



Tax Depreciation Report

6 Catalyst Place,
Brassall QLD 4305, Australia

Ronal Vinesh Lal and Seema Sant Kumar
8 Carol Anne Court
REGENCY DOWNS, QLD 4341

Issue Schedule	
Issue Date:	Issued by:
11 May 2020	Mark Kilroy Bsc (Hons) MRICS

Ronal Vinesh Lal and Seema Sant Kumar
8 Carol Anne Court
REGENCY DOWNS, QLD 4341

May 2020
Job No: RES4305030

Tax Depreciation Report – 6 Catalyst Place, Brassall QLD 4305, Australia

We thank you for choosing Koste Pty Ltd to prepare the attached Tax Depreciation report and schedule for the above property.

This report has been prepared to provide an independent review of Tax Depreciation entitlements available on the subject property, under The Income Tax Assessment Act 1997.

Koste Pty Ltd are a registered tax agent (24836767) who comply with the Tax Agent Services Act 2009. The attached schedule is based on an apportionment of the total expenditure, together with the Tax Commissioners current intentions in preparing this document.

As you continue to grow your portfolio, we would be pleased to provide you with free estimates of tax depreciation allowances on purchases. We can also provide updates for \$100+GST on any revised depreciation reports which may include new capital works and write-offs on disposed assets over the coming years.

The majority of our custom is based on repeat customers and from word of mouth. Testimonials are important to our business especially on social media including Google+, LinkedIn and Facebook. If you are pleased with our service and have some time to write a short testimonial on either social media or via an email, this would be greatly appreciated.

If you or your accountant require any further clarification on the contents of this report, please do not hesitate in contacting a member of our team on 1300 669 400 where they would be more than happy to assist.

Yours Sincerely

Koste Pty Ltd

Koste Pty Ltd
Tax Depreciation Quantity Surveyors



TABLE OF CONTENTS

1. Property Information	2
2. Report Details	3
3. Capital Allowances	4
4. Capital Works	6
5. Summary of Entitlements – Diminishing Value Method	7
6. Summary of Entitlements – Prime Cost Method	8
7. Comparison Graphs	9
8. Capital Expenditure Analysed	10
9. Reconciliation of Capital Expenditure	10
10. Diminishing Value Depreciation Schedule	11
11. Prime Cost Depreciation Schedule	12
12. Division 43 Capital Works Schedule	13
13. Definition of Terms	14
14. Contact Details	15
15. Disclaimer	16
Appendix A: ATO’s New Legislations on Post 9 May Purchased and Capital Loss	17

1. Property Information

Date of Report

11 May 2020

Purchaser

Ronal Vinesh Lal and Seema Sant Kumar

Property Address

6 Catalyst Place, Brassall QLD 4305, Australia

Real Property Description

L23 SP267517

Property Type

Residential House

Date of Construction

1 May 2015

Date Available To Generate Income

21 February 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"> • 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	21 February 19 to 30 June 19	0	0	0	1,890	1,890	4,706	4,706
2	1 July 19 to 30 June 20	0	0	0	5,349	5,349	9,151	13,857
3	1 July 20 to 30 June 21	0	0	0	5,349	5,349	6,439	20,296
4	1 July 21 to 30 June 22	0	0	0	5,349	5,349	4,607	24,903
5	1 July 22 to 30 June 23	0	0	0	5,349	5,349	3,351	28,255
6	1 July 23 to 30 June 24	0	0	0	5,349	5,349	2,477	30,732
7	1 July 24 to 30 June 25	0	0	0	5,349	5,349	2,335	33,066
8	1 July 25 to 30 June 26	0	0	0	5,349	5,349	1,778	34,844
9	1 July 26 to 30 June 27	0	0	0	5,349	5,349	1,212	36,055
10	1 July 27 to 30 June 28	0	0	0	5,349	5,349	1,021	37,077
11	1 July 28 to 30 June 29	0	0	0	5,349	5,349	820	37,897
12	1 July 29 to 30 June 30	0	0	0	5,349	5,349	513	38,409
13	1 July 30 to 30 June 31	0	0	0	5,349	5,349	320	38,730
14	1 July 31 to 30 June 32	0	0	0	5,349	5,349	200	38,930
15	1 July 32 to 30 June 33	0	0	0	5,349	5,349	125	39,055
16	1 July 33 to 30 June 34	0	0	0	5,349	5,349	78	39,133
17	1 July 34 to 30 June 35	0	0	0	5,349	5,349	49	39,182
18	1 July 35 to 30 June 36	0	0	0	5,349	5,349	31	39,213
19	1 July 36 to 30 June 37	0	0	0	5,349	5,349	19	39,232
20	1 July 37 to 30 June 38	0	0	0	5,349	5,349	12	39,244
21	1 July 38 to 30 June 39	0	0	0	5,349	5,349	7	39,251
22	1 July 39 to 30 June 40	0	0	0	5,349	5,349	5	39,256
23	1 July 40 to 30 June 41	0	0	0	5,349	5,349	3	39,259
24	1 July 41 to 30 June 42	0	0	0	5,349	5,349	2	39,261
25	1 July 42 to 30 June 43	0	0	0	5,349	5,349	1	39,262
26	1 July 43 to 30 June 44	0	0	0	5,349	5,349	1	39,263
27	1 July 44 to 30 June 45	0	0	0	5,349	5,349	0	39,263
28	1 July 45 to 30 June 46	0	0	0	5,349	5,349	0	39,263
29	1 July 46 to 30 June 47	0	0	0	5,349	5,349	0	39,263
30	1 July 47 to 30 June 48	0	0	0	5,349	5,349	0	39,264
31	1 July 48 to 30 June 49	0	0	0	5,349	5,349	0	39,264
32	1 July 49 to 30 June 50	0	0	0	5,349	5,349	0	39,264
33	1 July 50 to 30 June 51	0	0	0	5,349	5,349	0	39,264
34	1 July 51 to 30 June 52	0	0	0	5,349	5,349	0	39,264
35	1 July 52 to 30 June 53	0	0	0	5,349	5,349	0	39,264
36	1 July 53 to 30 June 54	0	0	0	5,349	5,349	0	39,264
37	1 July 54 to 30 June 55	0	0	0	4,477	4,477	0	39,264
38	1 July 55 to 30 June 56	0	0	0	0	0	0	39,264
39	1 July 56 to 30 June 57	0	0	0	0	0	0	39,264
40	2057+	0	0	0	0	0	0	39,264
Totals		0	0	0	193,582	193,582	39,264	39,264

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	21 February 19 to 30 June 19	0	0	0	1,890	1,890	3,963	3,963
2	1 July 19 to 30 June 20	0	0	0	5,349	5,349	7,333	11,296
3	1 July 20 to 30 June 21	0	0	0	5,349	5,349	5,371	16,667
4	1 July 21 to 30 June 22	0	0	0	5,349	5,349	4,145	20,812
5	1 July 22 to 30 June 23	0	0	0	5,349	5,349	3,378	24,191
6	1 July 23 to 30 June 24	0	0	0	5,349	5,349	2,899	27,090
7	1 July 24 to 30 June 25	0	0	0	5,349	5,349	2,600	29,690
8	1 July 25 to 30 June 26	0	0	0	5,349	5,349	2,413	32,103
9	1 July 26 to 30 June 27	0	0	0	5,349	5,349	2,296	34,399
10	1 July 27 to 30 June 28	0	0	0	5,349	5,349	2,223	36,622
11	1 July 28 to 30 June 29	0	0	0	5,349	5,349	1,636	38,258
12	1 July 29 to 30 June 30	0	0	0	5,349	5,349	585	38,843
13	1 July 30 to 30 June 31	0	0	0	5,349	5,349	372	39,214
14	1 July 31 to 30 June 32	0	0	0	5,349	5,349	19	39,233
15	1 July 32 to 30 June 33	0	0	0	5,349	5,349	12	39,244
16	1 July 33 to 30 June 34	0	0	0	5,349	5,349	7	39,252
17	1 July 34 to 30 June 35	0	0	0	5,349	5,349	5	39,256
18	1 July 35 to 30 June 36	0	0	0	5,349	5,349	3	39,259
19	1 July 36 to 30 June 37	0	0	0	5,349	5,349	2	39,261
20	1 July 37 to 30 June 38	0	0	0	5,349	5,349	1	39,262
21	1 July 38 to 30 June 39	0	0	0	5,349	5,349	1	39,263
22	1 July 39 to 30 June 40	0	0	0	5,349	5,349	0	39,263
23	1 July 40 to 30 June 41	0	0	0	5,349	5,349	0	39,263
24	1 July 41 to 30 June 42	0	0	0	5,349	5,349	0	39,263
25	1 July 42 to 30 June 43	0	0	0	5,349	5,349	0	39,264
26	1 July 43 to 30 June 44	0	0	0	5,349	5,349	0	39,264
27	1 July 44 to 30 June 45	0	0	0	5,349	5,349	0	39,264
28	1 July 45 to 30 June 46	0	0	0	5,349	5,349	0	39,264
29	1 July 46 to 30 June 47	0	0	0	5,349	5,349	0	39,264
30	1 July 47 to 30 June 48	0	0	0	5,349	5,349	0	39,264
31	1 July 48 to 30 June 49	0	0	0	5,349	5,349	0	39,264
32	1 July 49 to 30 June 50	0	0	0	5,349	5,349	0	39,264
33	1 July 50 to 30 June 51	0	0	0	5,349	5,349	0	39,264
34	1 July 51 to 30 June 52	0	0	0	5,349	5,349	0	39,264
35	1 July 52 to 30 June 53	0	0	0	5,349	5,349	0	39,264
36	1 July 53 to 30 June 54	0	0	0	5,349	5,349	0	39,264
37	1 July 54 to 30 June 55	0	0	0	4,477	4,477	0	39,264
38	1 July 55 to 30 June 56	0	0	0	0	0	0	39,264
39	1 July 56 to 30 June 57	0	0	0	0	0	0	39,264
40	2057+	0	0	0	0	0	0	39,264
Totals		0	0	0	193,582	193,582	39,264	39,264

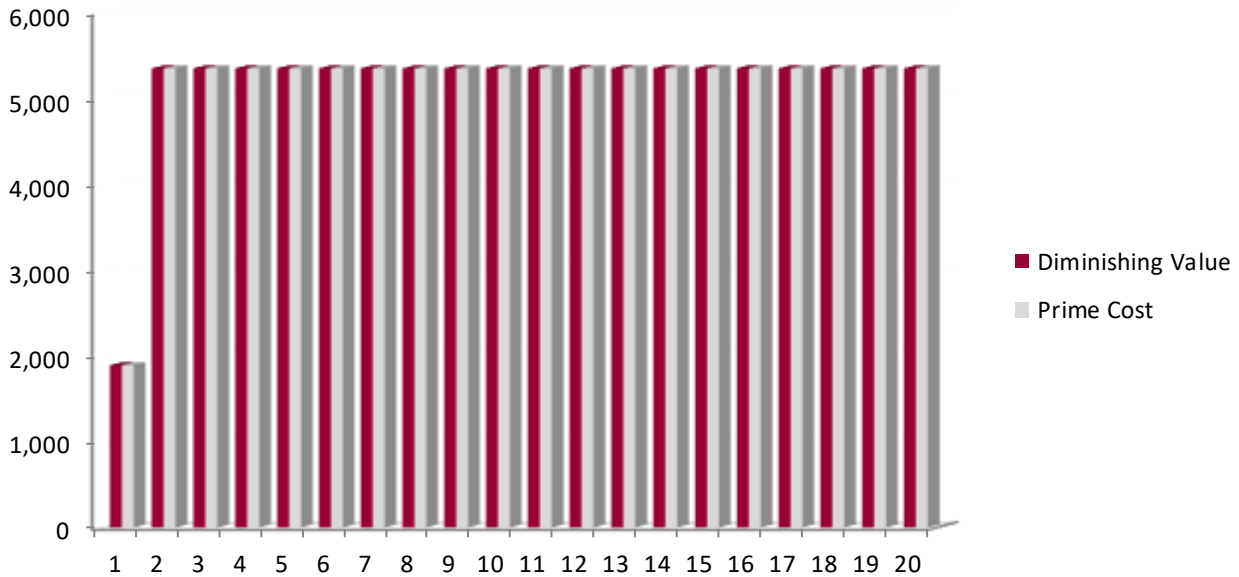
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

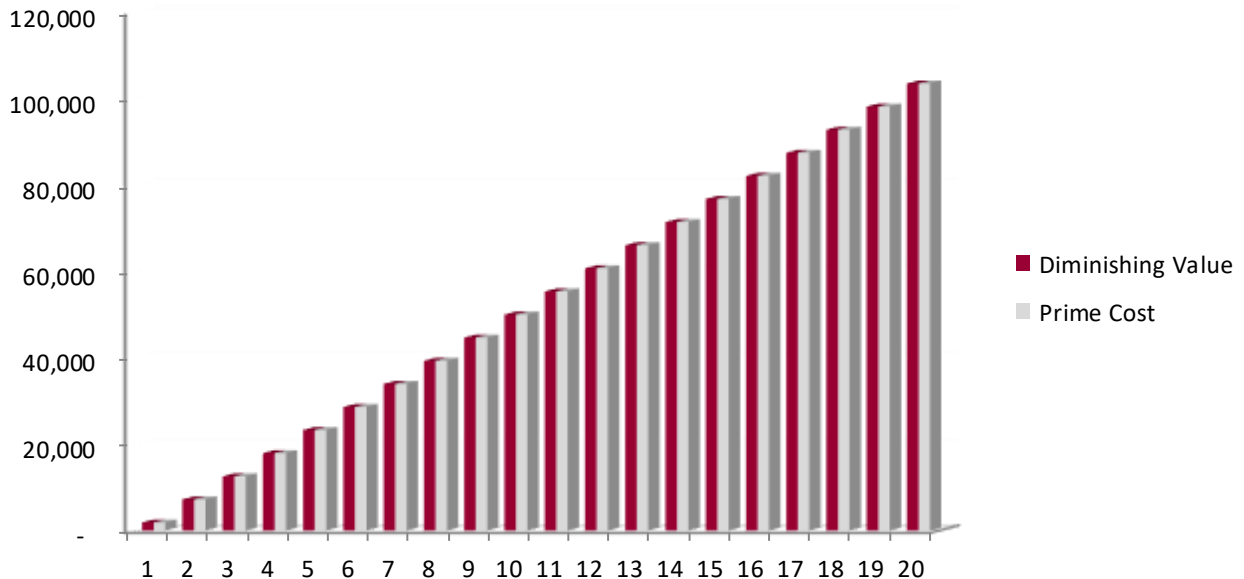
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	22 January 2019
Settlement Date	21 February 2019
Available To Generate Income	21 February 2019

Expenditure Analysed

Purchase Price	\$400,000
Stamp Duty	\$12,425
Total Expenditure Analysed	\$412,425

Historical Construction Details

Construction Start Date	2 November 2014
Construction Completion Date	1 May 2015
Historical Construction Cost (Estimated)*	\$260,954

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

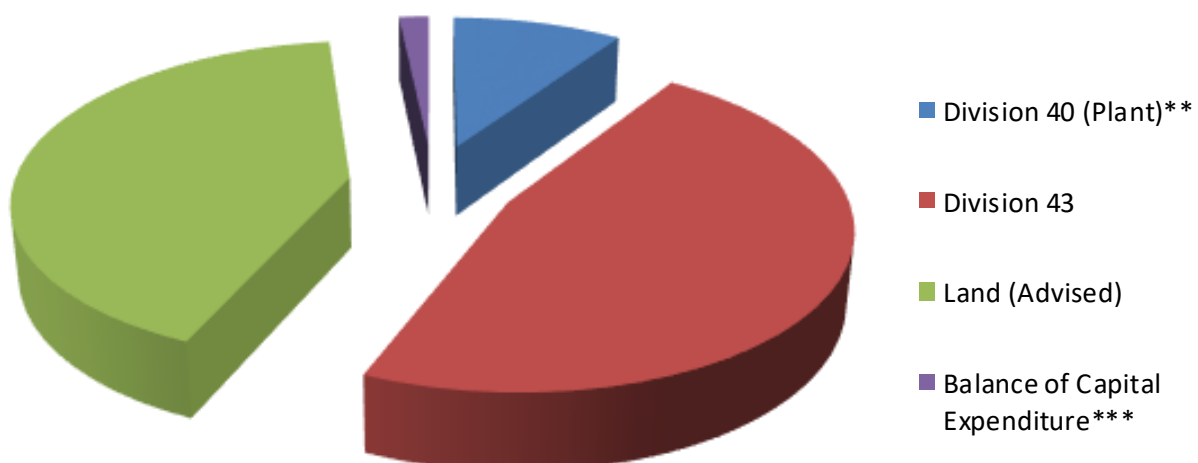
Division 40 (Plant)**	\$39,264
Division 43	\$193,582
Land (Advised)	\$172,703
Balance of Capital Expenditure***	\$6,876
Total Expenditure Analysed	\$412,425

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%	21-Feb-19	6,661	471	1,238	990	792	634	507	406	325	260	208	
Bathroom assets															
Exhaust fans (including light/heating)	NO	18.75%	21-Feb-19	833	156	254	159	99	62	39	24	15	9	6	
Blinds Residential															
	NO	18.75%	21-Feb-19	2,620	491	798	499	312	195	122	76	48	30	19	
Ceiling Fans															
	NO	18.75%	21-Feb-19	2,498	468	761	476	297	186	116	73	45	28	18	
Fire control assets															
Detection & alarm systems, detectors	NO	18.75%	21-Feb-19	1,710	321	521	326	203	127	79	50	31	19	12	
Floor coverings (removable without damage)															
Carpets	NO	20.00%	21-Feb-19	3,663	259	681	545	436	349	279	223	335	209	131	
Furniture															
	NO	18.75%	21-Feb-19	4,440	833	1,353	846	528	330	206	129	81	50	32	
Garage doors, automatic															
Controls	NO	18.75%	21-Feb-19	355	67	108	68	42	26	17	10	6	4	3	
Motors	NO	20.00%	21-Feb-19	2,664	188	495	396	317	254	203	304	190	119	74	
Garbage disposal															
Garbage bins	NO	18.75%	21-Feb-19	355	67	108	68	42	26	17	10	6	4	3	
Hot water systems (excluding piping)															
Gas or electric	NO	16.67%	21-Feb-19	3,996	235	627	522	435	363	302	252	210	175	328	
Kitchen assets															
Cooktops	NO	18.75%	21-Feb-19	1,887	354	575	359	225	140	88	55	34	21	13	
Dishwashers	NO	20.00%	21-Feb-19	2,664	188	495	396	317	254	203	304	190	119	74	
Ovens	NO	16.67%	21-Feb-19	2,442	144	383	319	266	222	185	346	216	135	85	
Rangehoods	NO	18.75%	21-Feb-19	999	187	304	190	119	74	46	29	18	11	7	
Lights															
Shades, removable	NO	18.75%	21-Feb-19	1,476	277	450	281	176	110	69	43	27	17	10	
Pooled Plant Total					3,220	5,232	3,270	2,044	1,277	798	1,454	1,243	777	814	
Effective Life Plant Total					1,486	3,919	3,169	2,563	2,074	1,679	881	534	435	208	
Total Division 40					39,264	4,706	9,151	6,439	4,607	3,351	2,477	2,335	1,778	1,212	1,021
Division 43 - Capital Works Allowance															
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10	
Building Works - Completed 2015			2.50%	21-Feb-19	186,367	1,820	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150
Structural Improvements - Completed 2015			2.50%	21-Feb-19	7,215	70	199	199	199	199	199	199	199	199	199
Total Division 43					193,582	1,890	5,349	5,349	5,349	5,349	5,349	5,349	5,349	5,349	5,349

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%	21-Feb-19	6,661	235	666	666	666	666	666	666	666	666	666
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	21-Feb-19	833	156	254	159	99	62	39	24	15	9	6
Blinds Residential														
	NO	18.75%	21-Feb-19	2,620	491	798	499	312	195	122	76	48	30	19
Ceiling Fans														
	NO	18.75%	21-Feb-19	2,498	468	761	476	297	186	116	73	45	28	18
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	21-Feb-19	1,710	321	521	326	203	127	79	50	31	19	12
Floor coverings (removable without damage)														
Carpets	NO	10.00%	21-Feb-19	3,663	129	366	366	366	366	366	366	366	366	366
Furniture														
	NO	18.75%	21-Feb-19	4,440	833	1,353	846	528	330	206	129	81	50	32
Garage doors, automatic														
Controls	NO	18.75%	21-Feb-19	355	67	108	68	42	26	17	10	6	4	3
Motors	NO	10.00%	21-Feb-19	2,664	94	266	266	266	266	266	266	266	266	266
Garbage disposal														
Garbage bins	NO	18.75%	21-Feb-19	355	67	108	68	42	26	17	10	6	4	3
Hot water systems (excluding piping)														
Gas or electric	NO	8.33%	21-Feb-19	3,996	118	333	333	333	333	333	333	333	333	333
Kitchen assets														
Cooktops	NO	18.75%	21-Feb-19	1,887	354	575	359	225	140	88	55	34	21	13
Dishwashers	NO	10.00%	21-Feb-19	2,664	94	266	266	266	266	266	266	266	266	266
Ovens	NO	8.33%	21-Feb-19	2,442	72	204	204	204	204	204	204	204	204	204
Rangehoods	NO	18.75%	21-Feb-19	999	187	304	190	119	74	46	29	18	11	7
Lights														
Shades, removable	NO	18.75%	21-Feb-19	1,476	277	450	281	176	110	69	43	27	17	10
Pooled Plant Total					3,220	5,232	3,270	2,044	1,277	798	499	312	195	122
Effective Life Plant Total					743	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101	2,101
Total Division 40				39,264	3,963	7,333	5,371	4,145	3,378	2,899	2,600	2,413	2,296	2,223
Division 43 - Capital Works Allowance														
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2015				186,367	1,820	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150
Structural Improvements - Completed 2015				7,215	70	199	199	199	199	199	199	199	199	199
Total Division 43				193,582	1,890	5,349	5,349	5,349	5,349	5,349	5,349	5,349	5,349	5,349

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 2015	2 Nov 14 to 1 May 15	206,008	2.50%	5,150	186,367
Sub-total		206,008		5,150	186,367

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2015	2 Nov 14 to 1 May 15	7,975	2.50%	199	7,215
Sub-total		7,975		199	7,215
Totals		213,983		5,349	193,582

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>