



Tax Depreciation Report

Unit 33/7 Panorama Drive,
Preston Beach, WA 6215

Dale and Jenni Glaskin
7 Hawkesbury Drive
WILLETTON, WA 6155

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

Dale and Jenni Glaskin
7 Hawkesbury Drive
WILLETTON, WA 6155

March 2020
Job No: RES6215011

Tax Depreciation Report – Unit 33/7 Panorama Drive, Preston Beach, WA 6215

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

26 March 2020

Purchaser

Dale and Jenni Glaskin

Property Address

Unit 33/7 Panorama Drive, Preston Beach, WA 6215

Real Property Description

LOT 51 S052193

Property Type

Residential Townhouse

Date of Construction

1 October 2008

Date Available To Generate Income

2 July 2018

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								
<p>Under Diminishing Value method, the effective life is dividing by 200.</p> <p>200 / 10 Years = 20% (Adjusted Value)</p> <p>If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.</p>	<p>Under Prime Cost method, the effective life is dividing by 100.</p> <p>100 / 10 Years = 10% (Straight Line)</p> <p>If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.</p>								
Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
\$2,000	\$1,600	\$1,280	\$1,024	\$819.20	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

4. Capital Works

4.1 Entitlement

Capital Works Division 43 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life.

4.2 Method of Depreciation

Capital Works allowances under Division 43 are based on the historical construction costs and are not based on an apportionment of the purchase price. Where construction costs are not available, a qualified Quantity Surveyor will establish costs in accordance with the Tax Ruling TR97/25.

Capital Works are depreciated by Prime Cost method only, which may vary dependant on the date the construction works commenced and the property usage. Where a property has been updated over the years, capital works expenditure may be allocated in different periods. Clients must make any construction periods clear wherever possible to ensure your claim is maximised.

4.3 Method of Depreciation

Structural improvements such as fencing, paths and other hard landscaping can also be written off at 2.5% per annum if construction started after 27 February 1992.

5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	Division 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	1 August 18 to 30 June 19	0	0	0	1,690	1,690	5,279	5,279
2	1 July 19 to 30 June 20	0	0	0	1,853	1,853	6,108	11,386
3	1 July 20 to 30 June 21	0	0	0	1,853	1,853	4,483	15,869
4	1 July 21 to 30 June 22	0	0	0	1,853	1,853	3,028	18,898
5	1 July 22 to 30 June 23	0	0	0	1,853	1,853	2,270	21,168
6	1 July 23 to 30 June 24	0	0	0	1,853	1,853	1,542	22,710
7	1 July 24 to 30 June 25	0	0	0	1,853	1,853	1,065	23,775
8	1 July 25 to 30 June 26	0	0	0	1,853	1,853	990	24,765
9	1 July 26 to 30 June 27	0	0	0	1,853	1,853	808	25,573
10	1 July 27 to 30 June 28	0	0	0	1,853	1,853	505	26,078
11	1 July 28 to 30 June 29	0	0	0	1,853	1,853	316	26,394
12	1 July 29 to 30 June 30	0	0	0	1,853	1,853	197	26,591
13	1 July 30 to 30 June 31	0	0	0	1,853	1,853	123	26,715
14	1 July 31 to 30 June 32	0	0	0	1,853	1,853	77	26,792
15	1 July 32 to 30 June 33	0	0	0	1,853	1,853	48	26,840
16	1 July 33 to 30 June 34	0	0	0	1,853	1,853	30	26,870
17	1 July 34 to 30 June 35	0	0	0	1,853	1,853	19	26,889
18	1 July 35 to 30 June 36	0	0	0	1,853	1,853	12	26,900
19	1 July 36 to 30 June 37	0	0	0	1,853	1,853	7	26,908
20	1 July 37 to 30 June 38	0	0	0	1,853	1,853	5	26,912
21	1 July 38 to 30 June 39	0	0	0	1,853	1,853	3	26,915
22	1 July 39 to 30 June 40	0	0	0	1,853	1,853	2	26,917
23	1 July 40 to 30 June 41	0	0	0	1,853	1,853	1	26,918
24	1 July 41 to 30 June 42	0	0	0	1,853	1,853	1	26,919
25	1 July 42 to 30 June 43	0	0	0	1,853	1,853	0	26,919
26	1 July 43 to 30 June 44	0	0	0	1,853	1,853	0	26,920
27	1 July 44 to 30 June 45	0	0	0	1,853	1,853	0	26,920
28	1 July 45 to 30 June 46	0	0	0	1,853	1,853	0	26,920
29	1 July 46 to 30 June 47	0	0	0	1,853	1,853	0	26,920
30	1 July 47 to 30 June 48	0	0	0	1,853	1,853	0	26,920
31	1 July 48 to 30 June 49	0	0	0	474	474	0	26,920
32	1 July 49 to 30 June 50	0	0	0	0	0	0	26,920
33	1 July 50 to 30 June 51	0	0	0	0	0	0	26,920
34	1 July 51 to 30 June 52	0	0	0	0	0	0	26,920
35	1 July 52 to 30 June 53	0	0	0	0	0	0	26,920
36	1 July 53 to 30 June 54	0	0	0	0	0	0	26,920
37	1 July 54 to 30 June 55	0	0	0	0	0	0	26,920
38	1 July 55 to 30 June 56	0	0	0	0	0	0	26,920
39	1 July 56 to 30 June 57	0	0	0	0	0	0	26,920
40	2057+	0	0	0	0	0	0	26,920
Totals		0	0	0	55,901	55,901	26,920	26,920

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	1 August 18 to 30 June 19	0	0	0	1,690	1,690	4,200	4,200
2	1 July 19 to 30 June 20	0	0	0	1,853	1,853	5,027	9,227
3	1 July 20 to 30 June 21	0	0	0	1,853	1,853	3,585	12,813
4	1 July 21 to 30 June 22	0	0	0	1,853	1,853	2,684	15,497
5	1 July 22 to 30 June 23	0	0	0	1,853	1,853	2,121	17,617
6	1 July 23 to 30 June 24	0	0	0	1,853	1,853	1,769	19,386
7	1 July 24 to 30 June 25	0	0	0	1,853	1,853	1,549	20,935
8	1 July 25 to 30 June 26	0	0	0	1,853	1,853	1,411	22,346
9	1 July 26 to 30 June 27	0	0	0	1,853	1,853	1,325	23,671
10	1 July 27 to 30 June 28	0	0	0	1,853	1,853	1,272	24,943
11	1 July 28 to 30 June 29	0	0	0	1,853	1,853	532	25,474
12	1 July 29 to 30 June 30	0	0	0	1,853	1,853	440	25,914
13	1 July 30 to 30 June 31	0	0	0	1,853	1,853	285	26,200
14	1 July 31 to 30 June 32	0	0	0	1,853	1,853	245	26,445
15	1 July 32 to 30 June 33	0	0	0	1,853	1,853	230	26,674
16	1 July 33 to 30 June 34	0	0	0	1,853	1,853	66	26,740
17	1 July 34 to 30 June 35	0	0	0	1,853	1,853	46	26,787
18	1 July 35 to 30 June 36	0	0	0	1,853	1,853	45	26,832
19	1 July 36 to 30 June 37	0	0	0	1,853	1,853	44	26,876
20	1 July 37 to 30 June 38	0	0	0	1,853	1,853	43	26,919
21	1 July 38 to 30 June 39	0	0	0	1,853	1,853	1	26,919
22	1 July 39 to 30 June 40	0	0	0	1,853	1,853	0	26,920
23	1 July 40 to 30 June 41	0	0	0	1,853	1,853	0	26,920
24	1 July 41 to 30 June 42	0	0	0	1,853	1,853	0	26,920
25	1 July 42 to 30 June 43	0	0	0	1,853	1,853	0	26,920
26	1 July 43 to 30 June 44	0	0	0	1,853	1,853	0	26,920
27	1 July 44 to 30 June 45	0	0	0	1,853	1,853	0	26,920
28	1 July 45 to 30 June 46	0	0	0	1,853	1,853	0	26,920
29	1 July 46 to 30 June 47	0	0	0	1,853	1,853	0	26,920
30	1 July 47 to 30 June 48	0	0	0	1,853	1,853	0	26,920
31	1 July 48 to 30 June 49	0	0	0	474	474	0	26,920
32	1 July 49 to 30 June 50	0	0	0	0	0	0	26,920
33	1 July 50 to 30 June 51	0	0	0	0	0	0	26,920
34	1 July 51 to 30 June 52	0	0	0	0	0	0	26,920
35	1 July 52 to 30 June 53	0	0	0	0	0	0	26,920
36	1 July 53 to 30 June 54	0	0	0	0	0	0	26,920
37	1 July 54 to 30 June 55	0	0	0	0	0	0	26,920
38	1 July 55 to 30 June 56	0	0	0	0	0	0	26,920
39	1 July 56 to 30 June 57	0	0	0	0	0	0	26,920
40	2057+	0	0	0	0	0	0	26,920
Totals		0	0	0	55,901	55,901	26,920	26,920

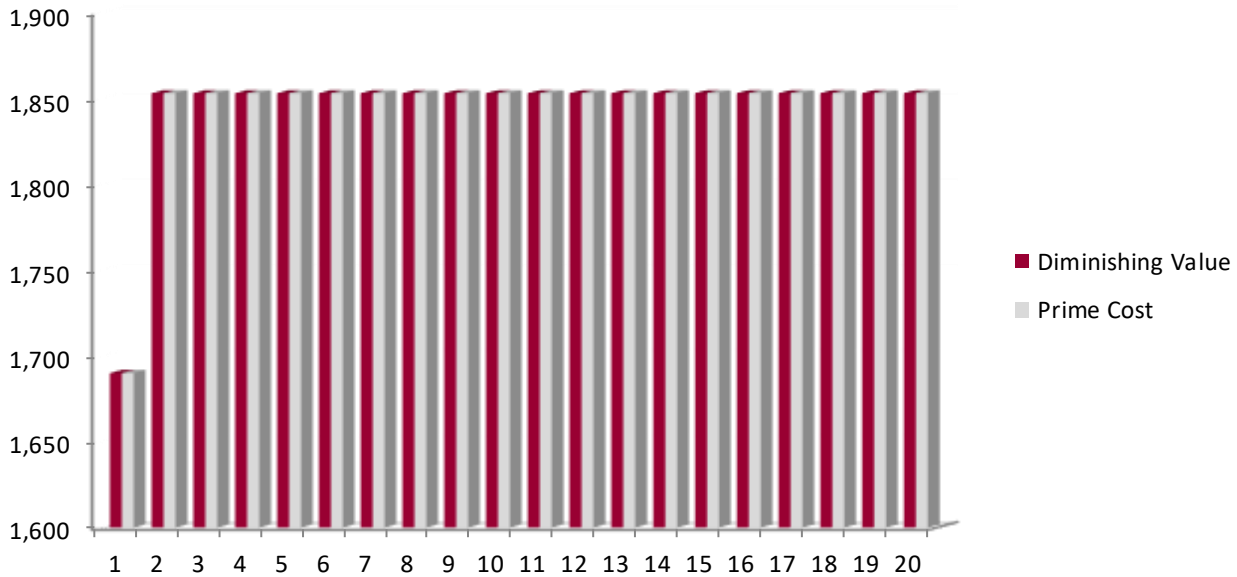
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

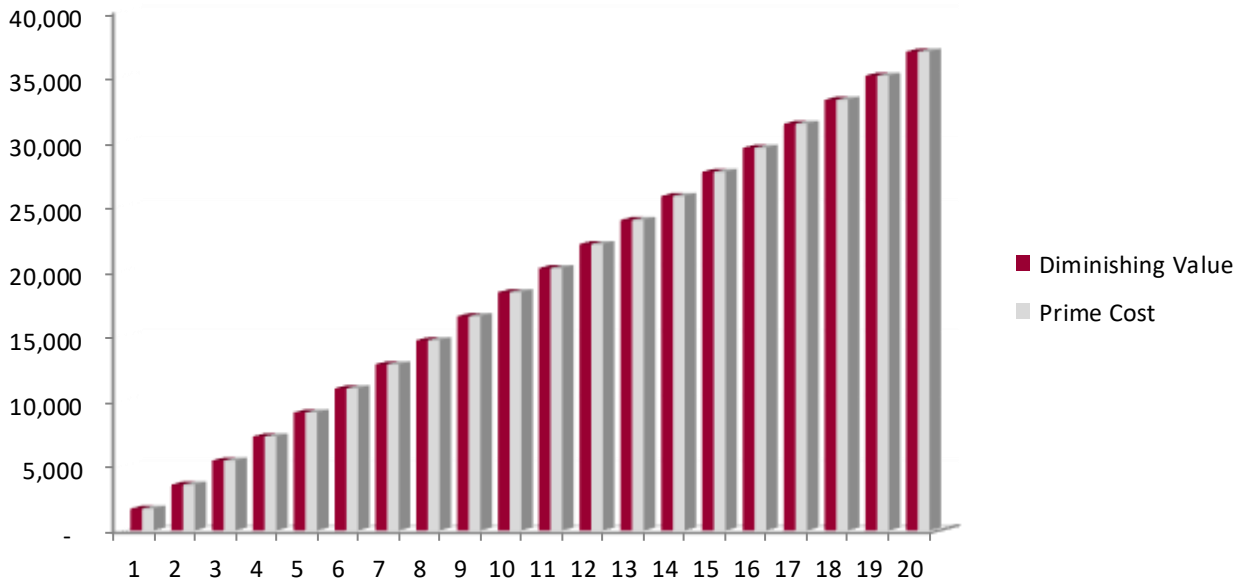
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	1 August 2018
Settlement Date	1 August 2018
Available To Generate Income	2 July 2018

Expenditure Analysed

Purchase Price	\$99,000
Stamp Duty	\$1,937
Total Expenditure Analysed	\$100,937

Historical Construction Details

Construction Start Date	5 January 2008
Construction Completion Date	1 October 2008
Historical Construction Cost (Estimated)*	\$95,265

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

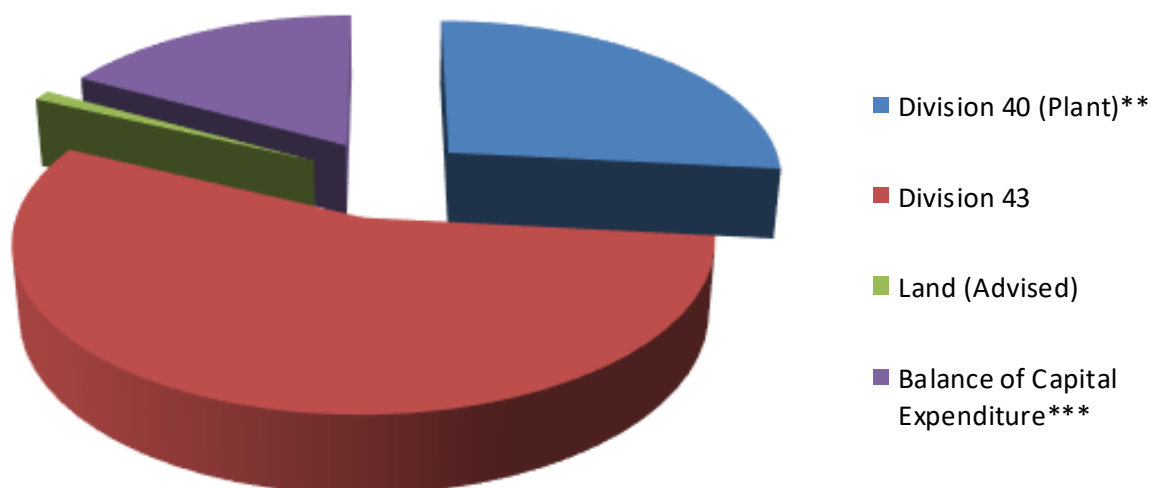
Division 40 (Plant)**	\$26,920
Division 43	\$55,901
Land (Advised)	\$1,020
Balance of Capital Expenditure***	\$17,096
Total Expenditure Analysed	\$100,937

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%	1-Aug-18	5,040	920	824	659	527	422	338	270	216	324	203
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	1-Aug-18	723	136	220	138	86	54	34	21	13	8	5
Blinds Residential														
	NO	18.75%	1-Aug-18	2,188	410	667	417	260	163	102	64	40	25	16
Ceiling Fans														
	NO	18.75%	1-Aug-18	1,085	203	331	207	129	81	50	32	20	12	8
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	1-Aug-18	455	85	139	87	54	34	21	13	8	5	3
Floor coverings (removable without damage)														
Carpets	NO	20.00%	1-Aug-18	1,493	272	244	366	229	143	89	56	35	22	14
Floating timber	NO	13.33%	1-Aug-18	2,672	325	313	271	235	204	177	153	373	233	146
Furniture														
	NO	18.75%	1-Aug-18	4,262	799	1,299	812	507	317	198	124	77	48	30
Hot water systems (excluding piping)														
Gas or electric	NO	16.67%	1-Aug-18	1,860	283	263	219	183	342	214	134	84	52	33
Kitchen assets														
Cooktops	NO	18.75%	1-Aug-18	878	165	268	167	105	65	41	26	16	10	6
Dishwashers	NO	20.00%	1-Aug-18	1,240	226	203	304	190	119	74	46	29	18	11
Refrigerators	NO	18.75%	1-Aug-18	684	128	208	130	81	51	32	20	12	8	5
Laundry assets														
Washing machines	NO	18.75%	1-Aug-18	513	96	156	98	61	38	24	15	9	6	4
Lights														
Shades, removable	NO	18.75%	1-Aug-18	977	183	298	186	116	73	45	28	18	11	7
Outdoor assets														
Barbecues	NO	10.00%	1-Aug-18	855	78	291	182	114	71	44	28	17	11	7
Sunshades														
	NO	15.00%	1-Aug-18	385	53	125	78	49	30	19	12	7	5	3
Televisions														
	NO	18.75%	1-Aug-18	855	160	261	163	102	64	40	25	16	10	6
\$300 items														
	NO	100.00%	1-Aug-18	756	756									
Pooled Plant Total					2,366	4,261	3,334	2,083	1,644	1,028	642	774	808	505
Effective Life Plant Total					2,913	1,847	1,149	945	626	514	423	216		
Total Division 40				26,920	5,279	6,108	4,483	3,028	2,270	1,542	1,065	990	808	505

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 2008	2.50%	01-Aug-18	51,544	1,559	1,709	1,709	1,709	1,709	1,709	1,709	1,709	1,709	1,709
Structural Improvements - Completed 2008	2.50%	01-Aug-18	4,357	131	144	144	144	144	144	144	144	144	144
Total Division 43			55,901	1,690	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853

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%	01-Aug-18	5,040	460	504	504	504	504	504	504	504	504	504
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	01-Aug-18	723	136	220	138	86	54	34	21	13	8	5
Blinds Residential														
	NO	18.75%	01-Aug-18	2,188	410	667	417	260	163	102	64	40	25	16
Ceiling Fans														
	NO	18.75%	01-Aug-18	1,085	203	331	207	129	81	50	32	20	12	8
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	01-Aug-18	455	85	139	87	54	34	21	13	8	5	3
Floor coverings (removable without damage)														
Carpets	NO	10.00%	01-Aug-18	1,493	136	149	149	149	149	149	149	149	149	149
Floating timber	NO	6.67%	01-Aug-18	2,672	163	178	178	178	178	178	178	178	178	178
Furniture														
	NO	18.75%	01-Aug-18	4,262	799	1,299	812	507	317	198	124	77	48	30
Hot water systems (excluding piping)														
Gas or electric	NO	8.33%	01-Aug-18	1,860	141	155	155	155	155	155	155	155	155	155
Kitchen assets														
Cooktops	NO	18.75%	01-Aug-18	878	165	268	167	105	65	41	26	16	10	6
Dishwashers	NO	10.00%	01-Aug-18	1,240	113	124	124	124	124	124	124	124	124	124
Refrigerators	NO	18.75%	01-Aug-18	684	128	208	130	81	51	32	20	12	8	5
Laundry assets														
Washing machines	NO	18.75%	01-Aug-18	513	96	156	98	61	38	24	15	9	6	4
Lights														
Shades, removable	NO	18.75%	01-Aug-18	977	183	298	186	116	73	45	28	18	11	7
Outdoor assets														
Barbecues	NO	5.00%	01-Aug-18	855	39	43	43	43	43	43	43	43	43	43
Sunshades														
	NO	7.50%	01-Aug-18	385	26	29	29	29	29	29	29	29	29	29
Televisions														
	NO	18.75%	01-Aug-18	855	160	261	163	102	64	40	25	16	10	6
\$300 items														
	NO	100.00%	01-Aug-18	756	756									
Pooled Plant Total					2,366	3,845	2,403	1,502	939	587	367	229	143	90
Effective Life Plant Total					1,834	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182
Total Division 40				26,920	4,200	5,027	3,585	2,684	2,121	1,769	1,549	1,411	1,325	1,272

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 2008	2.50%	01-Aug-18	51,544	1,559	1,709	1,709	1,709	1,709	1,709	1,709	1,709	1,709	1,709
Structural Improvements - Completed 2008	2.50%	01-Aug-18	4,357	131	144	144	144	144	144	144	144	144	144
Total Division 43			55,901	1,690	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853	1,853

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 2008	5 Jan 08 to 1 Oct 08	68,357	2.50%	1,709	51,544
Sub-total		68,357		1,709	51,544

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2008	5 Jan 08 to 1 Oct 08	5,778	2.50%	144	4,357
Sub-total		5,778		144	4,357
Totals		74,135		1,853	55,901

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>