



Tax Depreciation Report

10 Dromana Close,
Kewarra Beach QLD 4879

Albair Gabriel and Zoe Scheffler-Bolte
5 Simpson Ave
DEVON PARK, SA 5008

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

Albair Gabriel and Zoe Scheffler-Bolte
5 Simpson Ave
DEVON PARK, SA 5008

April 2020
Job No: RES4879010

Tax Depreciation Report – 10 Dromana Close, Kewarra Beach QLD 4879

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

14 April 2020

Purchaser

Albair Gabriel and Zoe Scheffler-Bolte

Property Address

10 Dromana Close, Kewarra Beach QLD 4879

Real Property Description

L38 RP741253

Property Type

Residential House

Date of Construction

10 October 1990

Date Available To Generate Income

25 July 2019

Property Photo



2. Report Details

2.1 Introduction

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

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

Division 40 (Capital Allowances)

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

Division 40 (Capital Allowances) - Low Value Pool

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

Division 43 (Capital Works)

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

3. Capital Allowances

3.1 Entitlement

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

3.2 Qualifying Expenditure Calculation

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

3.3 Effective Life

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

3.4 Immediate Write-Off Assets

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

3.5 Low Value Pool

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

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

3.6 Method of Depreciation

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

Diminishing Value Method	Prime Cost Method								
Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.	Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.								
Benefits	Benefits								
<ul style="list-style-type: none"> • Cash-flow during initial years of asset ownership • Ability to use Low Value Pool for assets less than \$1000 (Note: unable to write off these assets) 	<ul style="list-style-type: none"> • Write off assets when they are demolished or disposed. 								
Calculation Example	Calculation Example								
<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	25 July 19 to 30 June 20	0	0	0	2,797	2,797	6,817	6,817
2	1 July 20 to 30 June 21	0	0	0	3,037	3,037	7,482	14,298
3	1 July 21 to 30 June 22	0	0	0	3,037	3,037	5,809	20,107
4	1 July 22 to 30 June 23	0	0	0	3,037	3,037	4,594	24,702
5	1 July 23 to 30 June 24	0	0	0	3,037	3,037	3,472	28,174
6	1 July 24 to 30 June 25	0	0	0	3,037	3,037	2,823	30,997
7	1 July 25 to 30 June 26	0	0	0	3,037	3,037	2,161	33,158
8	1 July 26 to 30 June 27	0	0	0	3,037	3,037	1,686	34,844
9	1 July 27 to 30 June 28	0	0	0	3,037	3,037	1,338	36,182
10	1 July 28 to 30 June 29	0	0	0	3,037	3,037	1,078	37,260
11	1 July 29 to 30 June 30	0	0	0	3,037	3,037	1,098	38,358
12	1 July 30 to 30 June 31	0	0	0	2,246	2,246	987	39,344
13	1 July 31 to 30 June 32	0	0	0	1,963	1,963	709	40,053
14	1 July 32 to 30 June 33	0	0	0	1,963	1,963	523	40,576
15	1 July 33 to 30 June 34	0	0	0	1,963	1,963	396	40,973
16	1 July 34 to 30 June 35	0	0	0	1,963	1,963	308	41,281
17	1 July 35 to 30 June 36	0	0	0	1,963	1,963	245	41,525
18	1 July 36 to 30 June 37	0	0	0	1,963	1,963	198	41,723
19	1 July 37 to 30 June 38	0	0	0	1,963	1,963	163	41,886
20	1 July 38 to 30 June 39	0	0	0	1,963	1,963	356	42,243
21	1 July 39 to 30 June 40	0	0	0	1,963	1,963	223	42,465
22	1 July 40 to 30 June 41	0	0	0	1,254	1,254	139	42,605
23	1 July 41 to 30 June 42	0	0	0	1,192	1,192	87	42,692
24	1 July 42 to 30 June 43	0	0	0	1,192	1,192	54	42,746
25	1 July 43 to 30 June 44	0	0	0	1,192	1,192	34	42,780
26	1 July 44 to 30 June 45	0	0	0	1,192	1,192	21	42,801
27	1 July 45 to 30 June 46	0	0	0	1,192	1,192	13	42,815
28	1 July 46 to 30 June 47	0	0	0	1,192	1,192	8	42,823
29	1 July 47 to 30 June 48	0	0	0	1,192	1,192	5	42,828
30	1 July 48 to 30 June 49	0	0	0	1,192	1,192	3	42,831
31	1 July 49 to 30 June 50	0	0	0	1,192	1,192	2	42,833
32	1 July 50 to 30 June 51	0	0	0	184	184	1	42,835
33	1 July 51 to 30 June 52	0	0	0	92	92	1	42,835
34	1 July 52 to 30 June 53	0	0	0	92	92	0	42,836
35	1 July 53 to 30 June 54	0	0	0	92	92	0	42,836
36	1 July 54 to 30 June 55	0	0	0	92	92	0	42,836
37	1 July 55 to 30 June 56	0	0	0	92	92	0	42,837
38	1 July 56 to 30 June 57	0	0	0	92	92	0	42,837
39	1 July 57 to 30 June 58	0	0	0	92	92	0	42,837
40	2058+	0	0	0	126	126	0	42,837
Totals		0	0	0	66,016	66,016	42,837	42,837

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	25 July 19 to 30 June 20	0	0	0	2,797	2,797	4,319	4,319
2	1 July 20 to 30 June 21	0	0	0	3,037	3,037	5,640	9,959
3	1 July 21 to 30 June 22	0	0	0	3,037	3,037	4,531	14,490
4	1 July 22 to 30 June 23	0	0	0	3,037	3,037	3,837	18,327
5	1 July 23 to 30 June 24	0	0	0	3,037	3,037	3,403	21,730
6	1 July 24 to 30 June 25	0	0	0	3,037	3,037	3,133	24,863
7	1 July 25 to 30 June 26	0	0	0	3,037	3,037	2,963	27,826
8	1 July 26 to 30 June 27	0	0	0	3,037	3,037	2,857	30,683
9	1 July 27 to 30 June 28	0	0	0	3,037	3,037	2,791	33,474
10	1 July 28 to 30 June 29	0	0	0	3,037	3,037	2,750	36,224
11	1 July 29 to 30 June 30	0	0	0	3,037	3,037	1,541	37,765
12	1 July 30 to 30 June 31	0	0	0	2,246	2,246	1,440	39,205
13	1 July 31 to 30 June 32	0	0	0	1,963	1,963	1,194	40,399
14	1 July 32 to 30 June 33	0	0	0	1,963	1,963	1,174	41,573
15	1 July 33 to 30 June 34	0	0	0	1,963	1,963	1,170	42,742
16	1 July 34 to 30 June 35	0	0	0	1,963	1,963	88	42,830
17	1 July 35 to 30 June 36	0	0	0	1,963	1,963	3	42,832
18	1 July 36 to 30 June 37	0	0	0	1,963	1,963	2	42,834
19	1 July 37 to 30 June 38	0	0	0	1,963	1,963	1	42,835
20	1 July 38 to 30 June 39	0	0	0	1,963	1,963	1	42,836
21	1 July 39 to 30 June 40	0	0	0	1,963	1,963	0	42,836
22	1 July 40 to 30 June 41	0	0	0	1,254	1,254	0	42,836
23	1 July 41 to 30 June 42	0	0	0	1,192	1,192	0	42,836
24	1 July 42 to 30 June 43	0	0	0	1,192	1,192	0	42,837
25	1 July 43 to 30 June 44	0	0	0	1,192	1,192	0	42,837
26	1 July 44 to 30 June 45	0	0	0	1,192	1,192	0	42,837
27	1 July 45 to 30 June 46	0	0	0	1,192	1,192	0	42,837
28	1 July 46 to 30 June 47	0	0	0	1,192	1,192	0	42,837
29	1 July 47 to 30 June 48	0	0	0	1,192	1,192	0	42,837
30	1 July 48 to 30 June 49	0	0	0	1,192	1,192	0	42,837
31	1 July 49 to 30 June 50	0	0	0	1,192	1,192	0	42,837
32	1 July 50 to 30 June 51	0	0	0	184	184	0	42,837
33	1 July 51 to 30 June 52	0	0	0	92	92	0	42,837
34	1 July 52 to 30 June 53	0	0	0	92	92	0	42,837
35	1 July 53 to 30 June 54	0	0	0	92	92	0	42,837
36	1 July 54 to 30 June 55	0	0	0	92	92	0	42,837
37	1 July 55 to 30 June 56	0	0	0	92	92	0	42,837
38	1 July 56 to 30 June 57	0	0	0	92	92	0	42,837
39	1 July 57 to 30 June 58	0	0	0	92	92	0	42,837
40	2058+	0	0	0	126	126	0	42,837
Totals		0	0	0	66,016	66,016	42,837	42,837

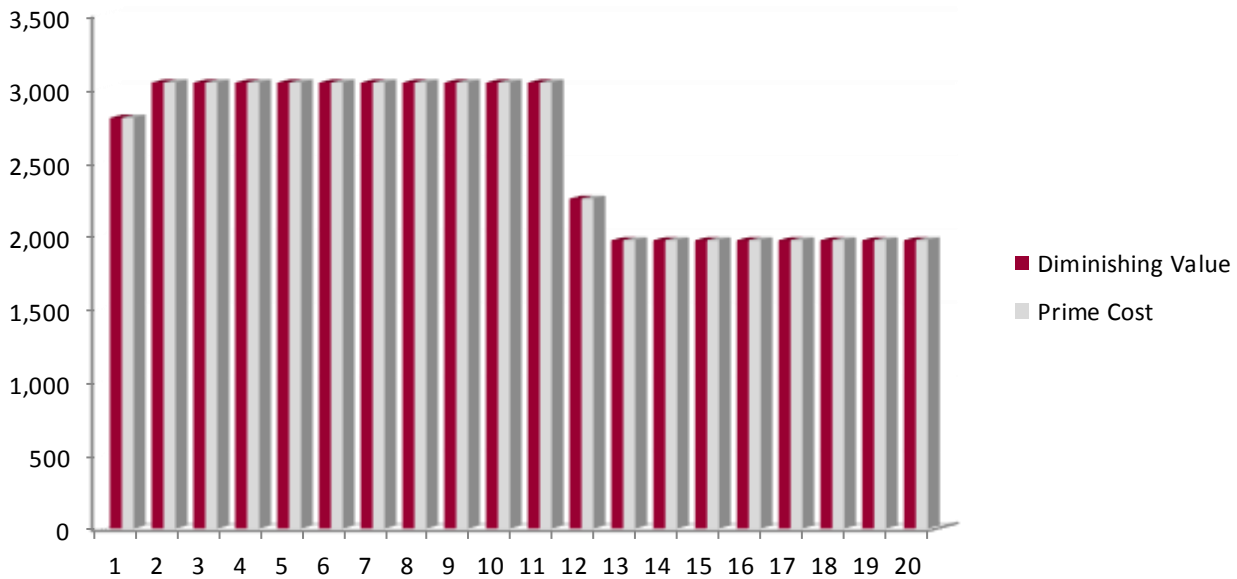
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

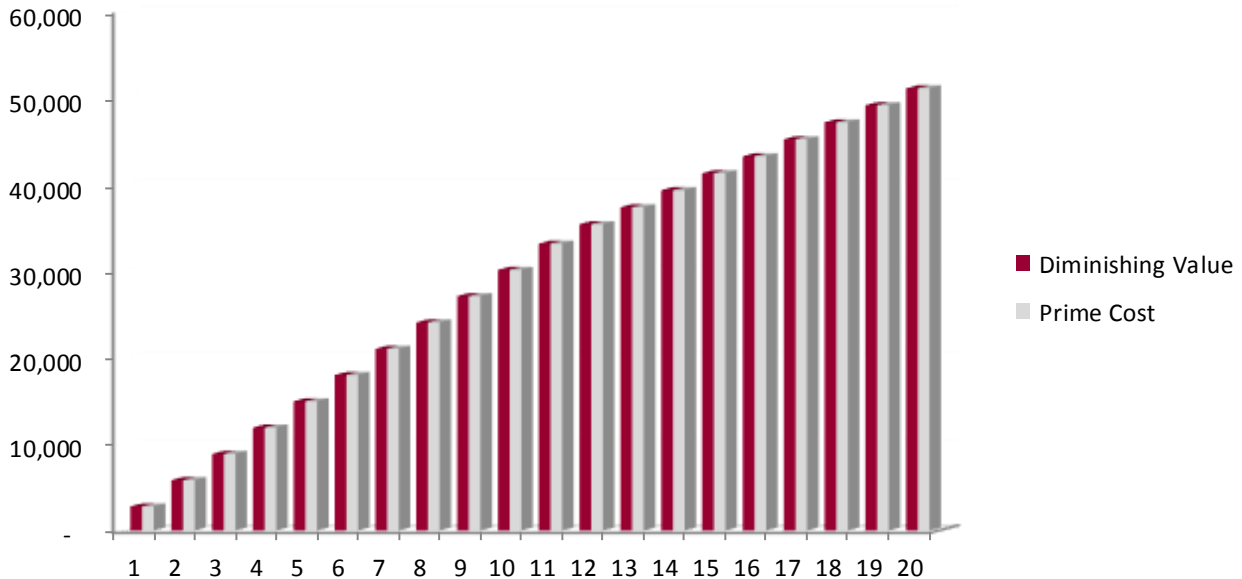
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	25 June 2019
Settlement Date	25 July 2019
Available To Generate Income	25 July 2019

Expenditure Analysed

Purchase Price	\$380,000
Stamp Duty	\$11,725
Legals	\$0
Post Expenditure	\$3,675
Total Expenditure Analysed	\$395,400

Historical Construction Details

Construction Start Date	13 January 1990
Construction Completion Date	10 October 1990
Historical Construction Cost (Estimated)*	\$43,456
Lot Entitlement	1
Overall Lot Entitlement	1

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

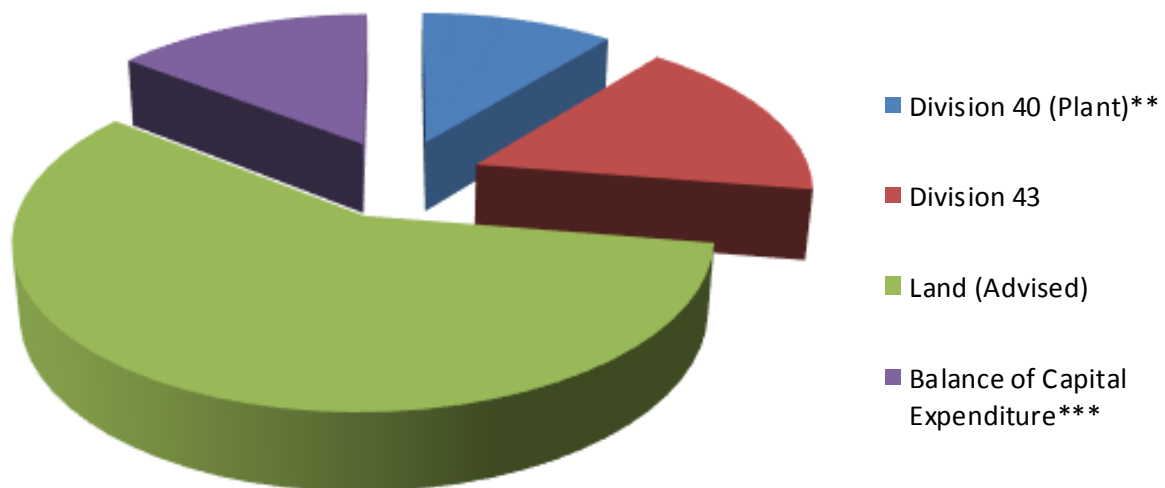
Division 40 (Plant)**	\$42,837
Division 43	\$66,016
Land (Advised)	\$229,365
Balance of Capital Expenditure***	\$57,182
Total Expenditure Analysed	\$395,400

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	Eligibility	Diminishing												
Division 40 - Plant and Equipment	For Depreciation	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%	25-Jul-19	10,143	1,890	1,651	1,320	1,056	845	676	541	433	346	277
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	25-Jul-19	384	72	117	73	46	29	18	11	7	4	3
Blinds Residential														
	NO	18.75%	25-Jul-19	2,397	450	730	457	285	178	111	70	44	27	17
Ceiling Fans														
	NO	18.75%	25-Jul-19	1,921	360	585	366	229	143	89	56	35	22	14
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	25-Jul-19	338	63	103	64	40	25	16	10	6	4	2
Floor coverings (removable without damage)														
Floating timber	NO	13.33%	25-Jul-19	13,700	1,702	1,600	1,386	1,202	1,041	902	782	678	587	509
Furniture														
	NO	18.75%	25-Jul-19	2,228	418	679	424	265	166	104	65	40	25	16
Garbage disposal														
Garbage bins	NO	18.75%	25-Jul-19	246	46	75	47	29	18	11	7	4	3	2
Garden sheds, freestanding														
	NO	20.00%	25-Jul-19	2,536	472	413	330	264	211	317	198	124	77	48
Hot water systems (excluding piping)														
Solar	NO	13.33%	25-Jul-19	3,750	466	438	379	329	285	247	214	186	161	139
Kitchen assets														
Cooktops	NO	16.67%	25-Jul-19	1,306	203	184	345	216	135	84	53	33	21	13
Ovens	NO	16.67%	25-Jul-19	1,690	262	238	198	372	232	145	91	57	35	22
Rangehoods	NO	18.75%	25-Jul-19	692	130	211	132	82	51	32	20	13	8	5
Lights														
Shades, removable	NO	18.75%	25-Jul-19	1,506	282	459	287	179	112	70	44	27	17	11
Pooled Plant Total					1,821	2,959	2,194	1,743	1,090	998	624	390	244	152
Effective Life Plant Total					4,996	4,523	3,615	2,851	2,383	1,826	1,537	1,296	1,094	925
Total Division 40				42,837	6,817	7,482	5,809	4,594	3,472	2,823	2,161	1,686	1,338	1,078
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%	25-Jul-19	12,024	1,001	1,074	1,074	1,074	1,074	1,074	1,074	1,074	1,074
Building Works - Completed 2000			2.50%	25-Jul-19	16,200	718	771	771	771	771	771	771	771	771
Building Works - Completed 2010			2.50%	25-Jul-19	34,117	1,025	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Building Works - Completed 2019			2.50%	02-Dec-19	3,675	53	92	92	92	92	92	92	92	92
Total Division 43				66,016	2,797	3,037	3,037	3,037	3,037	3,037	3,037	3,037	3,037	3,037

11. Prime Cost Depreciation Schedule

Assets Generally	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	
Division 40 - Plant and Equipment															
Air-conditioning assets (excl. ducting, pipes & vents)															
Mini split system upto 20KW	NO	10.00%	25-Jul-19	10,143	945	1,014	1,014	1,014	1,014	1,014	1,014	1,014	1,014	1,014	
Bathroom assets															
Exhaust fans (including light/heating)	NO	18.75%	25-Jul-19	384	72	117	73	46	29	18	11	7	4	3	
Blinds Residential															
	NO	18.75%	25-Jul-19	2,397	450	730	457	285	178	111	70	44	27	17	
Ceiling Fans															
	NO	18.75%	25-Jul-19	1,921	360	585	366	229	143	89	56	35	22	14	
Fire control assets															
Detection & alarm systems, detectors	NO	18.75%	25-Jul-19	338	63	103	64	40	25	16	10	6	4	2	
Floor coverings (removable without damage)															
Floating timber	NO	6.67%	25-Jul-19	13,700	851	913	913	913	913	913	913	913	913	913	
Furniture															
	NO	18.75%	25-Jul-19	2,228	418	679	424	265	166	104	65	40	25	16	
Garbage disposal															
Garbage bins	NO	18.75%	25-Jul-19	246	46	75	47	29	18	11	7	4	3	2	
Garden sheds, freestanding															
	NO	10.00%	25-Jul-19	2,536	236	254	254	254	254	254	254	254	254	254	
Hot water systems (excluding piping)															
Solar	NO	6.67%	25-Jul-19	3,750	233	250	250	250	250	250	250	250	250	250	
Kitchen assets															
Cooktops	NO	8.33%	25-Jul-19	1,306	101	109	109	109	109	109	109	109	109	109	
Ovens	NO	8.33%	25-Jul-19	1,690	131	141	141	141	141	141	141	141	141	141	
Rangehoods	NO	18.75%	25-Jul-19	692	130	211	132	82	51	32	20	13	8	5	
Lights															
Shades, removable	NO	18.75%	25-Jul-19	1,506	282	459	287	179	112	70	44	27	17	11	
Pooled Plant Total					1,821	2,959	1,850	1,156	722	452	282	176	110	69	
Effective Life Plant Total					2,498	2,681	2,681	2,681	2,681	2,681	2,681	2,681	2,681	2,681	
Total Division 40				42,837	4,319	5,640	4,531	3,837	3,403	3,133	2,963	2,857	2,791	2,750	
Division 43 - Capital Works Allowance															
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10	
Building Works - Completed 1990				12,024	1,001	1,074	1,074	1,074	1,074	1,074	1,074	1,074	1,074	1,074	1,074
Building Works - Completed 2000				16,200	718	771	771	771	771	771	771	771	771	771	771
Building Works - Completed 2010				34,117	1,025	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Building Works - Completed 2019				3,675	53	92	92	92	92	92	92	92	92	92	92
Total Division 43				66,016	2,797	3,037	3,037	3,037	3,037	3,037	3,037	3,037	3,037	3,037	3,037

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	42,975	2.50%	1,074	12,024
Building Works - Completed 2000	1 Jul 00 to 1 Aug 00	30,845	2.50%	771	16,200
Building Works - Completed 2010	1 Jul 10 to 1 Aug 10	44,003	2.50%	1,100	34,117
Building Works - Completed 2019	1 Dec 19 to 2 Dec 19	3,675	2.50%	92	3,675
Sub-total		121,498		3,037	66,016

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Sub-total					
Totals		121,498		3,037	66,016

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>