



## Tax Depreciation Report

44 Fadaro St,  
Kalkallo VIC 3064, Australia

Mary Lomiwes  
44 Fadaro St  
KALKALLO, VIC 3064

Issue Schedule	
Issue Date:	Issued by:
19 March 2020	Mark Kilroy Bsc (Hons) MRICS

Mary Lomiwes  
44 Fadaro St  
KALKALLO, VIC 3064

March 2020  
Job No: RES3064018

### **Tax Depreciation Report – 44 Fadaro St, Kalkallo VIC 3064, Australia**

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



## TABLE OF CONTENTS

1. Property Information .....	2
2. Report Details .....	3
3. Capital Allowances .....	4
4. Capital Works .....	6
5. Summary of Entitlements – Diminishing Value Method .....	7
6. Summary of Entitlements – Prime Cost Method .....	8
7. Comparison Graphs .....	9
8. Capital Expenditure Analysed .....	10
9. Reconciliation of Capital Expenditure .....	10
10. Diminishing Value Depreciation Schedule .....	11
11. Prime Cost Depreciation Schedule .....	13
12. Division 43 Capital Works Schedule .....	15
13. Definition of Terms .....	16
14. Contact Details .....	17
15. Disclaimer .....	18

## 1. Property Information

### Date of Report

19 March 2020

### Purchaser

Mary Lomiwes

### Property Address

44 Fadaro St, Kalkallo VIC 3064, Australia

### Real Property Description

LOT 1403 PS804361

### Property Type

Residential House

### Date of Construction

13 March 2020

### 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				
Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.				
Benefits				
<ul style="list-style-type: none"> <li>• Cash-flow during initial years of asset ownership</li> <li>• Ability to use Low Value Pool for assets less than \$1000 (Note: unable to write off these assets)</li> </ul>				
Calculation Example				
Under Diminishing Value method, the effective life is dividing by 200.				
<b>200 / 10 Years = 20% (Adjusted Value)</b>				
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
\$2,000	\$1,600	\$1,280	\$1,024	\$819.20

Prime Cost Method				
Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.				
Benefits				
<ul style="list-style-type: none"> <li>• Write off assets when they are demolished or disposed.</li> </ul>				
Calculation Example				
Under Prime Cost method, the effective life is dividing by 100.				
<b>100 / 10 Years = 10% (Straight Line)</b>				
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
\$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	13 March 20 to 30 June 20	1,371	2,142	3,513	1,371	4,884
2	1 July 20 to 30 June 21	4,243	3,555	7,798	4,604	12,402
3	1 July 21 to 30 June 22	3,003	2,854	5,857	4,604	10,461
4	1 July 22 to 30 June 23	1,873	2,809	4,681	4,604	9,285
5	1 July 23 to 30 June 24	1,531	1,755	3,286	4,604	7,890
6	1 July 24 to 30 June 25	1,255	1,097	2,352	4,604	6,956
7	1 July 25 to 30 June 26	693	1,307	2,000	4,604	6,604
8	1 July 26 to 30 June 27	389	1,183	1,572	4,604	6,176
9	1 July 27 to 30 June 28	338	739	1,077	4,604	5,681
10	1 July 28 to 30 June 29	293	462	755	4,604	5,359
11	1 July 29 to 30 June 30	254	289	542	4,604	5,146
12	1 July 30 to 30 June 31	220	180	400	4,604	5,004
13	1 July 31 to 30 June 32	190	113	303	4,604	4,907
14	1 July 32 to 30 June 33	165	70	236	4,604	4,840
15	1 July 33 to 30 June 34	143	44	187	4,604	4,791
16	1 July 34 to 30 June 35	0	376	376	4,604	4,980
17	1 July 35 to 30 June 36	0	235	235	4,604	4,839
18	1 July 36 to 30 June 37	0	147	147	4,604	4,751
19	1 July 37 to 30 June 38	0	92	92	4,604	4,696
20	1 July 38 to 30 June 39	0	57	57	4,604	4,661
21	1 July 39 to 30 June 40	0	36	36	4,604	4,640
22	1 July 40 to 30 June 41	0	22	22	4,604	4,626
23	1 July 41 to 30 June 42	0	14	14	4,604	4,618
24	1 July 42 to 30 June 43	0	9	9	4,604	4,613
25	1 July 43 to 30 June 44	0	5	5	4,604	4,609
26	1 July 44 to 30 June 45	0	3	3	4,604	4,607
27	1 July 45 to 30 June 46	0	2	2	4,604	4,606
28	1 July 46 to 30 June 47	0	1	1	4,604	4,605
29	1 July 47 to 30 June 48	0	1	1	4,604	4,605
30	1 July 48 to 30 June 49	0	1	1	4,604	4,605
31	1 July 49 to 30 June 50	0	0	0	4,604	4,604
32	1 July 50 to 30 June 51	0	0	0	4,604	4,604
33	1 July 51 to 30 June 52	0	0	0	4,604	4,604
34	1 July 52 to 30 June 53	0	0	0	4,604	4,604
35	1 July 53 to 30 June 54	0	0	0	4,604	4,604
36	1 July 54 to 30 June 55	0	0	0	4,604	4,604
37	1 July 55 to 30 June 56	0	0	0	4,604	4,604
38	1 July 56 to 30 June 57	0	0	0	4,604	4,604
39	1 July 57 to 30 June 58	0	0	0	4,604	4,604
40	2058+	0	0	0	7,855	7,855
<b>Totals</b>		<b>15,960</b>	<b>19,603</b>	<b>35,563</b>	<b>184,178</b>	<b>219,741</b>

The diminishing value method involves multiplying the remaining amount (or also known as the written down value) of the item by the depreciation rate each year. Hence the term diminishing value method as it diminishes in value each year never quite reaching zero.

### Example

	DV Rate	Opening Value	Year 1	WDV	Year 2
Carpet	20%	\$1,000	\$200	\$800	\$160

## 6. Summary of Entitlements – Prime Cost Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	13 March 20 to 30 June 20	686	2,142	2,828	1,371	4,199
2	1 July 20 to 30 June 21	2,303	3,481	5,784	4,604	10,388
3	1 July 21 to 30 June 22	2,303	2,175	4,478	4,604	9,082
4	1 July 22 to 30 June 23	2,303	1,360	3,663	4,604	8,267
5	1 July 23 to 30 June 24	2,303	850	3,153	4,604	7,757
6	1 July 24 to 30 June 25	2,289	531	2,820	4,604	7,424
7	1 July 25 to 30 June 26	2,258	332	2,590	4,604	7,194
8	1 July 26 to 30 June 27	2,139	207	2,346	4,604	6,950
9	1 July 27 to 30 June 28	1,886	130	2,015	4,604	6,619
10	1 July 28 to 30 June 29	1,445	81	1,526	4,604	6,130
11	1 July 29 to 30 June 30	1,278	51	1,329	4,604	5,933
12	1 July 30 to 30 June 31	891	32	923	4,604	5,527
13	1 July 31 to 30 June 32	769	20	789	4,604	5,393
14	1 July 32 to 30 June 33	479	12	491	4,604	5,095
15	1 July 33 to 30 June 34	479	8	487	4,604	5,091
16	1 July 34 to 30 June 35	329	5	334	4,604	4,938
17	1 July 35 to 30 June 36	0	3	3	4,604	4,607
18	1 July 36 to 30 June 37	0	2	2	4,604	4,606
19	1 July 37 to 30 June 38	0	1	1	4,604	4,605
20	1 July 38 to 30 June 39	0	1	1	4,604	4,605
21	1 July 39 to 30 June 40	0	0	0	4,604	4,604
22	1 July 40 to 30 June 41	0	0	0	4,604	4,604
23	1 July 41 to 30 June 42	0	0	0	4,604	4,604
24	1 July 42 to 30 June 43	0	0	0	4,604	4,604
25	1 July 43 to 30 June 44	0	0	0	4,604	4,604
26	1 July 44 to 30 June 45	0	0	0	4,604	4,604
27	1 July 45 to 30 June 46	0	0	0	4,604	4,604
28	1 July 46 to 30 June 47	0	0	0	4,604	4,604
29	1 July 47 to 30 June 48	0	0	0	4,604	4,604
30	1 July 48 to 30 June 49	0	0	0	4,604	4,604
31	1 July 49 to 30 June 50	0	0	0	4,604	4,604
32	1 July 50 to 30 June 51	0	0	0	4,604	4,604
33	1 July 51 to 30 June 52	0	0	0	4,604	4,604
34	1 July 52 to 30 June 53	0	0	0	4,604	4,604
35	1 July 53 to 30 June 54	0	0	0	4,604	4,604
36	1 July 54 to 30 June 55	0	0	0	4,604	4,604
37	1 July 55 to 30 June 56	0	0	0	4,604	4,604
38	1 July 56 to 30 June 57	0	0	0	4,604	4,604
39	1 July 57 to 30 June 58	0	0	0	4,604	4,604
40	2058+	0	0	0	7,855	7,855
<b>Totals</b>		<b>24,139</b>	<b>11,424</b>	<b>35,563</b>	<b>184,178</b>	<b>219,741</b>

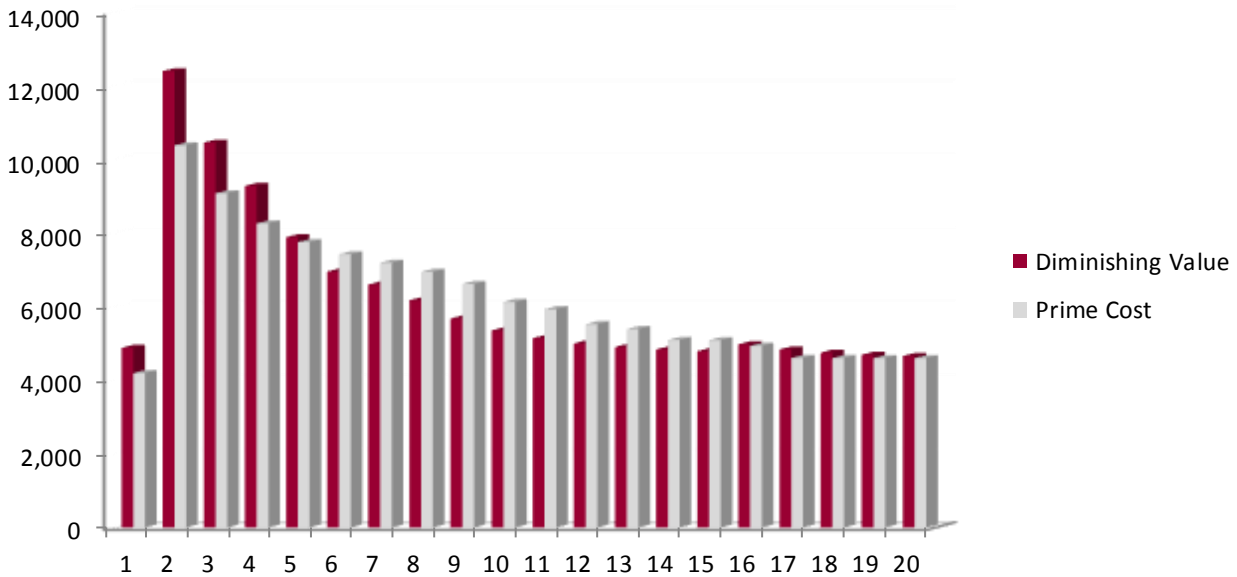
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

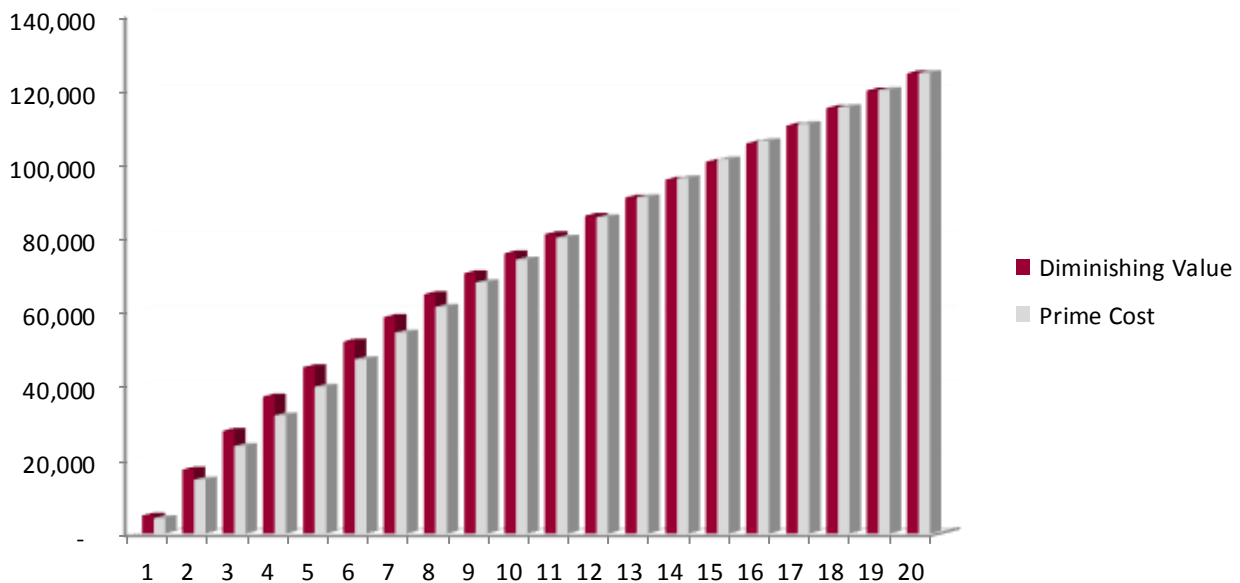
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 7. Comparison Graphs

20 YEAR COMPARISON GRAPH



20 YEAR CUMULATIVE GRAPH



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

## 8. Capital Expenditure Analysed

### Purchase Details

Contract Date	31 July 2019
Settlement Date	13 March 2020

### Expenditure Analysed

Purchase Price	\$485,000
Post Expenditure	\$0
<b>Total Expenditure Analysed</b>	<b>\$485,000</b>

### Historical Construction Details

Construction Start Date	31 July 2019
Construction Completion Date	13 March 2020
Historical Construction Cost (Estimated)*	\$221,000

## 9. Reconciliation of Capital Expenditure

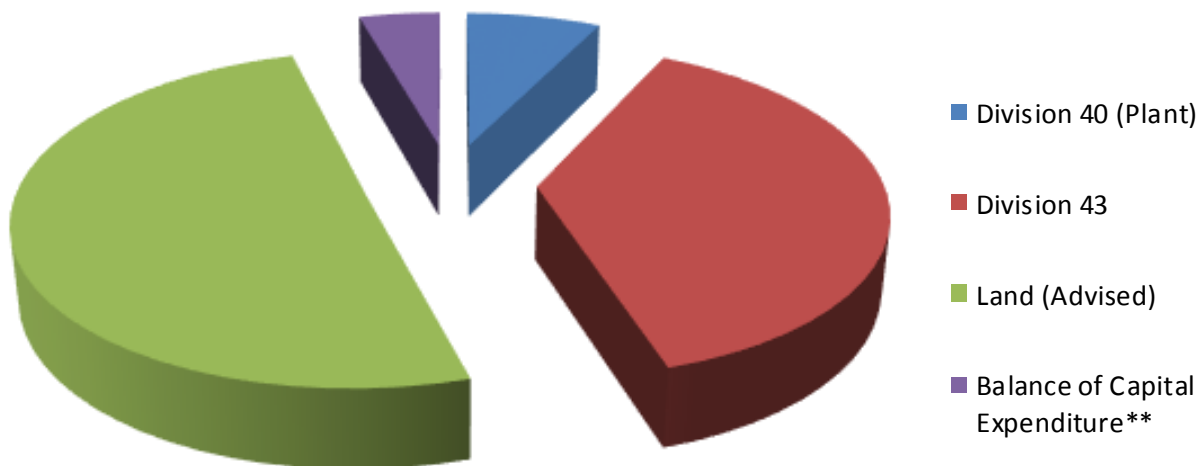
### Apportionment of cost relating to:

Division 40 (Plant)	\$35,563
Division 43	\$184,178
Land (Advised)	\$243,859
Balance of Capital Expenditure**	\$21,400
<b>Total Expenditure Analysed</b>	<b>\$485,000</b>

### Notes

\* The historical construction has been calculated and the eligible qualifying expenditure for the purposes of calculating the Division 43 deductions capital works has been taken from this total by excluding the plant (Division 40) and any non eligible expenditure items

\*\* 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
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	20.00%	13-Mar-20	3,956	236	744	595	476	381	305	244	366	229	143
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	13-Mar-20	989	185	301	188	118	74	46	29	18	11	7
<b>Blinds Residential</b>	18.75%	13-Mar-20	1,900	356	579	362	226	141	88	55	35	22	13
<b>Computer systems</b>													
General	18.75%	13-Mar-20	461	87	141	88	55	34	21	13	8	5	3
<b>Door closers</b>	18.75%	13-Mar-20	237	45	72	45	28	18	11	7	4	3	2
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	13-Mar-20	870	163	265	166	104	65	40	25	16	10	6
<b>Floor coverings ( removable without damage)</b>													
Carpets	25.00%	13-Mar-20	3,420	255	791	593	445	334	250	282	176	110	69
Floating timber	13.33%	13-Mar-20	7,178	285	919	797	690	598	518	449	389	338	293
<b>Furniture</b>	18.75%	13-Mar-20	3,412	640	1,040	650	406	254	159	99	62	39	24
<b>Garage doors, automatic</b>													
Controls	40.00%	13-Mar-20	224	27	74	46	29	18	11	7	4	3	2
Motors	20.00%	13-Mar-20	1,582	94	298	238	357	223	139	87	54	34	21
<b>Garbage disposal</b>													
Garbage bins	18.75%	13-Mar-20	316	59	96	60	38	24	15	9	6	4	2
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	13-Mar-20	2,373	118	376	313	261	218	181	340	212	133	83
<b>Kitchen assets</b>													
Cooktops	16.67%	13-Mar-20	1,121	56	178	333	208	130	81	51	32	20	12
Dishwashers	25.00%	13-Mar-20	1,582	118	366	275	309	193	121	75	47	29	18
Ovens	16.67%	13-Mar-20	1,450	72	230	191	359	224	140	88	55	34	21
Rangehoods	18.75%	13-Mar-20	593	111	181	113	71	44	28	17	11	7	4
<b>Lights</b>													
Shades, removable	18.75%	13-Mar-20	2,644	496	805	503	315	197	123	77	48	30	19
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	13-Mar-20	1,253	112	342	299	187	117	73	46	29	18	11
<b>Pooled Plant Total</b>				<b>2,142</b>	<b>3,555</b>	<b>2,854</b>	<b>2,809</b>	<b>1,755</b>	<b>1,097</b>	<b>1,307</b>	<b>1,183</b>	<b>739</b>	<b>462</b>
<b>Effective Life Plant Total</b>				<b>1,371</b>	<b>4,243</b>	<b>3,003</b>	<b>1,873</b>	<b>1,531</b>	<b>1,255</b>	<b>693</b>	<b>389</b>	<b>338</b>	<b>293</b>
<b>Total Division 40</b>			<b>35,563</b>	<b>3,513</b>	<b>7,798</b>	<b>5,857</b>	<b>4,681</b>	<b>3,286</b>	<b>2,352</b>	<b>2,000</b>	<b>1,572</b>	<b>1,077</b>	<b>755</b>

## Diminishing Value Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
<b>Building Works - Completed 2020</b>	2.50%	13-Mar-20	177,532	1,322	4,438	4,438	4,438	4,438	4,438	4,438	4,438	4,438	4,438
<b>Structural Improvements - Completed 2020</b>	2.50%	13-Mar-20	6,646	49	166	166	166	166	166	166	166	166	166
<b>Total Division 43</b>			184,178	1,371	4,604	4,604	4,604	4,604	4,604	4,604	4,604	4,604	4,604
<b>Total Depreciation</b>			219,741	4,884	12,402	10,461	9,285	7,890	6,956	6,604	6,176	5,681	5,359

## 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
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	10.00%	13-Mar-20	3,956	118	396	396	396	396	396	396	396	396	396
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	13-Mar-20	989	185	301	188	118	74	46	29	18	11	7
<b>Blinds Residential</b>	18.75%	13-Mar-20	1,900	356	579	362	226	141	88	55	35	22	13
<b>Computer systems</b>													
General	18.75%	13-Mar-20	461	87	141	88	55	34	21	13	8	5	3
<b>Door closers</b>	18.75%	13-Mar-20	237	45	72	45	28	18	11	7	4	3	2
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	13-Mar-20	870	163	265	166	104	65	40	25	16	10	6
<b>Floor coverings ( removable without damage)</b>													
Carpets	12.50%	13-Mar-20	3,420	127	427	427	427	427	427	427	427	303	
Floating timber	6.67%	13-Mar-20	7,178	143	479	479	479	479	479	479	479	479	479
<b>Furniture</b>	18.75%	13-Mar-20	3,412	640	1,040	650	406	254	159	99	62	39	24
<b>Garage doors, automatic</b>													
Controls	20.00%	13-Mar-20	224	13	45	45	45	45	31				
Motors	10.00%	13-Mar-20	1,582	47	158	158	158	158	158	158	158	158	158
<b>Garbage disposal</b>													
Garbage bins	18.75%	13-Mar-20	316	59	96	60	38	24	15	9	6	4	2
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	13-Mar-20	2,373	59	198	198	198	198	198	198	198	198	198
<b>Kitchen assets</b>													
Cooktops	8.33%	13-Mar-20	1,121	28	93	93	93	93	93	93	93	93	93
Dishwashers	12.50%	13-Mar-20	1,582	59	198	198	198	198	198	198	198	137	
Ovens	8.33%	13-Mar-20	1,450	36	121	121	121	121	121	121	121	121	121
Rangehoods	18.75%	13-Mar-20	593	111	181	113	71	44	28	17	11	7	4
<b>Lights</b>													
Shades, removable	18.75%	13-Mar-20	2,644	496	805	503	315	197	123	77	48	30	19
<b>Security systems &amp; equipment</b>													
Electronic	15.00%	13-Mar-20	1,253	56	188	188	188	188	188	188	69		
<b>Pooled Plant Total</b>				<b>2,142</b>	<b>3,481</b>	<b>2,175</b>	<b>1,360</b>	<b>850</b>	<b>531</b>	<b>332</b>	<b>207</b>	<b>130</b>	<b>81</b>
<b>Effective Life Plant Total</b>				<b>686</b>	<b>2,303</b>	<b>2,303</b>	<b>2,303</b>	<b>2,303</b>	<b>2,289</b>	<b>2,258</b>	<b>2,139</b>	<b>1,886</b>	<b>1,445</b>
<b>Total Division 40</b>			<b>35,563</b>	<b>2,828</b>	<b>5,784</b>	<b>4,478</b>	<b>3,663</b>	<b>3,153</b>	<b>2,820</b>	<b>2,590</b>	<b>2,346</b>	<b>2,015</b>	<b>1,526</b>

## Prime Cost Depreciation Schedule (cont.)

Division 43 - Capital Works Allowance													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
<b>Building Works - Completed 2020</b>	2.50%	13-Mar-20	177,532	1,322	4,438	4,438	4,438	4,438	4,438	4,438	4,438	4,438	4,438
<b>Structural Improvements - Completed 2020</b>	2.50%	13-Mar-20	6,646	49	166	166	166	166	166	166	166	166	166
<b>Total Division 43</b>			184,178	1,371	4,604	4,604	4,604	4,604	4,604	4,604	4,604	4,604	4,604
<b>Total Depreciation</b>			219,741	4,199	10,388	9,082	8,267	7,757	7,424	7,194	6,950	6,619	6,130



## 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 2020	31 Jul 19 to 13 Mar 20	177,532	2.50%	4,438	177,532
<b>Sub-total</b>		<b>177,532</b>		<b>4,438</b>	<b>177,532</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2020	31 Jul 19 to 13 Mar 20	6,646	2.50%	166	6,646
<b>Sub-total</b>		<b>6,646</b>		<b>166</b>	<b>6,646</b>
<b>Totals</b>		<b>184,178</b>		<b>4,604</b>	<b>184,178</b>

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

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

### 13. Definition of Terms

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

## 14. Contact Details

COMPANY DETAILS	
<b>Company Name</b>	Koste Pty Ltd
<b>Postal Address</b>	Suite 1, L12/133 Mary Street, Brisbane, Qld 4000
<b>Office Number</b>	1300 669 400
<b>Office Email</b>	info@koste.com.au

LEAD SURVEYOR DETAILS	
<b>Surveyors Name</b>	Mark Kilroy
<b>Tax Agent Number</b>	24370523
<b>Contact Number</b>	0468 849 299
<b>Email</b>	mark@koste.com.au

## **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.