



## Tax Depreciation Report

17 Thorndon Drive,  
St Albans Melbourne, VIC 3021 Australia

Thanh Hai Nguyen and Ngoc Chi Vu  
58 Wingate Avenue  
ASCOT VALE, VIC 3032

Issue Schedule	
Issue Date:	Issued by:
03 June 2020	Mark Kilroy Bsc (Hons) MRICS

Thanh Hai Nguyen and Ngoc Chi Vu  
58 Wingate Avenue  
ASCOT VALE, VIC 3032

June 2020  
Job No: RES3021010

**Tax Depreciation Report – 17 Thorndon Drive, St Albans Melbourne, VIC 3021**

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

3 June 2020

### Purchaser

Thanh Hai Nguyen and Ngoc Chi Vu

### Property Address

17 Thorndon Drive, St Albans Melbourne, VIC 3021 Australia

### Real Property Description

LOT 443 LP58189

### Property Type

Residential House

### Date of Construction

Pre 1985

### Date Available To Generate Income

14 December 2015

### 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"> <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
		Effective Life	Pooled Plant	Total Div 40		
1	14 December 15 to 30 June 16	3,497	2,171	5,668	1,266	6,934
2	1 July 16 to 30 June 17	3,334	4,158	7,491	2,326	9,817
3	1 July 17 to 30 June 18	2,474	2,962	5,435	2,326	7,761
4	1 July 18 to 30 June 19	1,730	2,088	3,818	2,326	6,144
5	1 July 19 to 30 June 20	1,460	1,305	2,765	2,447	5,212
6	1 July 20 to 30 June 21	1,234	816	2,049	2,692	4,741
7	1 July 21 to 30 June 22	896	842	1,738	2,692	4,430
8	1 July 22 to 30 June 23	456	1,207	1,663	2,692	4,355
9	1 July 23 to 30 June 24	395	754	1,149	2,692	3,841
10	1 July 24 to 30 June 25	343	471	814	2,692	3,506
11	1 July 25 to 30 June 26	297	295	592	2,692	3,284
12	1 July 26 to 30 June 27	257	184	441	2,692	3,133
13	1 July 27 to 30 June 28	223	115	338	2,692	3,030
14	1 July 28 to 30 June 29	193	72	265	2,692	2,957
15	1 July 29 to 30 June 30	168	45	212	2,692	2,904
16	1 July 30 to 30 June 31	145	28	173	2,692	2,865
17	1 July 31 to 30 June 32	0	371	371	2,692	3,063
18	1 July 32 to 30 June 33	0	232	232	2,692	2,924
19	1 July 33 to 30 June 34	0	145	145	2,692	2,837
20	1 July 34 to 30 June 35	0	91	91	2,692	2,783
21	1 July 35 to 30 June 36	0	57	57	1,818	1,875
22	1 July 36 to 30 June 37	0	35	35	1,543	1,578
23	1 July 37 to 30 June 38	0	22	22	1,543	1,565
24	1 July 38 to 30 June 39	0	14	14	1,543	1,557
25	1 July 39 to 30 June 40	0	9	9	1,543	1,552
26	1 July 40 to 30 June 41	0	5	5	1,543	1,548
27	1 July 41 to 30 June 42	0	3	3	1,543	1,546
28	1 July 42 to 30 June 43	0	2	2	1,313	1,315
29	1 July 43 to 30 June 44	0	1	1	1,284	1,285
30	1 July 44 to 30 June 45	0	1	1	1,284	1,285
31	1 July 45 to 30 June 46	0	1	1	1,284	1,285
32	1 July 46 to 30 June 47	0	0	0	1,284	1,284
33	1 July 47 to 30 June 48	0	0	0	1,284	1,284
34	1 July 48 to 30 June 49	0	0	0	1,284	1,284
35	1 July 49 to 30 June 50	0	0	0	1,284	1,284
36	1 July 50 to 30 June 51	0	0	0	1,284	1,284
37	1 July 51 to 30 June 52	0	0	0	1,284	1,284
38	1 July 52 to 30 June 53	0	0	0	453	453
39	1 July 53 to 30 June 54	0	0	0	366	366
40	2054+	0	0	0	2,081	2,081
<b>Totals</b>		<b>17,101</b>	<b>18,503</b>	<b>35,604</b>	<b>77,916</b>	<b>113,520</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
		Effective Life	Pooled Plant	Total Div 40		
1	14 December 15 to 30 June 16	2,367	2,171	4,538	1,266	5,804
2	1 July 16 to 30 June 17	2,076	3,529	5,605	2,326	7,931
3	1 July 17 to 30 June 18	2,076	2,205	4,281	2,326	6,607
4	1 July 18 to 30 June 19	2,076	1,378	3,454	2,326	5,780
5	1 July 19 to 30 June 20	2,076	861	2,937	2,447	5,384
6	1 July 20 to 30 June 21	1,833	538	2,371	2,692	5,063
7	1 July 21 to 30 June 22	1,627	337	1,964	2,692	4,656
8	1 July 22 to 30 June 23	1,627	210	1,837	2,692	4,529
9	1 July 23 to 30 June 24	1,627	131	1,758	2,692	4,450
10	1 July 24 to 30 June 25	1,627	82	1,709	2,692	4,401
11	1 July 25 to 30 June 26	1,313	51	1,364	2,692	4,056
12	1 July 26 to 30 June 27	1,036	32	1,068	2,692	3,760
13	1 July 27 to 30 June 28	871	20	891	2,692	3,583
14	1 July 28 to 30 June 29	728	13	741	2,692	3,433
15	1 July 29 to 30 June 30	728	8	736	2,692	3,428
16	1 July 30 to 30 June 31	336	5	341	2,692	3,033
17	1 July 31 to 30 June 32	0	3	3	2,692	2,695
18	1 July 32 to 30 June 33	0	2	2	2,692	2,694
19	1 July 33 to 30 June 34	0	1	1	2,692	2,693
20	1 July 34 to 30 June 35	0	1	1	2,692	2,693
21	1 July 35 to 30 June 36	0	0	0	1,818	1,818
22	1 July 36 to 30 June 37	0	0	0	1,543	1,543
23	1 July 37 to 30 June 38	0	0	0	1,543	1,543
24	1 July 38 to 30 June 39	0	0	0	1,543	1,543
25	1 July 39 to 30 June 40	0	0	0	1,543	1,543
26	1 July 40 to 30 June 41	0	0	0	1,543	1,543
27	1 July 41 to 30 June 42	0	0	0	1,543	1,543
28	1 July 42 to 30 June 43	0	0	0	1,313	1,313
29	1 July 43 to 30 June 44	0	0	0	1,284	1,284
30	1 July 44 to 30 June 45	0	0	0	1,284	1,284
31	1 July 45 to 30 June 46	0	0	0	1,284	1,284
32	1 July 46 to 30 June 47	0	0	0	1,284	1,284
33	1 July 47 to 30 June 48	0	0	0	1,284	1,284
34	1 July 48 to 30 June 49	0	0	0	1,284	1,284
35	1 July 49 to 30 June 50	0	0	0	1,284	1,284
36	1 July 50 to 30 June 51	0	0	0	1,284	1,284
37	1 July 51 to 30 June 52	0	0	0	1,284	1,284
38	1 July 52 to 30 June 53	0	0	0	453	453
39	1 July 53 to 30 June 54	0	0	0	366	366
40	2054+	0	0	0	2,081	2,081
<b>Totals</b>		<b>24,023</b>	<b>11,580</b>	<b>35,604</b>	<b>77,916</b>	<b>113,520</b>

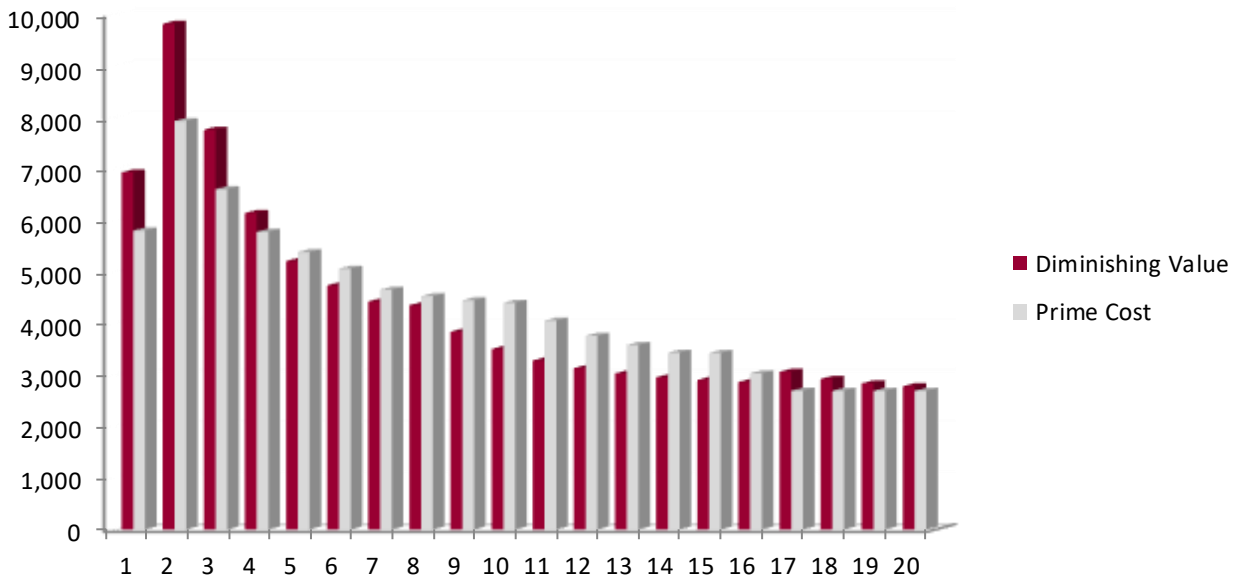
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

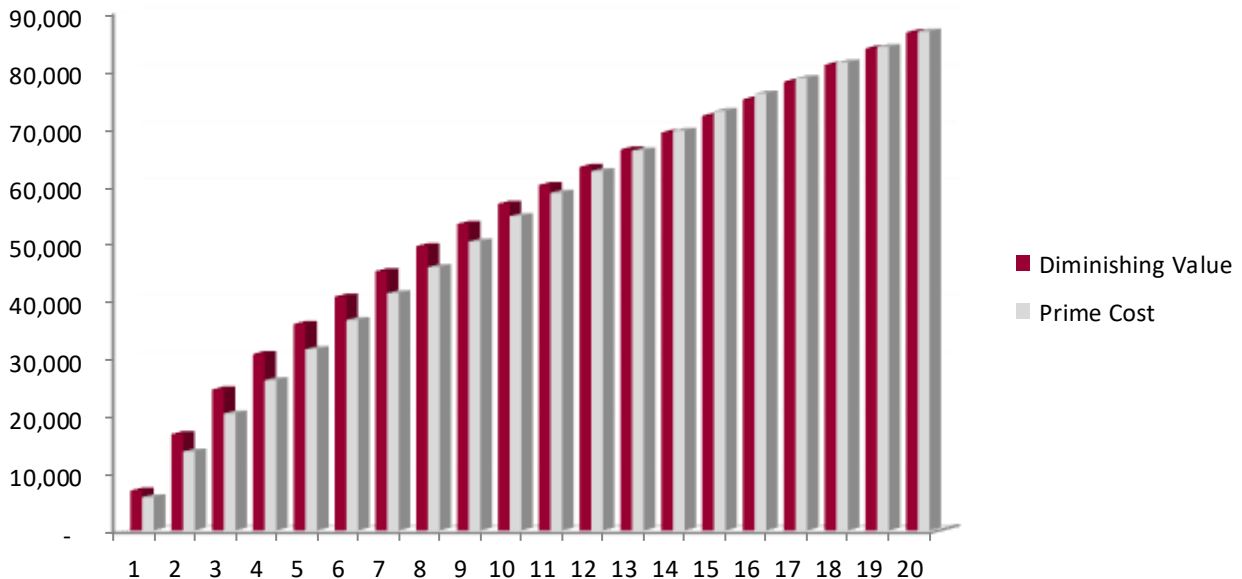
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	14 November 2015
Settlement Date	14 December 2015
Available To Generate Income	14 December 2015

### Expenditure Analysed

Purchase Price	\$408,000
Stamp Duty	\$12,705
Legals	\$1,200
Post Expenditure	\$0
<b>Total Expenditure Analysed</b>	<b>\$421,905</b>

### Historical Construction Details

Construction Start Date	Pre 1985
Construction Completion Date	Pre 1985
Historical Construction Cost (Estimated)*	N/A
Lot Entitlement	1
Overall Lot Entitlement	1

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

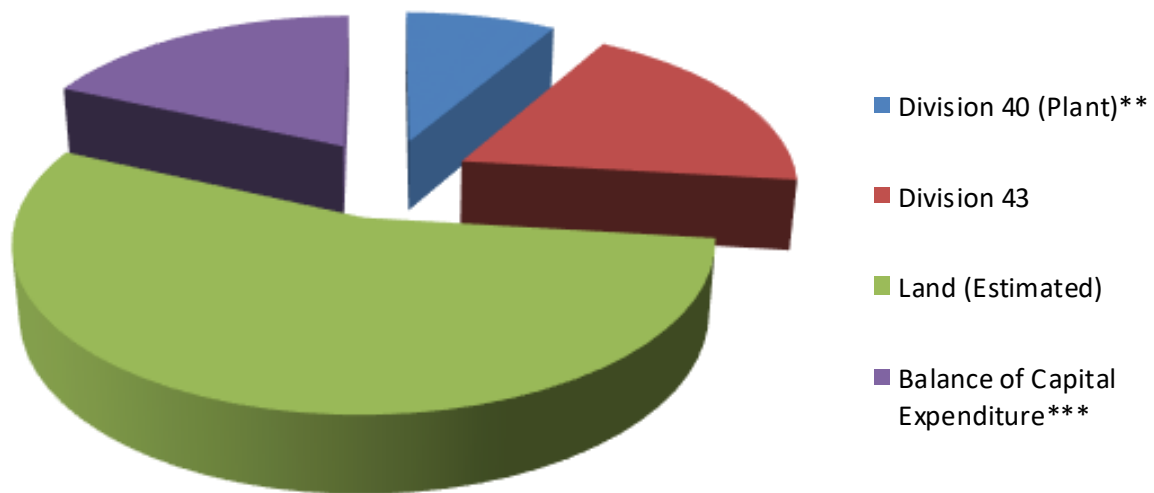
Division 40 (Plant)**	\$35,604
Division 43	\$77,916
Land (Estimated)	\$231,388
Balance of Capital Expenditure***	\$76,998
<b>Total Expenditure Analysed</b>	<b>\$421,906</b>

### 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	Eligibility For Depreciation	Diminishing Value Rate	Start Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>														
Mini split system upto 20KW	YES	20.00%	14-Dec-15	4,035	439	719	575	460	368	295	236	353	221	138
Room units	YES	20.00%	14-Dec-15	1,009	110	337	211	132	82	51	32	20	13	8
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	YES	18.75%	14-Dec-15	1,816	340	553	346	216	135	84	53	33	21	13
<b>Blinds Residential</b>														
	YES	18.75%	14-Dec-15	1,681	315	512	320	200	125	78	49	31	19	12
<b>Ceiling Fans</b>														
	YES	18.75%	14-Dec-15	941	177	287	179	112	70	44	27	17	11	7
<b>Curtains and drapes</b>														
	YES	18.75%	14-Dec-15	2,456	460	748	468	292	183	114	71	45	28	17
<b>Fire control assets</b>														
Detection & alarm systems, detectors	YES	18.75%	14-Dec-15	592	111	180	113	70	44	28	17	11	7	4
<b>Floor coverings ( removable without damage)</b>														
Floating timber	YES	13.33%	14-Dec-15	8,705	631	1,076	933	809	701	607	526	456	395	343
<b>Furniture</b>														
	YES	18.75%	14-Dec-15	3,631	681	1,106	691	432	270	169	106	66	41	26
<b>Garden sheds, freestanding</b>														
	YES	20.00%	14-Dec-15	874	95	292	183	114	71	45	28	17	11	7
<b>Heating units</b>														
Electronic	YES	13.33%	14-Dec-15	2,219	161	274	238	206	179	155	134	327	204	128
<b>Hot water systems (excluding piping)</b>														
Gas or electric	YES	16.67%	14-Dec-15	2,421	219	367	306	255	212	177	332	207	130	81
<b>Kitchen assets</b>														
Cooktops	YES	16.67%	14-Dec-15	1,278	116	194	363	227	142	89	55	35	22	14
Rangehoods	YES	18.75%	14-Dec-15	464	87	141	88	55	35	22	13	8	5	3
<b>Lights</b>														
Fittings (excluding hardwired)	YES	40.00%	14-Dec-15	2,246	488	703	422	237	148	93	58	36	23	14
<b>\$300 items</b>														
	YES	100.00%	14-Dec-15	1,237	1,237									
<b>Pooled Plant Total</b>					2,171	4,158	2,962	2,088	1,305	816	842	1,207	754	471
<b>Effective Life Plant Total</b>					3,497	3,334	2,474	1,730	1,460	1,234	896	456	395	343
<b>Total Division 40</b>				35,604	5,668	7,491	5,435	3,818	2,765	2,049	1,738	1,663	1,149	814

## 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 1995	2.50%	14-Dec-15	17,743	488	897	897	897	897	897	897	897	897	897
Building Works - Completed 2002	2.50%	14-Dec-15	6,904	141	259	259	259	259	259	259	259	259	259
Building Works - Completed 2012	2.50%	14-Dec-15	21,794	324	595	595	595	595	595	595	595	595	595
Building Works - Completed 2020	2.50%	01-Mar-20	14,646					121	366	366	366	366	366
Structural Improvements - Completed 1995	2.50%	14-Dec-15	4,988	137	252	252	252	252	252	252	252	252	252
Structural Improvements - Completed 2012	2.50%	14-Dec-15	11,841	176	323	323	323	323	323	323	323	323	323
<b>Total Division 43</b>			<b>77,916</b>	<b>1,266</b>	<b>2,326</b>	<b>2,326</b>	<b>2,326</b>	<b>2,447</b>	<b>2,692</b>	<b>2,692</b>	<b>2,692</b>	<b>2,692</b>	<b>2,692</b>

## 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
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>														
Mini split system upto 20KW	YES	10.00%	14-Dec-15	4,035	219	403	403	403	403	403	403	403	403	403
Room units	YES	10.00%	14-Dec-15	1,009	55	101	101	101	101	101	101	101	101	101
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	YES	18.75%	14-Dec-15	1,816	340	553	346	216	135	84	53	33	21	13
<b>Blinds Residential</b>														
	YES	18.75%	14-Dec-15	1,681	315	512	320	200	125	78	49	31	19	12
<b>Ceiling Fans</b>														
	YES	18.75%	14-Dec-15	941	177	287	179	112	70	44	27	17	11	7
<b>Curtains and drapes</b>														
	YES	18.75%	14-Dec-15	2,456	460	748	468	292	183	114	71	45	28	17
<b>Fire control assets</b>														
Detection & alarm systems, detectors	YES	18.75%	14-Dec-15	592	111	180	113	70	44	28	17	11	7	4
<b>Floor coverings ( removable without damage)</b>														
Floating timber	YES	6.67%	14-Dec-15	8,705	316	580	580	580	580	580	580	580	580	580
<b>Furniture</b>														
	YES	18.75%	14-Dec-15	3,631	681	1,106	691	432	270	169	106	66	41	26
<b>Garden sheds, freestanding</b>														
	YES	10.00%	14-Dec-15	874	48	87	87	87	87	87	87	87	87	87
<b>Heating units</b>														
Electronic	YES	6.67%	14-Dec-15	2,219	80	148	148	148	148	148	148	148	148	148
<b>Hot water systems (excluding piping)</b>														
Gas or electric	YES	8.33%	14-Dec-15	2,421	110	202	202	202	202	202	202	202	202	202
<b>Kitchen assets</b>														
Cooktops	YES	8.33%	14-Dec-15	1,278	58	106	106	106	106	106	106	106	106	106
Rangehoods	YES	18.75%	14-Dec-15	464	87	141	88	55	35	22	13	8	5	3
<b>Lights</b>														
Fittings (excluding hardwired)	YES	20.00%	14-Dec-15	2,246	244	449	449	449	449	206				
<b>\$300 items</b>														
	YES	100.00%	14-Dec-15	1,237	1,237									
<b>Pooled Plant Total</b>					<b>2,171</b>	<b>3,529</b>	<b>2,205</b>	<b>1,378</b>	<b>861</b>	<b>538</b>	<b>337</b>	<b>210</b>	<b>131</b>	<b>82</b>
<b>Effective Life Plant Total</b>					<b>2,367</b>	<b>2,076</b>	<b>2,076</b>	<b>2,076</b>	<b>2,076</b>	<b>1,833</b>	<b>1,627</b>	<b>1,627</b>	<b>1,627</b>	<b>1,627</b>
<b>Total Division 40</b>				<b>35,604</b>	<b>4,538</b>	<b>5,605</b>	<b>4,281</b>	<b>3,454</b>	<b>2,937</b>	<b>2,371</b>	<b>1,964</b>	<b>1,837</b>	<b>1,758</b>	<b>1,709</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 1995	2.50%	14-Dec-15	17,743	488	897	897	897	897	897	897	897	897
Building Works - Completed 2002	2.50%	14-Dec-15	6,904	141	259	259	259	259	259	259	259	259
Building Works - Completed 2012	2.50%	14-Dec-15	21,794	324	595	595	595	595	595	595	595	595
Building Works - Completed 2020	2.50%	01-Mar-20	14,646				121	366	366	366	366	366
Structural Improvements - Completed 1995	2.50%	14-Dec-15	4,988	137	252	252	252	252	252	252	252	252
Structural Improvements - Completed 2012	2.50%	14-Dec-15	11,841	176	323	323	323	323	323	323	323	323
<b>Total Division 43</b>			<b>77,916</b>	<b>1,266</b>	<b>2,326</b>	<b>2,326</b>	<b>2,326</b>	<b>2,447</b>	<b>2,692</b>	<b>2,692</b>	<b>2,692</b>	<b>2,692</b>

## 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 1995	1 Jul 92 to 1 Oct 95	35,873	2.50%	897	17,743
Building Works - Completed 2002	1 Jul 02 to 1 Aug 02	10,374	2.50%	259	6,904
Building Works - Completed 2012	1 Jul 12 to 1 Aug 12	23,799	2.50%	595	21,794
Building Works - Completed 2020	1 Feb 20 to 1 Mar 20	14,646	2.50%	366	14,646
<b>Sub-total</b>		<b>84,693</b>		<b>2,117</b>	<b>61,087</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 1995	1 Jul 92 to 1 Oct 95	10,086	2.50%	252	4,988
Structural Improvements - Completed 2012	1 Jul 12 to 1 Aug 12	12,930	2.50%	323	11,841
<b>Sub-total</b>		<b>23,016</b>		<b>575</b>	<b>16,829</b>
<b>Totals</b>		<b>107,709</b>		<b>2,692</b>	<b>77,916</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.