



Tax Depreciation Report

2/6 Hentdale Court,
Labrador, QLD 4215

Kimbra Michell & Stephen Beever
1/6 Dell Court
COOMBABAH, QLD 4216

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

Kimbra Michell & Stephen Beaver
1/6 Dell Court
COOMBABAH, QLD 4216

January 2020
Job No: RES4215028

Tax Depreciation Report – 2/6 Hentdale Court, Labrador, QLD 4215

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

30 January 2020

Purchaser

Kimbra Michell & Stephen Beaver

Property Address

2/6 Hentdale Court, Labrador, QLD 4215

Real Property Description

L2 BUP8414

Property Type

Residential House

Date of Construction

10 October 1990

Date Available To Generate Income

16 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				
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	16 December 19 to 30 June 20	0	0	0	1,066	1,066	4,284	4,284
2	1 July 20 to 30 June 21	0	0	0	1,981	1,981	6,581	10,866
3	1 July 21 to 30 June 22	0	0	0	1,981	1,981	5,002	15,868
4	1 July 22 to 30 June 23	0	0	0	1,981	1,981	3,926	19,794
5	1 July 23 to 30 June 24	0	0	0	1,981	1,981	2,846	22,640
6	1 July 24 to 30 June 25	0	0	0	1,981	1,981	2,512	25,152
7	1 July 25 to 30 June 26	0	0	0	1,981	1,981	1,986	27,139
8	1 July 26 to 30 June 27	0	0	0	1,981	1,981	1,407	28,545
9	1 July 27 to 30 June 28	0	0	0	1,981	1,981	1,024	29,569
10	1 July 28 to 30 June 29	0	0	0	1,981	1,981	766	30,335
11	1 July 29 to 30 June 30	0	0	0	1,981	1,981	590	30,925
12	1 July 30 to 30 June 31	0	0	0	1,245	1,245	730	31,655
13	1 July 31 to 30 June 32	0	0	0	991	991	515	32,170
14	1 July 32 to 30 June 33	0	0	0	949	949	373	32,542
15	1 July 33 to 30 June 34	0	0	0	922	922	277	32,820
16	1 July 34 to 30 June 35	0	0	0	922	922	212	33,031
17	1 July 35 to 30 June 36	0	0	0	922	922	381	33,412
18	1 July 36 to 30 June 37	0	0	0	922	922	238	33,651
19	1 July 37 to 30 June 38	0	0	0	922	922	149	33,800
20	1 July 38 to 30 June 39	0	0	0	922	922	93	33,893
21	1 July 39 to 30 June 40	0	0	0	880	880	58	33,951
22	1 July 40 to 30 June 41	0	0	0	736	736	36	33,987
23	1 July 41 to 30 June 42	0	0	0	736	736	23	34,010
24	1 July 42 to 30 June 43	0	0	0	736	736	14	34,024
25	1 July 43 to 30 June 44	0	0	0	736	736	9	34,033
26	1 July 44 to 30 June 45	0	0	0	736	736	6	34,039
27	1 July 45 to 30 June 46	0	0	0	736	736	3	34,042
28	1 July 46 to 30 June 47	0	0	0	736	736	2	34,044
29	1 July 47 to 30 June 48	0	0	0	736	736	1	34,046
30	1 July 48 to 30 June 49	0	0	0	736	736	1	34,047
31	1 July 49 to 30 June 50	0	0	0	736	736	1	34,047
32	1 July 50 to 30 June 51	0	0	0	597	597	0	34,047
33	1 July 51 to 30 June 52	0	0	0	366	366	0	34,048
34	1 July 52 to 30 June 53	0	0	0	366	366	0	34,048
35	1 July 53 to 30 June 54	0	0	0	366	366	0	34,048
36	1 July 54 to 30 June 55	0	0	0	366	366	0	34,048
37	1 July 55 to 30 June 56	0	0	0	366	366	0	34,048
38	1 July 56 to 30 June 57	0	0	0	366	366	0	34,048
39	1 July 57 to 30 June 58	0	0	0	366	366	0	34,048
40	2058+	0	0	0	480	480	0	34,048
Totals		0	0	0	41,472	41,472	34,048	34,048

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	16 December 19 to 30 June 20	0	0	0	1,066	1,066	3,280	3,280
2	1 July 20 to 30 June 21	0	0	0	1,981	1,981	5,013	8,293
3	1 July 21 to 30 June 22	0	0	0	1,981	1,981	3,834	12,127
4	1 July 22 to 30 June 23	0	0	0	1,981	1,981	3,097	15,224
5	1 July 23 to 30 June 24	0	0	0	1,981	1,981	2,636	17,859
6	1 July 24 to 30 June 25	0	0	0	1,981	1,981	2,348	20,207
7	1 July 25 to 30 June 26	0	0	0	1,981	1,981	2,168	22,375
8	1 July 26 to 30 June 27	0	0	0	1,981	1,981	1,944	24,319
9	1 July 27 to 30 June 28	0	0	0	1,981	1,981	1,745	26,064
10	1 July 28 to 30 June 29	0	0	0	1,981	1,981	1,608	27,672
11	1 July 29 to 30 June 30	0	0	0	1,981	1,981	1,359	29,031
12	1 July 30 to 30 June 31	0	0	0	1,245	1,245	1,149	30,180
13	1 July 31 to 30 June 32	0	0	0	991	991	1,021	31,200
14	1 July 32 to 30 June 33	0	0	0	949	949	909	32,110
15	1 July 33 to 30 June 34	0	0	0	922	922	826	32,936
16	1 July 34 to 30 June 35	0	0	0	922	922	452	33,388
17	1 July 35 to 30 June 36	0	0	0	922	922	148	33,536
18	1 July 36 to 30 June 37	0	0	0	922	922	147	33,683
19	1 July 37 to 30 June 38	0	0	0	922	922	146	33,829
20	1 July 38 to 30 June 39	0	0	0	922	922	146	33,974
21	1 July 39 to 30 June 40	0	0	0	880	880	73	34,047
22	1 July 40 to 30 June 41	0	0	0	736	736	0	34,048
23	1 July 41 to 30 June 42	0	0	0	736	736	0	34,048
24	1 July 42 to 30 June 43	0	0	0	736	736	0	34,048
25	1 July 43 to 30 June 44	0	0	0	736	736	0	34,048
26	1 July 44 to 30 June 45	0	0	0	736	736	0	34,048
27	1 July 45 to 30 June 46	0	0	0	736	736	0	34,048
28	1 July 46 to 30 June 47	0	0	0	736	736	0	34,048
29	1 July 47 to 30 June 48	0	0	0	736	736	0	34,048
30	1 July 48 to 30 June 49	0	0	0	736	736	0	34,048
31	1 July 49 to 30 June 50	0	0	0	736	736	0	34,048
32	1 July 50 to 30 June 51	0	0	0	597	597	0	34,048
33	1 July 51 to 30 June 52	0	0	0	366	366	0	34,048
34	1 July 52 to 30 June 53	0	0	0	366	366	0	34,048
35	1 July 53 to 30 June 54	0	0	0	366	366	0	34,048
36	1 July 54 to 30 June 55	0	0	0	366	366	0	34,048
37	1 July 55 to 30 June 56	0	0	0	366	366	0	34,048
38	1 July 56 to 30 June 57	0	0	0	366	366	0	34,048
39	1 July 57 to 30 June 58	0	0	0	366	366	0	34,048
40	2058+	0	0	0	480	480	0	34,048
Totals		0	0	0	41,472	41,472	34,048	34,048

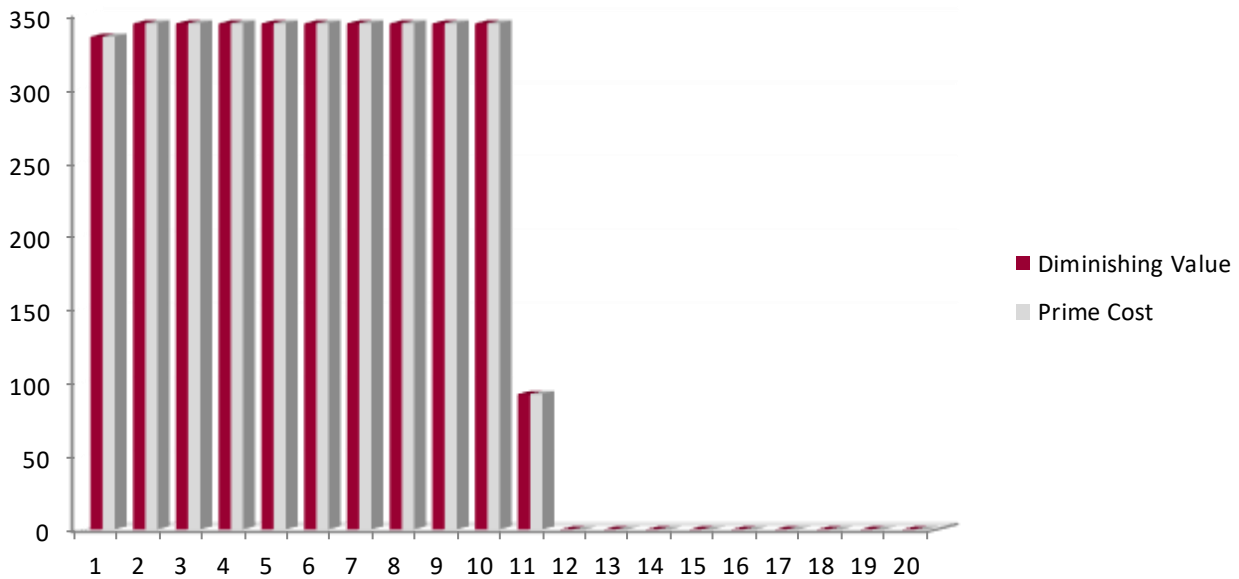
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

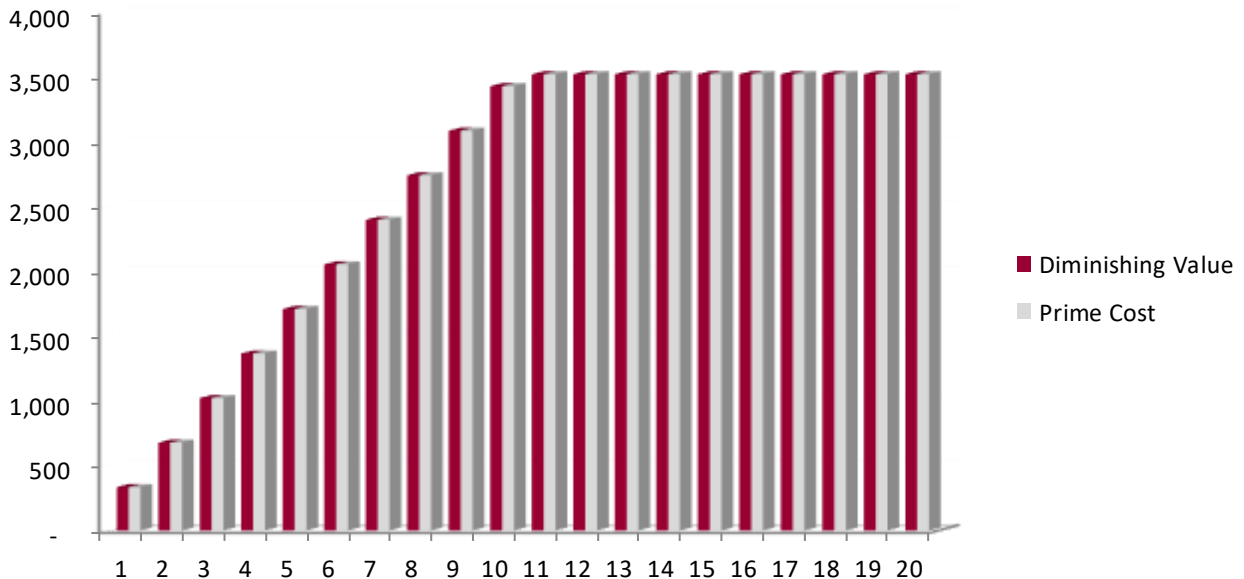
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	29 November 2019
Settlement Date	16 December 2019
Available To Generate Income	16 December 2019

Expenditure Analysed

Purchase Price	\$335,000
Stamp Duty	\$10,150
Total Expenditure Analysed	\$345,150

Historical Construction Details

Construction Start Date	13 January 1990
Construction Completion Date	10 October 1990
Historical Construction Cost (Estimated)*	\$67,518

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

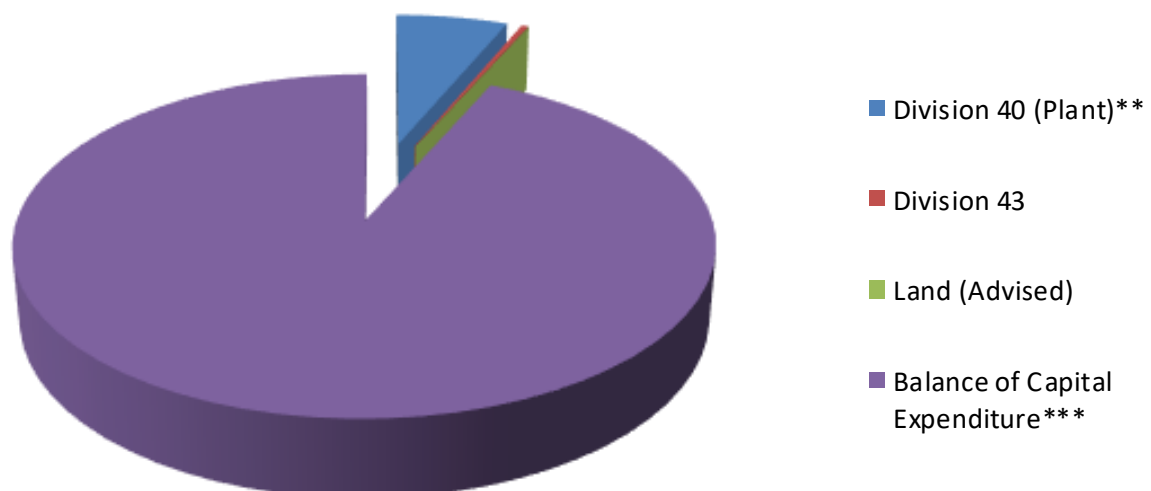
Division 40 (Plant)**	\$34,048
Division 43	\$41,472
Land (Advised)	\$131,878
Balance of Capital Expenditure***	\$137,752
Total Expenditure Analysed	\$345,150

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%	16-Dec-19	2,491	268	445	356	284	228	341	213	133	83	52
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	16-Dec-19	830	156	253	158	99	62	39	24	15	9	6
Blinds Residential														
	NO	18.75%	16-Dec-19	2,145	402	654	409	255	160	100	62	39	24	15
Ceiling Fans														
	NO	18.75%	16-Dec-19	346	65	105	66	41	26	16	10	6	4	2
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	16-Dec-19	304	57	93	58	36	23	14	9	6	3	2
Floor coverings (removable without damage)														
Floating timber	NO	13.33%	16-Dec-19	8,233	591	1,019	883	765	663	575	498	432	374	324
Furniture														
Furniture	NO	15.00%	16-Dec-19	1,245	101	172	365	228	143	89	56	35	22	14
Furniture	NO	18.75%	16-Dec-19	3,446	646	1,050	656	410	256	160	100	63	39	24
Garage doors, automatic														
Motors	NO	20.00%	16-Dec-19	1,661	179	296	237	356	222	139	87	54	34	21
Hot water systems (excluding piping)														
Gas or electric	NO	16.67%	16-Dec-19	2,491	223	378	315	262	219	182	342	214	133	83
Kitchen assets														
Dishwashers	NO	25.00%	16-Dec-19	1,661	223	359	269	303	189	118	74	46	29	18
Rangehoods	NO	18.75%	16-Dec-19	623	117	190	119	74	46	29	18	11	7	4
Stoves	NO	13.33%	16-Dec-19	1,868	134	231	200	174	151	367	229	143	90	56
Lights														
Shades, removable	NO	18.75%	16-Dec-19	2,629	493	801	501	313	196	122	76	48	30	19
Security systems & equipment														
Electronic	NO	30.00%	16-Dec-19	830	134	261	163	102	64	40	25	16	10	6
Solar power generating system assets														
	NO	10.00%	16-Dec-19	2,906	156	275	247	223	200	180	162	146	132	118
\$300 items														
	NO	100.00%	16-Dec-19	339	339									
Pooled Plant Total					1,936	3,406	2,494	2,217	1,386	1,574	1,326	829	518	324
Effective Life Plant Total					2,348	3,175	2,508	1,709	1,461	938	661	578	506	443
Total Division 40				34,048	4,284	6,581	5,002	3,926	2,846	2,512	1,986	1,407	1,024	766

Diminishing Value Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 1990	2.50%	16-Dec-19	10,687	533	990	990	990	990	990	990	990	990	990
Building Works - Completed 2000	2.50%	16-Dec-19	2,675	71	132	132	132	132	132	132	132	132	132
Building Works - Completed 2011	2.50%	16-Dec-19	8,230	142	264	264	264	264	264	264	264	264	264
Building Works - Completed 2019	2.50%	16-Dec-19	14,585	197	366	366	366	366	366	366	366	366	366
Structural Improvements - Completed 1992	2.50%	16-Dec-19	892	37	69	69	69	69	69	69	69	69	69
Structural Improvements - Completed 2000	2.50%	16-Dec-19	1,103	29	54	54	54	54	54	54	54	54	54
Structural Improvements - Completed 2011	2.50%	16-Dec-19	3,300	57	106	106	106	106	106	106	106	106	106
Total Division 43			41,472	1,066	1,981	1,981	1,981	1,981	1,981	1,981	1,981	1,981	1,981
Total Depreciation			75,520	5,350	8,562	6,983	5,907	4,827	4,493	3,967	3,388	3,005	2,747

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%	16-Dec-19	2,491	134	249	249	249	249	249	249	249	249	249
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	16-Dec-19	830	156	253	158	99	62	39	24	15	9	6
Blinds Residential														
	NO	18.75%	16-Dec-19	2,145	402	654	409	255	160	100	62	39	24	15
Ceiling Fans														
	NO	18.75%	16-Dec-19	346	65	105	66	41	26	16	10	6	4	2
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	16-Dec-19	304	57	93	58	36	23	14	9	6	3	2
Floor coverings (removable without damage)														
Floating timber	NO	6.67%	16-Dec-19	8,233	295	549	549	549	549	549	549	549	549	549
Furniture														
Furniture	NO	7.50%	16-Dec-19	1,245	50	93	93	93	93	93	93	93	93	93
Furniture	NO	18.75%	16-Dec-19	3,446	646	1,050	656	410	256	160	100	63	39	24
Garage doors, automatic														
Motors	NO	10.00%	16-Dec-19	1,661	89	166	166	166	166	166	166	166	166	166
Hot water systems (excluding piping)														
Gas or electric	NO	8.33%	16-Dec-19	2,491	112	208	208	208	208	208	208	208	208	208
Kitchen assets														
Dishwashers	NO	12.50%	16-Dec-19	1,661	112	208	208	208	208	208	208	208	93	
Rangehoods	NO	18.75%	16-Dec-19	623	117	190	119	74	46	29	18	11	7	4
Stoves	NO	6.67%	16-Dec-19	1,868	67	125	125	125	125	125	125	125	125	125
Lights														
Shades, removable	NO	18.75%	16-Dec-19	2,629	493	801	501	313	196	122	76	48	30	19
Security systems & equipment														
Electronic	NO	15.00%	16-Dec-19	830	67	125	125	125	125	125	125	13		
Solar power generating system assets														
	NO	5.00%	16-Dec-19	2,906	78	145	145	145	145	145	145	145	145	145
\$300 items														
	NO	100.00%	16-Dec-19	339	339									
Pooled Plant Total					1,936	3,145	1,966	1,229	768	480	300	187	117	73
Effective Life Plant Total					1,344	1,868	1,868	1,868	1,868	1,868	1,868	1,756	1,628	1,535
Total Division 40				34,048	3,280	5,013	3,834	3,097	2,636	2,348	2,168	1,944	1,745	1,608

Prime Cost Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 1990	2.50%	16-Dec-19	10,687	533	990	990	990	990	990	990	990	990	990
Building Works - Completed 2000	2.50%	16-Dec-19	2,675	71	132	132	132	132	132	132	132	132	132
Building Works - Completed 2011	2.50%	16-Dec-19	8,230	142	264	264	264	264	264	264	264	264	264
Building Works - Completed 2019	2.50%	16-Dec-19	14,585	197	366	366	366	366	366	366	366	366	366
Structural Improvements - Completed 1992	2.50%	16-Dec-19	892	37	69	69	69	69	69	69	69	69	69
Structural Improvements - Completed 2000	2.50%	16-Dec-19	1,103	29	54	54	54	54	54	54	54	54	54
Structural Improvements - Completed 2011	2.50%	16-Dec-19	3,300	57	106	106	106	106	106	106	106	106	106
Total Division 43			41,472	1,066	1,981	1,981	1,981	1,981	1,981	1,981	1,981	1,981	1,981
Total Depreciation			75,520	4,346	6,994	5,815	5,078	4,617	4,329	4,149	3,925	3,726	3,589

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 1990	13 Jan 90 to 10 Oct 90	39,591	2.50%	990	10,687
Building Works - Completed 2000	5 Mar 00 to 4 Apr 00	5,275	2.50%	132	2,675
Building Works - Completed 2011	1 Feb 11 to 3 Mar 11	10,549	2.50%	264	8,230
Building Works - Completed 2019	10 Sep 19 to 10 Oct 19	14,652	2.50%	366	14,585
Sub-total		70,066		1,752	36,177

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 1992	4 Jun 92 to 1 Dec 92	2,757	2.50%	69	892
Structural Improvements - Completed 2000	5 Mar 00 to 4 Apr 00	2,175	2.50%	54	1,103
Structural Improvements - Completed 2011	1 Feb 11 to 3 Mar 11	4,229	2.50%	106	3,300
Sub-total		9,162		229	5,295
Totals		79,228		1,981	41,472

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

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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>