



## Tax Depreciation Report

707/159 Logan Rd,  
Woolloongabba QLD 4102

Tana Luksanapiruk  
1010/70 Carl Street  
WOOLLOONGABBA, QLD 4102

Issue Schedule	
Issue Date:	Issued by:
02 April 2020	Mark Kilroy Bsc (Hons) MRICS

Tana Lucksanapiruk  
1010/70 Carl Street  
WOOLLOONGABBA, QLD 4102

April 2020  
Job No: RES4102018

**Tax Depreciation Report – 707/159 Logan Rd, Woolloongabba QLD 4102**

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

2 April 2020

### Purchaser

Tana Lucksanapiruk

### Property Address

707/159 Logan Rd, Woolloongabba QLD 4102

### Real Property Description

L707 SP262956

### Property Type

Residential Unit

### Date of Construction

1 February 2014

### Date Available To Generate Income

23 December 2019

### Property Photo



## 2. Report Details

### 2.1 Introduction

Koste Pty Ltd has prepared an independent Tax Depreciation Schedule for the purchase of the subject property under the Income Tax Act 1997.

We have evaluated and reported the allowances based on the following:

#### **Division 40 (Capital Allowances)**

Referred to as Depreciating Assets, identified as assets which can be removed with ease including; Appliances, Furnishings and the like. Koste will identify and provide an analysis using both Diminishing Value and Prime Cost methods of depreciation. All items which have a value less than \$300 will be written off in the first year.

#### **Division 40 (Capital Allowances) - Low Value Pool**

Low Cost Assets are depreciating assets which have a cost of between \$300 and \$1,000 at your purchase date. These assets are depreciated at 18.75% in the first year, and 37.5% in each subsequent year.

#### **Division 43 (Capital Works)**

Capital works often referred to as Building Allowances entitles the tax payer to a deduction on assessable income producing buildings and other capital works. The opening value of these assets will be calculated on the date of installation; typical assets may include Windows, Doors and Walls.

### **3. Capital Allowances**

#### **3.1 Entitlement**

Capital Allowances Division 40 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life. A depreciating asset will deteriorate over the life and will therefore decline in value.

#### **3.2 Qualifying Expenditure Calculation**

On a property acquisition, Capital Allowances (Plant and Equipment) are based on a reasonable apportionment of the purchase price relating to qualifying plant under the Income Tax Assessment Act (ITAA) 1977 Section 40 – 195.

#### **3.3 Effective Life**

The Commissioner of Taxation provides regular tax rulings which determine the period an asset can be used to produce income. Included within this report is as new effective life rates.

#### **3.4 Immediate Write-Off Assets**

A depreciating asset which costs less than \$300 can be immediately written off under Division 40 of ITAA. Please note that this is only applicable to residential property investments.

#### **3.5 Low Value Pool**

Assets which have a starting value of between \$300 and \$1000 have been included within the Low Value Pool. These assets are depreciated at 18.75% in the first year and 37.5% for all subsequent years on a diminishing basis.

An asset that has a written down value under \$1000 in following years will be allocated to the low value pool and depreciated at 37.5% using diminishing value method. This method does not apply to assets that were depreciated using the prime cost method in any previous years.

### 3.6 Method of Depreciation

We provide you with a choice to calculate the decline in value for depreciating assets. Your choice on whether to use Diminishing Value or Prime Cost method of depreciation should be discussed with your accountant. Once a depreciation method is chosen for an asset this cannot be changed.

Diminishing Value Method					Prime Cost Method				
<p>Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.</p>					<p>Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.</p>				
Benefits					Benefits				
<ul style="list-style-type: none"> <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>					<ul style="list-style-type: none"> <li>• Write off assets when they are demolished or disposed.</li> </ul>				
Calculation Example					Calculation Example				
<p>Under Diminishing Value method, the effective life is dividing by 200.</p> <p><b>200 / 10 Years = 20% (Adjusted Value)</b></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><b>100 / 10 Years = 10% (Straight Line)</b></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	6 February 20 to 30 June 20	0	0	0	2,240	2,240	5,331	5,331
2	1 July 20 to 30 June 21	0	0	0	5,655	5,655	11,257	16,588
3	1 July 21 to 30 June 22	0	0	0	5,655	5,655	7,874	24,462
4	1 July 22 to 30 June 23	0	0	0	5,655	5,655	5,621	30,083
5	1 July 23 to 30 June 24	0	0	0	5,655	5,655	4,433	34,516
6	1 July 24 to 30 June 25	0	0	0	5,655	5,655	3,261	37,777
7	1 July 25 to 30 June 26	0	0	0	5,655	5,655	2,663	40,440
8	1 July 26 to 30 June 27	0	0	0	5,655	5,655	2,010	42,450
9	1 July 27 to 30 June 28	0	0	0	5,655	5,655	1,563	44,013
10	1 July 28 to 30 June 29	0	0	0	5,655	5,655	1,445	45,458
11	1 July 29 to 30 June 30	0	0	0	5,655	5,655	1,119	46,577
12	1 July 30 to 30 June 31	0	0	0	5,655	5,655	1,039	47,615
13	1 July 31 to 30 June 32	0	0	0	5,655	5,655	798	48,414
14	1 July 32 to 30 June 33	0	0	0	5,655	5,655	638	49,052
15	1 July 33 to 30 June 34	0	0	0	5,655	5,655	529	49,580
16	1 July 34 to 30 June 35	0	0	0	5,655	5,655	451	50,032
17	1 July 35 to 30 June 36	0	0	0	5,655	5,655	395	50,427
18	1 July 36 to 30 June 37	0	0	0	5,655	5,655	353	50,779
19	1 July 37 to 30 June 38	0	0	0	5,655	5,655	319	51,098
20	1 July 38 to 30 June 39	0	0	0	5,655	5,655	291	51,390
21	1 July 39 to 30 June 40	0	0	0	5,655	5,655	268	51,657
22	1 July 40 to 30 June 41	0	0	0	5,655	5,655	247	51,905
23	1 July 41 to 30 June 42	0	0	0	5,655	5,655	229	52,134
24	1 July 42 to 30 June 43	0	0	0	5,655	5,655	213	52,347
25	1 July 43 to 30 June 44	0	0	0	5,655	5,655	198	52,546
26	1 July 44 to 30 June 45	0	0	0	5,655	5,655	185	52,731
27	1 July 45 to 30 June 46	0	0	0	5,655	5,655	172	52,903
28	1 July 46 to 30 June 47	0	0	0	5,655	5,655	161	53,063
29	1 July 47 to 30 June 48	0	0	0	5,655	5,655	150	53,213
30	1 July 48 to 30 June 49	0	0	0	5,655	5,655	140	53,353
31	1 July 49 to 30 June 50	0	0	0	5,655	5,655	130	53,483
32	1 July 50 to 30 June 51	0	0	0	5,655	5,655	122	53,605
33	1 July 51 to 30 June 52	0	0	0	5,655	5,655	114	53,718
34	1 July 52 to 30 June 53	0	0	0	5,655	5,655	106	53,824
35	1 July 53 to 30 June 54	0	0	0	3,306	3,306	99	53,923
36	1 July 54 to 30 June 55	0	0	0	0	0	92	54,015
37	1 July 55 to 30 June 56	0	0	0	0	0	86	54,102
38	1 July 56 to 30 June 57	0	0	0	0	0	80	54,182
39	1 July 57 to 30 June 58	0	0	0	0	0	75	54,257
40	2058+	0	0	0	0	0	1,050	55,307
<b>Totals</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>192,161</b>	<b>192,161</b>	<b>55,307</b>	<b>55,307</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	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	6 February 20 to 30 June 20	0	0	0	2,240	2,240	4,004	4,004
2	1 July 20 to 30 June 21	0	0	0	5,655	5,655	7,637	11,641
3	1 July 21 to 30 June 22	0	0	0	5,655	5,655	6,029	17,670
4	1 July 22 to 30 June 23	0	0	0	5,655	5,655	5,024	22,694
5	1 July 23 to 30 June 24	0	0	0	5,655	5,655	4,397	27,091
6	1 July 24 to 30 June 25	0	0	0	5,655	5,655	3,722	30,813
7	1 July 25 to 30 June 26	0	0	0	5,655	5,655	3,043	33,855
8	1 July 26 to 30 June 27	0	0	0	5,655	5,655	2,821	36,676
9	1 July 27 to 30 June 28	0	0	0	5,655	5,655	2,572	39,248
10	1 July 28 to 30 June 29	0	0	0	5,655	5,655	2,323	41,571
11	1 July 29 to 30 June 30	0	0	0	5,655	5,655	1,900	43,472
12	1 July 30 to 30 June 31	0	0	0	5,655	5,655	1,323	44,795
13	1 July 31 to 30 June 32	0	0	0	5,655	5,655	1,127	45,922
14	1 July 32 to 30 June 33	0	0	0	5,655	5,655	792	46,714
15	1 July 33 to 30 June 34	0	0	0	5,655	5,655	556	47,270
16	1 July 34 to 30 June 35	0	0	0	5,655	5,655	552	47,822
17	1 July 35 to 30 June 36	0	0	0	5,655	5,655	550	48,371
18	1 July 36 to 30 June 37	0	0	0	5,655	5,655	548	48,920
19	1 July 37 to 30 June 38	0	0	0	5,655	5,655	547	49,467
20	1 July 38 to 30 June 39	0	0	0	5,655	5,655	547	50,014
21	1 July 39 to 30 June 40	0	0	0	5,655	5,655	510	50,524
22	1 July 40 to 30 June 41	0	0	0	5,655	5,655	504	51,029
23	1 July 41 to 30 June 42	0	0	0	5,655	5,655	504	51,533
24	1 July 42 to 30 June 43	0	0	0	5,655	5,655	504	52,037
25	1 July 43 to 30 June 44	0	0	0	5,655	5,655	497	52,534
26	1 July 44 to 30 June 45	0	0	0	5,655	5,655	495	53,029
27	1 July 45 to 30 June 46	0	0	0	5,655	5,655	495	53,524
28	1 July 46 to 30 June 47	0	0	0	5,655	5,655	495	54,019
29	1 July 47 to 30 June 48	0	0	0	5,655	5,655	495	54,514
30	1 July 48 to 30 June 49	0	0	0	5,655	5,655	495	55,009
31	1 July 49 to 30 June 50	0	0	0	5,655	5,655	294	55,303
32	1 July 50 to 30 June 51	0	0	0	5,655	5,655	0	55,303
33	1 July 51 to 30 June 52	0	0	0	5,655	5,655	0	55,303
34	1 July 52 to 30 June 53	0	0	0	5,655	5,655	0	55,303
35	1 July 53 to 30 June 54	0	0	0	3,306	3,306	0	55,303
36	1 July 54 to 30 June 55	0	0	0	0	0	0	55,303
37	1 July 55 to 30 June 56	0	0	0	0	0	0	55,303
38	1 July 56 to 30 June 57	0	0	0	0	0	0	55,303
39	1 July 57 to 30 June 58	0	0	0	0	0	0	55,303
40	2058+	0	0	0	0	0	4	55,307
<b>Totals</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>192,161</b>	<b>192,161</b>	<b>55,307</b>	<b>55,307</b>

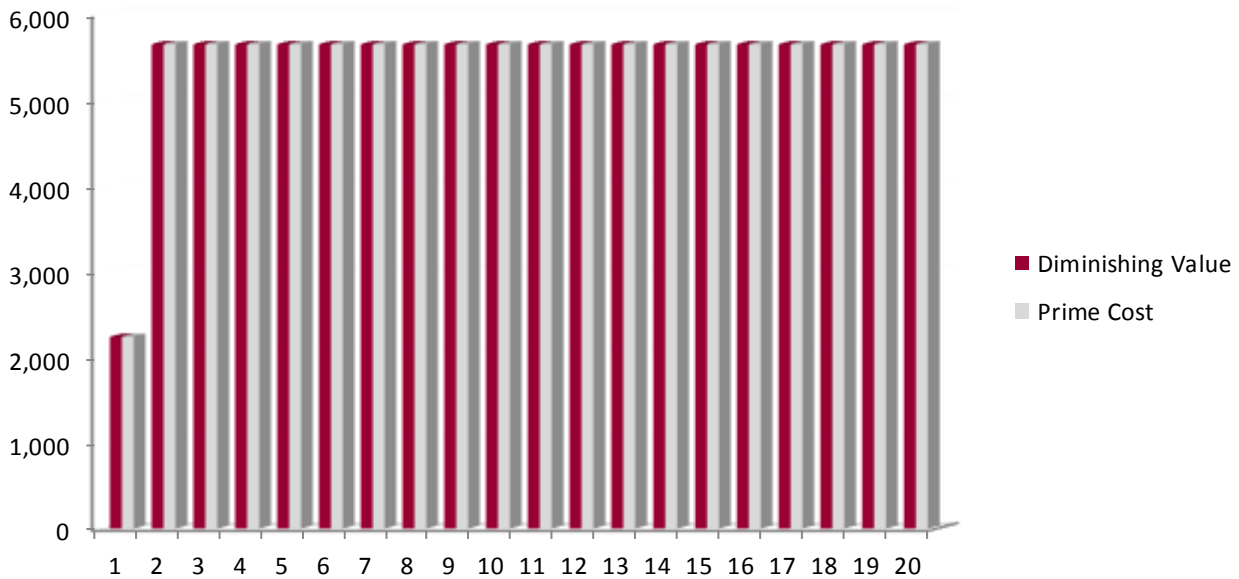
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

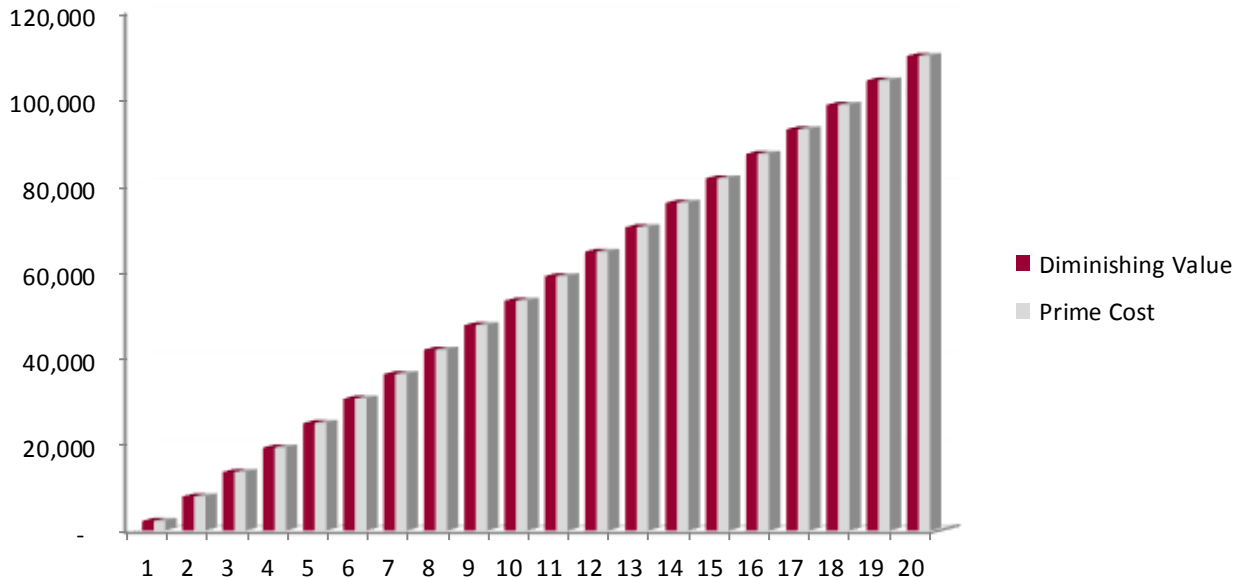
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	23 December 2019
Settlement Date	6 February 2020
Available To Generate Income	23 December 2019

### Expenditure Analysed

Purchase Price	\$348,000
Stamp Duty	\$10,605
Legals	\$826
<b>Total Expenditure Analysed</b>	<b>\$359,431</b>

### Historical Construction Details

Construction Start Date	7 May 2013
Construction Completion Date	1 February 2014
Historical Construction Cost (Estimated)*	\$268,419
Lot Entitlement	1
Overall Lot Entitlement	83

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

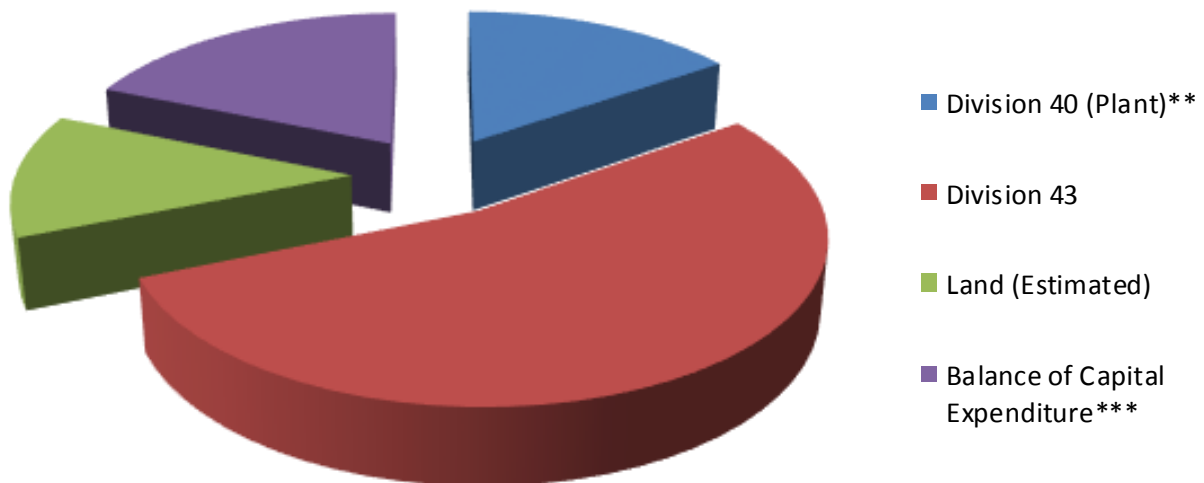
Division 40 (Plant)**	\$55,307
Division 43	\$192,161
Land (Estimated)	\$44,695
Balance of Capital Expenditure***	\$67,267
<b>Total Expenditure Analysed</b>	<b>\$359,430</b>

### 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

\*\* 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	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
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Room units	20.00%	6-Feb-20	8,306	658	1,530	1,224	979	783	627	501	401	321	257
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	6-Feb-20	395	74	120	75	47	29	18	11	7	4	3
<b>Blinds Residential</b>	20.00%	6-Feb-20	449	36	155	97	60	38	24	15	9	6	4
<b>Blinds Residential</b>	18.75%	6-Feb-20	399	75	121	76	47	30	19	12	7	5	3
<b>Ceiling Fans</b>	18.75%	6-Feb-20	969	182	295	185	115	72	45	28	18	11	7
<b>Computer systems</b>													
Building management system	40.00%	6-Feb-20	250	40	79	49	31	19	12	8	5	3	2
<b>Curtains and drapes</b>	18.75%	6-Feb-20	609	114	186	116	72	45	28	18	11	7	4
<b>Door closers</b>	20.00%	6-Feb-20	66	5	23	14	9	6	3	2	1	1	1
<b>Door closers</b>	18.75%	6-Feb-20	237	44	72	45	28	18	11	7	4	3	2
<b>Electrical Machinery &amp; Equipment :</b>													
Motors	20.00%	6-Feb-20	20	2	7	4	3	2	1	1	0	0	0
<b>Fire control assets</b>													
Detection & alarm systems, bells	16.67%	6-Feb-20	208	14	73	45	28	18	11	7	4	3	2
Detection & alarm systems, detectors	18.75%	6-Feb-20	183	34	56	35	22	14	8	5	3	2	1
Detection & alarm systems, fire indicator panel	16.67%	6-Feb-20	313	21	110	68	43	27	17	10	7	4	3
Emergency warning & intercommunication system	16.67%	6-Feb-20	258	17	90	56	35	22	14	9	5	3	2
Hoses and nozzles	20.00%	6-Feb-20	285	23	98	62	38	24	15	9	6	4	2
Pumps, diesel & electric	8.00%	6-Feb-20	213	7	77	48	30	19	12	7	5	3	2
Fire extinguishers	15.00%	6-Feb-20	4	0	1	1	1	0	0	0	0	0	0
<b>Floor coverings ( removable without damage)</b>													
Carpets	25.00%	6-Feb-20	450	45	152	95	59	37	23	14	9	6	4
<b>Furniture</b>	15.00%	6-Feb-20	3,367	200	475	404	343	292	248	211	179	152	324
<b>Furniture</b>	18.75%	6-Feb-20	5,930	1,112	1,807	1,129	706	441	276	172	108	67	42
<b>Garage doors, automatic</b>													
Controls	40.00%	6-Feb-20	235	37	74	46	29	18	11	7	4	3	2
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	6-Feb-20	2,492	165	388	323	269	224	187	351	219	137	86
Carried forward			25,637	2,903	5,989	4,199	2,997	2,178	1,610	1,406	1,014	744	750

## Diminishing Value Depreciation Schedule (cont.)

Assets Generally	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
<b>Division 40 - Plant and Equipment</b>													
Brought forward			25,637	2,903	5,989	4,199	2,997	2,178	1,610	1,406	1,014	744	750
<b>Kitchen assets</b>													
Cooktops	16.67%	6-Feb-20	900	59	315	197	123	77	48	30	19	12	7
Dishwashers	25.00%	6-Feb-20	2,077	206	468	351	263	296	185	116	72	45	28
Ovens	16.67%	6-Feb-20	1,661	110	259	216	180	337	210	132	82	51	32
Rangehoods	18.75%	6-Feb-20	485	91	148	92	58	36	23	14	9	5	3
Refrigerators	18.75%	6-Feb-20	1,817	341	554	346	216	135	84	53	33	21	13
<b>Laundry assets</b>													
Clothes dryers	18.75%	6-Feb-20	554	104	169	105	66	41	26	16	10	6	4
<b>Lifts (including hydraulic &amp; tractions lifts)</b>	6.67%	6-Feb-20	14,845	392	964	899	839	783	731	682	637	594	555
<b>Lights</b>													
Fittings (excluding hardwired)	40.00%	6-Feb-20	3,096	491	1,042	625	352	220	137	86	54	34	21
Shades, removable	18.75%	6-Feb-20	196	37	60	37	23	15	9	6	4	2	1
<b>MATV - amplifiers &amp; modulators</b>	20.00%	6-Feb-20	250	20	86	54	34	21	13	8	5	3	2
<b>Sauna &amp; spa equipment</b>													
Spa	10.00%	6-Feb-20	313	12	113	70	44	27	17	11	7	4	3
<b>Security systems &amp; equipment</b>													
Electronic	30.00%	6-Feb-20	634	75	210	131	82	51	32	20	12	8	5
<b>Televisions</b>	18.75%	6-Feb-20	1,570	294	478	299	187	117	73	46	29	18	11
<b>Ventilating plant</b>													
Ventilation plant - fans only	10.00%	6-Feb-20	254	10	91	57	36	22	14	9	5	3	2
Ventilation plant - fans only	18.75%	6-Feb-20	363	68	111	69	43	27	17	11	7	4	3
<b>Rainwater tanks</b>													
Galvanised steel	10.00%	6-Feb-20	254	10	91	57	36	22	14	9	5	3	2
Polyethylene	18.75%	6-Feb-20	363	68	111	69	43	27	17	11	7	4	3
<b>\$300 items</b>	100.00%	6-Feb-20	40	40									
<b>Pooled Plant Total</b>				2,638	6,132	3,833	2,747	2,350	1,469	1,269	793	496	633
<b>Effective Life Plant Total</b>				2,693	5,125	4,042	2,874	2,083	1,793	1,394	1,217	1,068	811
<b>Total Division 40</b>			55,307	5,331	11,257	7,874	5,621	4,433	3,261	2,663	2,010	1,563	1,445

## 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 2014</b>	2.50%	06-Feb-20	191,651	2,234	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640
<b>Structural Improvements - Completed 2014</b>	2.50%	06-Feb-20	510	6	15	15	15	15	15	15	15	15	15
<b>Total Division 43</b>			192,161	2,240	5,655	5,655	5,655	5,655	5,655	5,655	5,655	5,655	5,655



## 11. Prime Cost Depreciation Schedule

Assets Generally	Prime Cost													
Division 40 - Plant and Equipment	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	
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>														
Room units	10.00%	06-Feb-20	8,306	329	831	831	831	831	831	831	831	831	831	
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	18.75%	06-Feb-20	395	74	120	75	47	29	18	11	7	4	3	
Blinds Residential	10.00%	06-Feb-20	449	18	45	45	45	45	45	45	45	45	45	
Blinds Residential	18.75%	06-Feb-20	399	75	121	76	47	30	19	12	7	5	3	
Ceiling Fans	18.75%	06-Feb-20	969	182	295	185	115	72	45	28	18	11	7	
<b>Computer systems</b>														
Building management system	20.00%	06-Feb-20	250	20	50	50	50	50	30					
Curtains and drapes	18.75%	06-Feb-20	609	114	186	116	72	45	28	18	11	7	4	
Door closers	10.00%	06-Feb-20	66	3	7	7	7	7	7	7	7	7	7	
Door closers	18.75%	06-Feb-20	237	44	72	45	28	18	11	7	4	3	2	
<b>Electrical Machinery &amp; Equipment :</b>														
Motors	10.00%	06-Feb-20	20	1	2	2	2	2	2	2	2	2	2	
<b>Fire control assets</b>														
Detection & alarm systems, bells	8.33%	06-Feb-20	208	7	17	17	17	17	17	17	17	17	17	
Detection & alarm systems, detectors	18.75%	06-Feb-20	183	34	56	35	22	14	8	5	3	2	1	
Detection & alarm systems, fire indicator panel	8.33%	06-Feb-20	313	10	26	26	26	26	26	26	26	26	26	
Emergency warning & intercommunication system	8.33%	06-Feb-20	258	9	21	21	21	21	21	21	21	21	21	
Hoses and nozzles	10.00%	06-Feb-20	285	11	29	29	29	29	29	29	29	29	29	
Pumps, diesel & electric	4.00%	06-Feb-20	213	3	9	9	9	9	9	9	9	9	9	
Fire extinguishers	7.50%	06-Feb-20	4	0										
<b>Floor coverings ( removable without damage)</b>														
Carpets	12.50%	06-Feb-20	450	22	56	56	56	56	56	56	56	36		
Furniture	7.50%	06-Feb-20	3,367	100	253	253	253	253	253	253	253	253	253	
Furniture	18.75%	06-Feb-20	5,930	1,112	1,807	1,129	706	441	276	172	108	67	42	
<b>Garage doors, automatic</b>														
Controls	20.00%	06-Feb-20	235	19	47	47	47	47	29					
<b>Hot water systems (excluding piping)</b>														
Gas or electric	8.33%	06-Feb-20	2,492	82	208	208	208	208	208	208	208	208	208	
Carried forward			25,637	2,269	4,258	3,262	2,639	2,250	1,969	1,757	1,662	1,583	1,510	

## Prime Cost Depreciation Schedule (cont.)

Assets Generally	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	Rate													
Brought forward			25,637	2,269	4,258	3,262	2,639	2,250	1,969	1,757	1,662	1,583	1,510	
<b>Kitchen assets</b>														
Cooktops	8.33%	06-Feb-20	900	30	75	75	75	75	75	75	75	75	75	
Dishwashers	12.50%	06-Feb-20	2,077	103	260	260	260	260	260	260	260	154		
Ovens	8.33%	06-Feb-20	1,661	55	138	138	138	138	138	138	138	138	138	
Rangehoods	18.75%	06-Feb-20	485	91	148	92	58	36	23	14	9	5	3	
Refrigerators	18.75%	06-Feb-20	1,817	341	554	346	216	135	84	53	33	21	13	
<b>Laundry assets</b>														
Clothes dryers	18.75%	06-Feb-20	554	104	169	105	66	41	26	16	10	6	4	
<b>Lifts (including hydraulic &amp; tractions lifts)</b>														
	3.33%	06-Feb-20	14,845	196	495	495	495	495	495	495	495	495	495	
<b>Lights</b>														
Fittings (excluding hardwired)	20.00%	06-Feb-20	3,096	245	619	619	619	619	375					
Shades, removable	18.75%	06-Feb-20	196	37	60	37	23	15	9	6	4	2	1	
<b>MATV - amplifiers &amp; modulators</b>														
	10.00%	06-Feb-20	250	10	25	25	25	25	25	25	25	25	25	
<b>Sauna &amp; spa equipment</b>														
Spa	5.00%	06-Feb-20	313	6	16	16	16	16	16	16	16	16	16	
<b>Security systems &amp; equipment</b>														
Electronic	15.00%	06-Feb-20	634	38	95	95	95	95	95	95	26			
<b>Televisions</b>														
	18.75%	06-Feb-20	1,570	294	478	299	187	117	73	46	29	18	11	
<b>Ventilating plant</b>														
Ventilation plant - fans only	5.00%	06-Feb-20	254	5	13	13	13	13	13	13	13	13	13	
Ventilation plant - fans only	18.75%	06-Feb-20	363	68	111	69	43	27	17	11	7	4	3	
<b>Rainwater tanks</b>														
Galvanised steel	5.00%	06-Feb-20	254	5	13	13	13	13	13	13	13	13	13	
Polyethylene	18.75%	06-Feb-20	363	68	111	69	43	27	17	11	7	4	3	
<b>\$300 items</b>														
	100.00%	06-Feb-20	40	40										
<b>Pooled Plant Total</b>				2,638	4,287	2,679	1,674	1,047	654	409	255	160	100	
<b>Effective Life Plant Total</b>				1,366	3,350	3,350	3,350	3,350	3,068	2,634	2,565	2,412	2,223	
<b>Total Division 40</b>				55,307	4,004	7,637	6,029	5,024	4,397	3,722	3,043	2,821	2,572	2,323

## 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 2014	2.50%	06-Feb-20	191,651	2,234	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640
Structural Improvements - Completed 2014	2.50%	06-Feb-20	510	6	15	15	15	15	15	15	15	15	15
<b>Total Division 43</b>			192,161	2,240	5,655	5,655	5,655	5,655	5,655	5,655	5,655	5,655	5,655

## 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 2014	7 May 13 to 1 Feb 14	225,581	2.50%	5,640	191,651
<b>Sub-total</b>		<b>225,581</b>		<b>5,640</b>	<b>191,651</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2014	7 May 13 to 1 Feb 14	601	2.50%	15	510
<b>Sub-total</b>		<b>601</b>		<b>15</b>	<b>510</b>
<b>Totals</b>		<b>226,182</b>		<b>5,655</b>	<b>192,161</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	
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LEAD SURVEYOR 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>