



# Tax Depreciation Report

7A Fletcher Rd,  
Mount Barker SA 5251

Yong Keng Soh  
Unit 3/37 Kingstone Avenue  
DAWPARK, SA 5041

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

Yong Keng Soh  
Unit 3/37 Kingstone Avenue  
DAWPARK, SA 5041

April 2020  
Job No: RES5251012

### **Tax Depreciation Report – 7A Fletcher Rd, Mount Barker SA 5251**

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**

29 April 2020

**Purchaser**

Yong Keng Soh

**Property Address**

7A Fletcher Rd, Mount Barker SA 5251

**Real Property Description**

LOT 103 D118711

**Property Type**

Residential House

**Date of Construction**

20 August 2019

## 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"> <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	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	20 August 19 to 30 June 20	2,940	1,738	4,678	4,007	8,685
2	1 July 20 to 30 June 21	2,147	3,683	5,831	4,655	10,486
3	1 July 21 to 30 June 22	1,735	2,302	4,037	4,655	8,692
4	1 July 22 to 30 June 23	707	2,720	3,426	4,655	8,081
5	1 July 23 to 30 June 24	587	1,700	2,287	4,655	6,942
6	1 July 24 to 30 June 25	158	1,744	1,902	4,655	6,557
7	1 July 25 to 30 June 26	137	1,090	1,227	4,655	5,882
8	1 July 26 to 30 June 27	0	1,015	1,015	4,655	5,670
9	1 July 27 to 30 June 28	0	634	634	4,655	5,289
10	1 July 28 to 30 June 29	0	396	396	4,655	5,051
11	1 July 29 to 30 June 30	0	248	248	4,655	4,903
12	1 July 30 to 30 June 31	0	155	155	4,655	4,810
13	1 July 31 to 30 June 32	0	97	97	4,655	4,752
14	1 July 32 to 30 June 33	0	60	60	4,655	4,715
15	1 July 33 to 30 June 34	0	38	38	4,655	4,693
16	1 July 34 to 30 June 35	0	24	24	4,655	4,679
17	1 July 35 to 30 June 36	0	15	15	4,655	4,670
18	1 July 36 to 30 June 37	0	9	9	4,655	4,664
19	1 July 37 to 30 June 38	0	6	6	4,655	4,661
20	1 July 38 to 30 June 39	0	4	4	4,655	4,659
21	1 July 39 to 30 June 40	0	2	2	4,655	4,657
22	1 July 40 to 30 June 41	0	1	1	4,655	4,656
23	1 July 41 to 30 June 42	0	1	1	4,655	4,656
24	1 July 42 to 30 June 43	0	1	1	4,655	4,656
25	1 July 43 to 30 June 44	0	0	0	4,655	4,655
26	1 July 44 to 30 June 45	0	0	0	4,655	4,655
27	1 July 45 to 30 June 46	0	0	0	4,655	4,655
28	1 July 46 to 30 June 47	0	0	0	4,655	4,655
29	1 July 47 to 30 June 48	0	0	0	4,655	4,655
30	1 July 48 to 30 June 49	0	0	0	4,655	4,655
31	1 July 49 to 30 June 50	0	0	0	4,655	4,655
32	1 July 50 to 30 June 51	0	0	0	4,655	4,655
33	1 July 51 to 30 June 52	0	0	0	4,655	4,655
34	1 July 52 to 30 June 53	0	0	0	4,655	4,655
35	1 July 53 to 30 June 54	0	0	0	4,655	4,655
36	1 July 54 to 30 June 55	0	0	0	4,655	4,655
37	1 July 55 to 30 June 56	0	0	0	4,655	4,655
38	1 July 56 to 30 June 57	0	0	0	4,655	4,655
39	1 July 57 to 30 June 58	0	0	0	4,655	4,655
40	2058+	0	0	0	5,293	5,293
<b>Totals</b>		<b>8,411</b>	<b>17,681</b>	<b>26,093</b>	<b>186,190</b>	<b>212,283</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	20 August 19 to 30 June 20	1,612	1,738	3,350	4,007	7,357
2	1 July 20 to 30 June 21	1,368	2,824	4,192	4,655	8,847
3	1 July 21 to 30 June 22	1,368	1,765	3,133	4,655	7,788
4	1 July 22 to 30 June 23	1,368	1,103	2,471	4,655	7,126
5	1 July 23 to 30 June 24	1,368	689	2,057	4,655	6,712
6	1 July 24 to 30 June 25	1,368	431	1,799	4,655	6,454
7	1 July 25 to 30 June 26	1,368	269	1,637	4,655	6,292
8	1 July 26 to 30 June 27	1,368	168	1,536	4,655	6,191
9	1 July 27 to 30 June 28	1,368	105	1,473	4,655	6,128
10	1 July 28 to 30 June 29	1,368	66	1,434	4,655	6,089
11	1 July 29 to 30 June 30	719	41	760	4,655	5,415
12	1 July 30 to 30 June 31	607	26	633	4,655	5,288
13	1 July 31 to 30 June 32	252	16	268	4,655	4,923
14	1 July 32 to 30 June 33	195	10	205	4,655	4,860
15	1 July 33 to 30 June 34	195	6	201	4,655	4,856
16	1 July 34 to 30 June 35	59	4	63	4,655	4,718
17	1 July 35 to 30 June 36	37	2	39	4,655	4,694
18	1 July 36 to 30 June 37	37	2	39	4,655	4,694
19	1 July 37 to 30 June 38	37	1	38	4,655	4,693
20	1 July 38 to 30 June 39	37	1	38	4,655	4,693
21	1 July 39 to 30 June 40	37	0	37	4,655	4,692
22	1 July 40 to 30 June 41	37	0	37	4,655	4,692
23	1 July 41 to 30 June 42	37	0	37	4,655	4,692
24	1 July 42 to 30 June 43	37	0	37	4,655	4,692
25	1 July 43 to 30 June 44	37	0	37	4,655	4,692
26	1 July 44 to 30 June 45	37	0	37	4,655	4,692
27	1 July 45 to 30 June 46	37	0	37	4,655	4,692
28	1 July 46 to 30 June 47	37	0	37	4,655	4,692
29	1 July 47 to 30 June 48	37	0	37	4,655	4,692
30	1 July 48 to 30 June 49	37	0	37	4,655	4,692
31	1 July 49 to 30 June 50	37	0	37	4,655	4,692
32	1 July 50 to 30 June 51	37	0	37	4,655	4,692
33	1 July 51 to 30 June 52	37	0	37	4,655	4,692
34	1 July 52 to 30 June 53	37	0	37	4,655	4,692
35	1 July 53 to 30 June 54	37	0	37	4,655	4,692
36	1 July 54 to 30 June 55	37	0	37	4,655	4,692
37	1 July 55 to 30 June 56	37	0	37	4,655	4,692
38	1 July 56 to 30 June 57	37	0	37	4,655	4,692
39	1 July 57 to 30 June 58	37	0	37	4,655	4,692
40	2058+	23	0	23	5,293	5,316
<b>Totals</b>		<b>16,825</b>	<b>9,267</b>	<b>26,093</b>	<b>186,190</b>	<b>212,283</b>

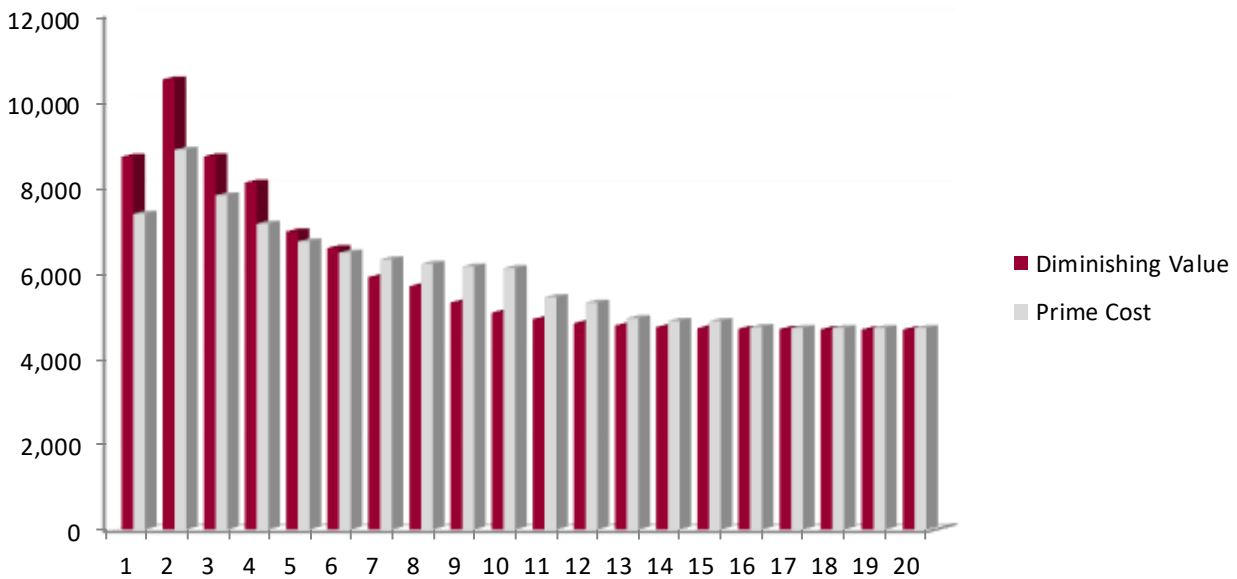
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

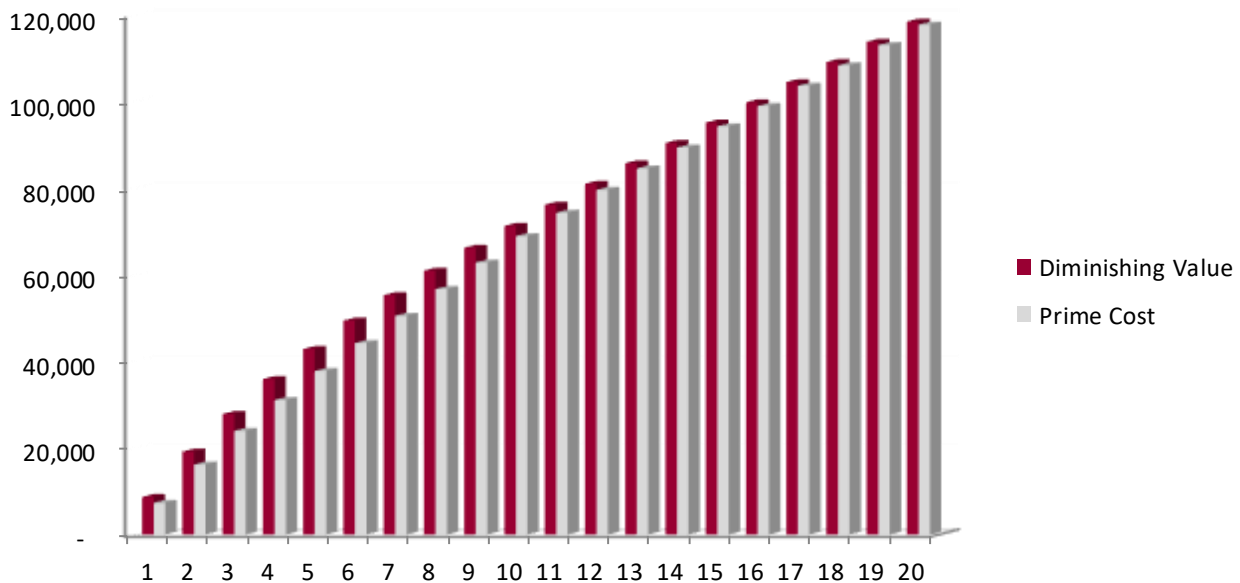
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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

Construction Details	
Contract Date	21 August 2018
Handover Date	20 August 2019
Expenditure Analysed	
Construction Cost	\$198,815
Post Expenditure	\$17,923
<b>Total Expenditure Analysed</b>	<b>\$216,738</b>
Historical Construction Details	
Construction Start Date	21 August 2018
Construction Completion Date	20 August 2019
Historical Construction Cost (Estimated)*	\$198,815

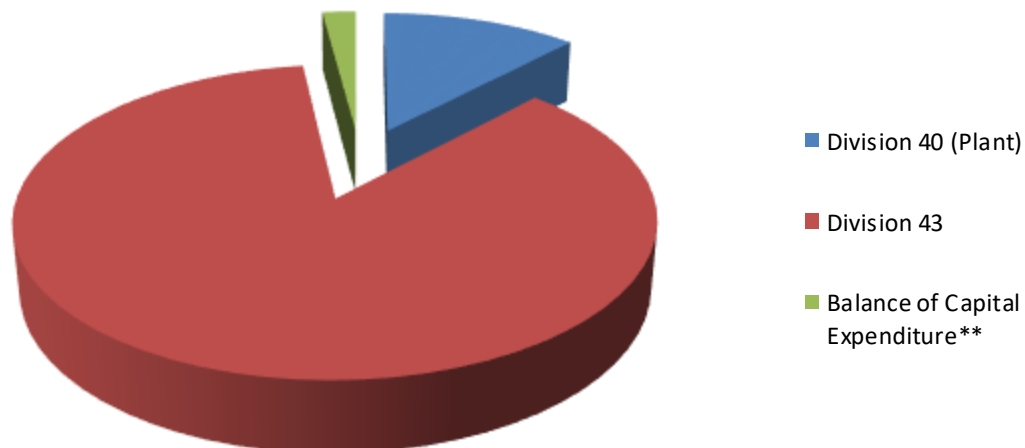
## 9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:	
Division 40 (Plant)	\$26,093
Division 43	\$186,190
Balance of Capital Expenditure**	\$4,455
<b>Total Expenditure Analysed</b>	<b>\$216,738</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	Diminishing	Install 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	Value Rate												
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	20-Aug-19	659	124	201	126	78	49	31	19	12	7	5
<b>Blinds Residential</b>													
	18.75%	20-Aug-19	1,206	226	368	230	144	90	56	35	22	14	9
<b>Curtains and drapes</b>													
	18.75%	20-Aug-19	928	174	283	177	110	69	43	27	17	11	7
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	20-Aug-19	580	109	177	110	69	43	27	17	11	7	4
<b>Furniture</b>													
	18.75%	20-Aug-19	3,823	717	1,165	728	455	284	178	111	69	43	27
<b>Garage doors, automatic</b>													
Motors	20.00%	20-Aug-19	1,582	272	262	210	314	196	123	77	48	30	19
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	20-Aug-19	2,373	340	339	282	235	196	368	230	144	90	56
<b>Kitchen assets</b>													
Cooktops	16.67%	20-Aug-19	1,121	161	360	225	141	88	55	34	21	13	8
Dishwashers	20.00%	20-Aug-19	1,582	272	262	210	314	196	123	77	48	30	19
Ovens	16.67%	20-Aug-19	1,450	208	207	173	323	202	126	79	49	31	19
Rangehoods	18.75%	20-Aug-19	593	111	181	113	71	44	28	17	11	7	4
<b>Lights</b>													
Shades, removable	18.75%	20-Aug-19	1,477	277	450	281	176	110	69	43	27	17	10
<b>\$300 items</b>													
	100.00%	20-Aug-19	435	435									
<b>Additional Items (Post Expenditure)</b>				<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	20.00%	20-Aug-19	2,468	425	409	327	262	209	314	196	123	77	48
<b>Floor coverings ( removable without damage)</b>													
Carpets	25.00%	20-Aug-19	1,985	427	389	292	329	205	128	80	50	31	20
Floating timber	13.33%	20-Aug-19	2,370	272	280	242	210	182	158	137	333	208	130
<b>Rainwater tanks</b>													
Galvanised steel	8.00%	20-Aug-19	875	60	306	191	119	75	47	29	18	11	7
Polyethylene	13.33%	20-Aug-19	585	67	194	121	76	47	30	19	12	7	5
<b>Pooled Plant Total</b>				<b>1,738</b>	<b>3,683</b>	<b>2,302</b>	<b>2,720</b>	<b>1,700</b>	<b>1,744</b>	<b>1,090</b>	<b>1,015</b>	<b>634</b>	<b>396</b>
<b>Effective Life Plant Total</b>				<b>2,940</b>	<b>2,147</b>	<b>1,735</b>	<b>707</b>	<b>587</b>	<b>158</b>	<b>137</b>			
<b>Total Division 40</b>			<b>26,093</b>	<b>4,678</b>	<b>5,831</b>	<b>4,037</b>	<b>3,426</b>	<b>2,287</b>	<b>1,902</b>	<b>1,227</b>	<b>1,015</b>	<b>634</b>	<b>396</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
Building Works - Completed 2019	2.50%	20-Aug-19	174,281	3,750	4,357	4,357	4,357	4,357	4,357	4,357	4,357	4,357	4,357
Building Works - Completed 2019	2.50%	20-Aug-19	1,241	27	31	31	31	31	31	31	31	31	31
Structural Improvements - Completed 2019	2.50%	20-Aug-19	6,724	145	168	168	168	168	168	168	168	168	168
Structural Improvements - Completed 2019	2.50%	20-Aug-19	3,944	85	99	99	99	99	99	99	99	99	99
<b>Total Division 43</b>			<b>186,190</b>	<b>4,007</b>	<b>4,655</b>	<b>4,655</b>	<b>4,655</b>	<b>4,655</b>	<b>4,655</b>	<b>4,655</b>	<b>4,655</b>	<b>4,655</b>	<b>4,655</b>
<b>Total Depreciation</b>			<b>212,283</b>	<b>8,685</b>	<b>10,486</b>	<b>8,692</b>	<b>8,081</b>	<b>6,942</b>	<b>6,557</b>	<b>5,882</b>	<b>5,670</b>	<b>5,289</b>	<b>5,051</b>

## 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>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	20-Aug-19	659	124	201	126	78	49	31	19	12	7	5
<b>Blinds Residential</b>													
	18.75%	20-Aug-19	1,206	226	368	230	144	90	56	35	22	14	9
<b>Curtains and drapes</b>													
	18.75%	20-Aug-19	928	174	283	177	110	69	43	27	17	11	7
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	20-Aug-19	580	109	177	110	69	43	27	17	11	7	4
<b>Furniture</b>													
	18.75%	20-Aug-19	3,823	717	1,165	728	455	284	178	111	69	43	27
<b>Garage doors, automatic</b>													
Motors	10.00%	20-Aug-19	1,582	136	158	158	158	158	158	158	158	158	158
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	20-Aug-19	2,373	170	198	198	198	198	198	198	198	198	198
<b>Kitchen assets</b>													
Cooktops	8.33%	20-Aug-19	1,121	80	93	93	93	93	93	93	93	93	93
Dishwashers	10.00%	20-Aug-19	1,582	136	158	158	158	158	158	158	158	158	158
Ovens	8.33%	20-Aug-19	1,450	104	121	121	121	121	121	121	121	121	121
Rangehoods	18.75%	20-Aug-19	593	111	181	113	71	44	28	17	11	7	4
<b>Lights</b>													
Shades, removable	18.75%	20-Aug-19	1,477	277	450	281	176	110	69	43	27	17	10
<b>\$300 items</b>													
	100.00%	20-Aug-19	435	435									
<b>Additional Items (Post Expenditure)</b>				<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	10.00%	20-Aug-19	2,468	212	247	247	247	247	247	247	247	247	247
<b>Floor coverings ( removable without damage)</b>													
Carpets	10.00%	20-Aug-19	1,985	171	198	198	198	198	198	198	198	198	198
Floating timber	6.67%	20-Aug-19	2,370	136	158	158	158	158	158	158	158	158	158
<b>Ventilating plant</b>													
Ventilation plant - fans only	2.50%	20-Aug-19	875	19	22	22	22	22	22	22	22	22	22
Ventilation plant - fans only	2.50%	20-Aug-19	585	13	15	15	15	15	15	15	15	15	15
<b>Pooled Plant Total</b>				<b>1,738</b>	<b>2,824</b>	<b>1,765</b>	<b>1,103</b>	<b>689</b>	<b>431</b>	<b>269</b>	<b>168</b>	<b>105</b>	<b>66</b>
<b>Effective Life Plant Total</b>				<b>1,612</b>	<b>1,368</b>	<b>1,368</b>	<b>1,368</b>	<b>1,368</b>	<b>1,368</b>	<b>1,368</b>	<b>1,368</b>	<b>1,368</b>	<b>1,368</b>
<b>Total Division 40</b>			<b>26,093</b>	<b>3,350</b>	<b>4,192</b>	<b>3,133</b>	<b>2,471</b>	<b>2,057</b>	<b>1,799</b>	<b>1,637</b>	<b>1,536</b>	<b>1,473</b>	<b>1,434</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
Building Works - Completed 2019	2.50%	20-Aug-19	174,281	3,750	4,357	4,357	4,357	4,357	4,357	4,357	4,357	4,357	4,357
Building Works - Completed 2019	2.50%	20-Aug-19	1,241	27	31	31	31	31	31	31	31	31	31
Structural Improvements - Completed 2019	2.50%	20-Aug-19	6,724	145	168	168	168	168	168	168	168	168	168
Structural Improvements - Completed 2019	2.50%	20-Aug-19	3,944	85	99	99	99	99	99	99	99	99	99
<b>Total Division 43</b>			186,190	4,007	4,655	4,655	4,655	4,655	4,655	4,655	4,655	4,655	4,655
<b>Total Depreciation</b>			212,283	7,357	8,847	7,788	7,126	6,712	6,454	6,292	6,191	6,128	6,089



## 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 2019	21 Aug 18 to 20 Aug 19	174,281	2.50%	4,357	174,281
Building Works - Completed 2019	21 Jul 19 to 20 Aug 19	1,241	2.50%	31	1,241
<b>Sub-total</b>		<b>175,522</b>		<b>4,388</b>	<b>175,522</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2019	21 Aug 18 to 20 Aug 19	6,724	2.50%	168	6,724
Structural Improvements - Completed 2019	21 Jul 19 to 20 Aug 19	3,944	2.50%	99	3,944
<b>Sub-total</b>		<b>10,668</b>		<b>267</b>	<b>10,668</b>
<b>Totals</b>		<b>186,190</b>		<b>4,655</b>	<b>186,190</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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## **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.