jul-19	1,741	159	174	174	174	174	174	174	174	174	174
Ovens	NO	8.33%	31-Jul-19	1,596	122	133	133	133	133	133	133	133	133	133
Rangehoods	NO	18.75%	31-Jul-19	653	122	199	124	78	49	30	19	12	7	5
Lights														
Shades, removable	NO	18.75%	31-Jul-19	2,684	503	818	511	319	200	125	78	49	30	19
\$300 items	NO	100.00%	31-Jul-19	464	464									
Additional Items (Post Expenditure)														
Audio visual equipment														
Amplifying & music equipment	YES	18.75%	31-Jul-19	540	101	165	103	64	40	25	16	10	6	4
Cleaning equipment														
Vacuum cleaner, ducted system, hoses, motors & wands	YES	18.75%	31-Jul-19	368	69	112	70	44	27	17	11	7	4	3
Furniture														
Furniture	YES	7.50%	31-Jul-19	2,238	154	168	168	168	168	168	168	168	168	168
Furniture	YES	18.75%	31-Jul-19	1,516	284	462	289	180	113	70	44	28	17	11
Kitchen assets														
Refrigerators	YES	18.75%	31-Jul-19	750	141	229	143	89	56	35	22	14	9	5
Carried forward				873,540	47,300	5,801	7,285	5,622	4,582	3,932	3,526	3,272	3,113	3,014

Prime Cost Depreciation Schedule (cont.)

Assets Generally	Eligibility	Prime Cost	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	For Depreciation	Rate												
Brought forward				873,540	47,300	5,801	7,285	5,622	4,582	3,932	3,526	3,272	3,113	3,014
Laundry assets														
Clothes dryers	YES	18.75%	31-Jul-19	800	150	244	152	95	60	37	23	15	9	6
Washing machines	YES	18.75%	31-Jul-19	775	145	236	148	92	58	36	23	14	9	5
Televisions	YES	10.00%	31-Jul-19	1,220	112	122	122	122	122	122	122	122	122	122
\$300 items	YES	100.00%	31-Jul-19	2,318	2,318									
Pooled Plant Total					3,025	4,916	3,073	1,920	1,200	750	469	293	183	114
Effective Life Plant Total					5,501	2,971	2,971	2,971	2,971	2,971	2,971	2,971	2,971	2,971
Total Division 40				52,413	8,526	7,887	6,044	4,891	4,171	3,721	3,440	3,264	3,154	3,085
Division 43 - Capital Works Allowance														
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2018		2.50%	31-Jul-19	197,554	4,617	5,044	5,044	5,044	5,044	5,044	5,044	5,044	5,044	5,044
Structural Improvements - Completed 2018		2.50%	31-Jul-19	7,395	173	189	189	189	189	189	189	189	189	189
Total Division 43				204,949	4,790	5,233	5,233	5,233	5,233	5,233	5,233	5,233	5,233	5,233
Total Depreciation				257,362	13,316	13,120	11,277	10,124	9,404	8,954	8,673	8,497	8,387	8,318

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 2018	3 Apr 18 to 30 Sep 18	201,755	2.50%	5,044	197,554
Sub-total		201,755		5,044	197,554

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2018	3 Apr 18 to 30 Sep 18	7,553	2.50%	189	7,395
Sub-total		7,553		189	7,395
Totals		209,308		5,233	204,949

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.

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>