



Tax Depreciation Report

2/24 Parry Street,
Bulimba, QLD 4171 Australia

Elizabeth Katharina and Luke John Smith
PO BOX 3486
MANUKA, ACT 2603

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

Elizabeth Katharina and Luke John Smith
PO BOX 3486
MANUKA, ACT 2603

June 2020
Job No: RES4171011

Tax Depreciation Report – 2/24 Parry Street, Bulimba, QLD 4171 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

12 June 2020

Purchaser

Elizabeth Katharina and Luke John Smith

Property Address

2/24 Parry Street, Bulimba, QLD 4171 Australia

Real Property Description

L2 SP130366

Property Type

Residential Townhouse

Date of Construction

10 October 2000

Date Available To Generate Income

5 May 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	17 March 14 to 30 June 14	0	0	0	680	680	0	0
2	1 July 14 to 30 June 15	0	0	0	2,364	2,364	0	0
3	1 July 15 to 30 June 16	0	0	0	2,364	2,364	0	0
4	1 July 16 to 30 June 17	0	0	0	2,364	2,364	0	0
5	1 July 17 to 30 June 18	0	0	0	2,364	2,364	0	0
6	1 July 18 to 30 June 19	0	0	0	2,364	2,364	3,134	3,134
7	1 July 19 to 30 June 20	0	0	0	2,364	2,364	2,690	5,824
8	1 July 20 to 30 June 21	0	0	0	2,364	2,364	2,072	7,897
9	1 July 21 to 30 June 22	0	0	0	2,364	2,364	1,465	9,362
10	1 July 22 to 30 June 23	0	0	0	2,364	2,364	1,058	10,419
11	1 July 23 to 30 June 24	0	0	0	2,364	2,364	935	11,354
12	1 July 24 to 30 June 25	0	0	0	2,364	2,364	1,075	12,429
13	1 July 25 to 30 June 26	0	0	0	2,364	2,364	672	13,100
14	1 July 26 to 30 June 27	0	0	0	2,364	2,364	420	13,520
15	1 July 27 to 30 June 28	0	0	0	2,364	2,364	262	13,782
16	1 July 28 to 30 June 29	0	0	0	2,364	2,364	164	13,946
17	1 July 29 to 30 June 30	0	0	0	2,364	2,364	102	14,049
18	1 July 30 to 30 June 31	0	0	0	2,364	2,364	64	14,113
19	1 July 31 to 30 June 32	0	0	0	2,364	2,364	40	14,153
20	1 July 32 to 30 June 33	0	0	0	2,364	2,364	25	14,178
21	1 July 33 to 30 June 34	0	0	0	2,364	2,364	16	14,194
22	1 July 34 to 30 June 35	0	0	0	2,364	2,364	10	14,203
23	1 July 35 to 30 June 36	0	0	0	2,364	2,364	6	14,209
24	1 July 36 to 30 June 37	0	0	0	2,364	2,364	4	14,213
25	1 July 37 to 30 June 38	0	0	0	2,364	2,364	2	14,216
26	1 July 38 to 30 June 39	0	0	0	2,364	2,364	1	14,217
27	1 July 39 to 30 June 40	0	0	0	2,364	2,364	1	14,218
28	1 July 40 to 30 June 41	0	0	0	754	754	1	14,219
29	1 July 41 to 30 June 42	0	0	0	183	183	0	14,219
30	1 July 42 to 30 June 43	0	0	0	183	183	0	14,219
31	1 July 43 to 30 June 44	0	0	0	183	183	0	14,219
32	1 July 44 to 30 June 45	0	0	0	183	183	0	14,219
33	1 July 45 to 30 June 46	0	0	0	183	183	0	14,219
34	1 July 46 to 30 June 47	0	0	0	183	183	0	14,220
35	1 July 47 to 30 June 48	0	0	0	183	183	0	14,220
36	1 July 48 to 30 June 49	0	0	0	183	183	0	14,220
37	1 July 49 to 30 June 50	0	0	0	183	183	0	14,220
38	1 July 50 to 30 June 51	0	0	0	183	183	0	14,220
39	1 July 51 to 30 June 52	0	0	0	183	183	0	14,220
40	2052+	0	0	0	168	168	0	14,220
Totals		0	0	0	65,079	65,079	14,220	14,220

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	17 March 14 to 30 June 14	0	0	0	680	680	0	0
2	1 July 14 to 30 June 15	0	0	0	2,364	2,364	0	0
3	1 July 15 to 30 June 16	0	0	0	2,364	2,364	0	0
4	1 July 16 to 30 June 17	0	0	0	2,364	2,364	0	0
5	1 July 17 to 30 June 18	0	0	0	2,364	2,364	0	0
6	1 July 18 to 30 June 19	0	0	0	2,364	2,364	3,417	3,417
7	1 July 19 to 30 June 20	0	0	0	2,364	2,364	2,891	6,307
8	1 July 20 to 30 June 21	0	0	0	2,364	2,364	2,671	8,979
9	1 July 21 to 30 June 22	0	0	0	2,364	2,364	2,659	11,638
10	1 July 22 to 30 June 23	0	0	0	2,364	2,364	2,659	14,297
11	1 July 23 to 30 June 24	0	0	0	2,364	2,364	2,230	16,527
12	1 July 24 to 30 June 25	0	0	0	2,364	2,364	1,157	17,684
13	1 July 25 to 30 June 26	0	0	0	2,364	2,364	1,011	18,695
14	1 July 26 to 30 June 27	0	0	0	2,364	2,364	649	19,344
15	1 July 27 to 30 June 28	0	0	0	2,364	2,364	314	19,658
16	1 July 28 to 30 June 29	0	0	0	2,364	2,364	228	19,886
17	1 July 29 to 30 June 30	0	0	0	2,364	2,364	32	19,918
18	1 July 30 to 30 June 31	0	0	0	2,364	2,364	32	19,950
19	1 July 31 to 30 June 32	0	0	0	2,364	2,364	32	19,982
20	1 July 32 to 30 June 33	0	0	0	2,364	2,364	32	20,014
21	1 July 33 to 30 June 34	0	0	0	2,364	2,364	21	20,035
22	1 July 34 to 30 June 35	0	0	0	2,364	2,364	0	20,035
23	1 July 35 to 30 June 36	0	0	0	2,364	2,364	0	20,035
24	1 July 36 to 30 June 37	0	0	0	2,364	2,364	0	20,035
25	1 July 37 to 30 June 38	0	0	0	2,364	2,364	0	20,035
26	1 July 38 to 30 June 39	0	0	0	2,364	2,364	0	20,035
27	1 July 39 to 30 June 40	0	0	0	2,364	2,364	0	20,035
28	1 July 40 to 30 June 41	0	0	0	754	754	0	20,035
29	1 July 41 to 30 June 42	0	0	0	183	183	0	20,035
30	1 July 42 to 30 June 43	0	0	0	183	183	0	20,035
31	1 July 43 to 30 June 44	0	0	0	183	183	0	20,035
32	1 July 44 to 30 June 45	0	0	0	183	183	0	20,035
33	1 July 45 to 30 June 46	0	0	0	183	183	0	20,035
34	1 July 46 to 30 June 47	0	0	0	183	183	0	20,035
35	1 July 47 to 30 June 48	0	0	0	183	183	0	20,035
36	1 July 48 to 30 June 49	0	0	0	183	183	0	20,035
37	1 July 49 to 30 June 50	0	0	0	183	183	0	20,035
38	1 July 50 to 30 June 51	0	0	0	183	183	0	20,035
39	1 July 51 to 30 June 52	0	0	0	183	183	0	20,035
40	2052+	0	0	0	168	168	0	20,035
Totals		0	0	0	65,079	65,079	20,035	20,035

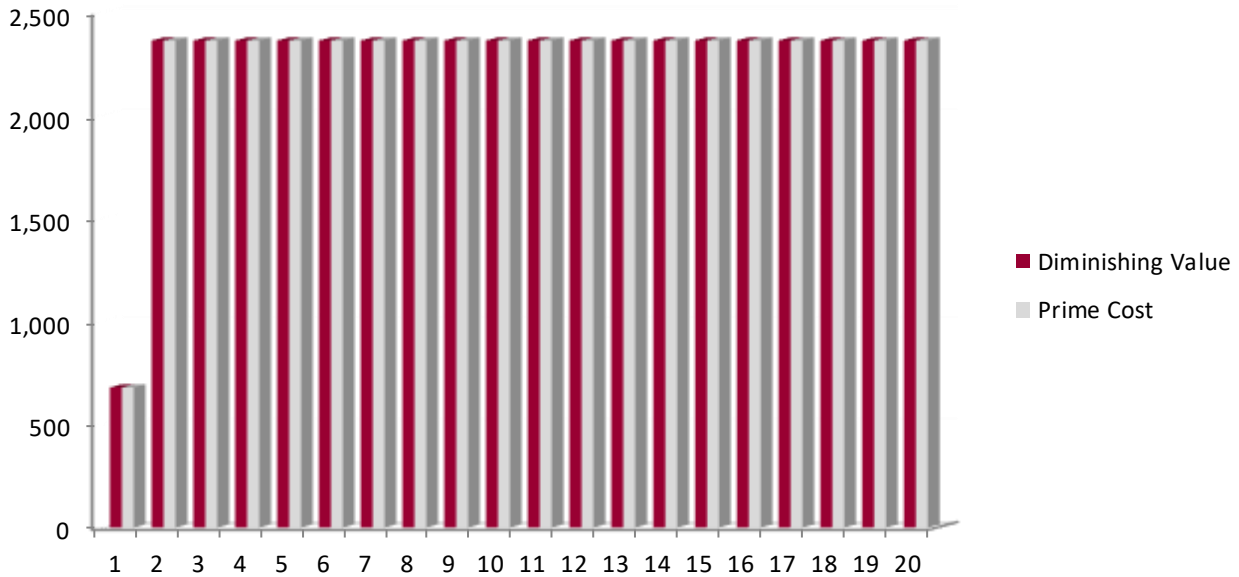
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

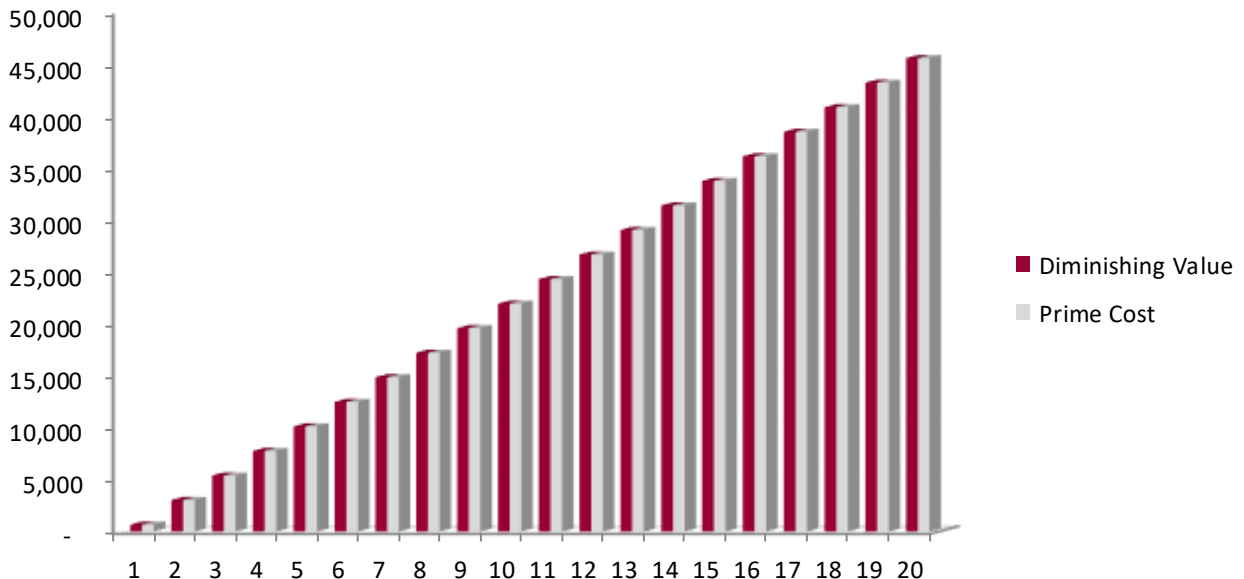
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	3 February 2014
Settlement Date	17 March 2014
Available To Generate Income	5 May 2019

Expenditure Analysed

Purchase Price	\$580,000
Stamp Duty	\$18,925
Total Expenditure Analysed	\$598,925

Historical Construction Details

Construction Start Date	14 January 2000
Construction Completion Date	10 October 2000
Historical Construction Cost (Estimated)*	\$108,339

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

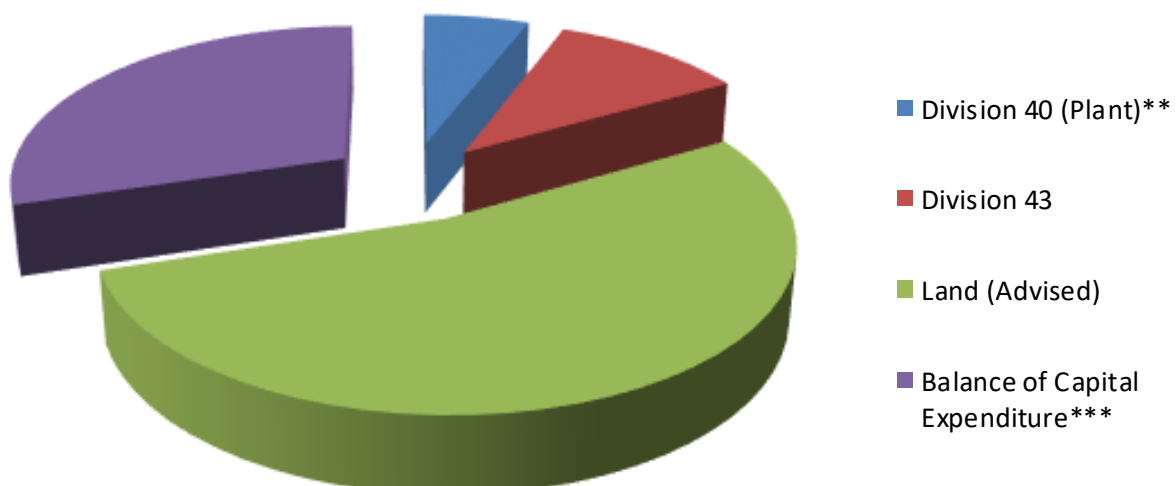
Division 40 (Plant)**	\$35,445
Division 43	\$65,079
Land (Advised)	\$320,115
Balance of Capital Expenditure***	\$178,286
Total Expenditure Analysed	\$598,925

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 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
Division 40 - Plant and Equipment														
Air-conditioning assets (excl. ducting, pipes & vents)														
Mini split system upto 20KW	NO	20.00%	17-Mar-14	6,967	401	1,313	1,051	840	672	538	430	344	275	220
Blinds Residential	NO	20.00%	17-Mar-14	2,830	163	534	427	341	273	219	328	205	128	80
Ceiling Fans	NO	40.00%	17-Mar-14	871	100	308	185	111	67	37	23	15	9	6
Curains and drapes	NO	33.33%	17-Mar-14	1,672	160	504	336	224	149	112	70	44	27	17
Fire control assets														
Detection & alarm systems, detectors	NO	10.00%	17-Mar-14	639	18	62	56	50	45	153	95	60	37	23
Floor coverings (removable without damage)														
Floating timber	NO	13.33%	17-Mar-14	4,068	156	522	452	392	340	294	255	221	192	166
Furniture	NO	15.00%	17-Mar-14	4,609	199	662	562	478	406	345	293	249	212	180
Garage doors, automatic														
Motors	NO	20.00%	17-Mar-14	3,484	200	657	525	420	336	269	215	323	202	126
Garbage disposal														
Garbage bins	NO	30.00%	17-Mar-14	232	20	64	45	31	22	19	12	7	5	3
Hot water systems (excluding piping)														
Gas or electric	NO	16.67%	17-Mar-14	2,613	125	415	345	288	240	200	375	234	146	92
Kitchen assets														
Cooktops	NO	16.67%	17-Mar-14	1,234	59	196	163	136	113	212	133	83	52	32
Dishwashers	NO	20.00%	17-Mar-14	1,742	100	328	263	210	168	252	158	98	62	38
Ovens	NO	16.67%	17-Mar-14	1,597	77	253	211	176	147	275	172	107	67	42
Rangehoods	NO	16.67%	17-Mar-14	653	31	104	86	72	60	112	70	44	27	17
Lights														
Shades, removable	NO	40.00%	17-Mar-14	2,235	257	791	475	285	171	96	60	38	23	15
Pooled Plant Total										1,269	1,496	1,258	786	491
Effective Life Plant Total					2,068	6,711	5,182	4,055	3,209	1,865	1,194	815	679	567
Total Division 40				35,445	2,068	6,711	5,182	4,055	3,209	3,134	2,690	2,072	1,465	1,058
Division 43 - Capital Works Allowance														
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2000		2.50%	17-Mar-14	54,221	587	2,042	2,042	2,042	2,042	2,042	2,042	2,042	2,042	2,042
Building Works - Completed 2013		2.50%	17-Mar-14	7,175	53	183	183	183	183	183	183	183	183	183
Structural Improvements - Completed 2000		2.50%	17-Mar-14	3,683	40	139	139	139	139	139	139	139	139	139
Total Division 43				65,079	680	2,364	2,364	2,364	2,364	2,364	2,364	2,364	2,364	2,364

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%	17-Mar-14	6,967	200	697	697	697	697	697	697	697	697	697	
Blinds Residential															
	NO	10.00%	17-Mar-14	2,830	81	283	283	283	283	283	283	283	283	283	
Ceiling Fans															
	NO	20.00%	17-Mar-14	871	50	174	174	174	174	125					
Curtains and drapes															
	NO	16.67%	17-Mar-14	1,672	80	279	279	279	279	279	197				
Fire control assets															
Detection & alarm systems, detectors	NO	5.00%	17-Mar-14	639	9	32	32	32	32	32	32	32	32	32	
Floor coverings (removable without damage)															
Floating timber	NO	6.67%	17-Mar-14	4,068	78	271	271	271	271	271	271	271	271	271	
Furniture															
	NO	7.50%	17-Mar-14	4,609	99	346	346	346	346	346	346	346	346	346	
Garage doors, automatic															
Motors	NO	10.00%	17-Mar-14	3,484	100	348	348	348	348	348	348	348	348	348	
Garbage disposal															
Garbage bins	NO	15.00%	17-Mar-14	232	10	35	35	35	35	35	35	12			
Hot water systems (excluding piping)															
Gas or electric	NO	8.33%	17-Mar-14	2,613	63	218	218	218	218	218	218	218	218	218	
Kitchen assets															
Cooktops	NO	8.33%	17-Mar-14	1,234	30	103	103	103	103	103	103	103	103	103	
Dishwashers	NO	10.00%	17-Mar-14	1,742	50	174	174	174	174	174	174	174	174	174	
Ovens	NO	8.33%	17-Mar-14	1,597	38	133	133	133	133	133	133	133	133	133	
Rangehoods	NO	8.33%	17-Mar-14	653	16	54	54	54	54	54	54	54	54	54	
Lights															
Shades, removable	NO	20.00%	17-Mar-14	2,235	129	447	447	447	447	319					
Pooled Plant Total															
Effective Life Plant Total						1,034	3,594	3,594	3,594	3,594	3,417	2,891	2,671	2,659	
Total Division 40					35,445	1,034	3,594	3,594	3,594	3,594	3,417	2,891	2,671	2,659	
Division 43 - Capital Works Allowance															
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10	
Building Works - Completed 2000					2.50%	17-Mar-14	54,221	587	2,042	2,042	2,042	2,042	2,042	2,042	2,042
Building Works - Completed 2013					2.50%	17-Mar-14	7,175	53	183	183	183	183	183	183	183
Structural Improvements - Completed 2000					2.50%	17-Mar-14	3,683	40	139	139	139	139	139	139	
Total Division 43						65,079	680	2,364	2,364	2,364	2,364	2,364	2,364	2,364	

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 2000	14 Jan 00 to 10 Oct 00	81,662	2.50%	2,042	54,221
Building Works - Completed 2013	5 Jun 13 to 5 Jul 13	7,302	2.50%	183	7,175
Sub-total		88,964		2,225	61,396

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2000	14 Jan 00 to 10 Oct 00	5,548	2.50%	139	3,683
Sub-total		5,548		139	3,683
Totals		94,512		2,364	65,079

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	
Company Name	Koste Pty Ltd
Postal Address	Suite 1, L12/133 Mary Street, Brisbane, Qld 4000
Office Number	1300 669 400
Office Email	info@koste.com.au

LEAD SURVEYOR DETAILS	
Surveyors Name	Mark Kilroy
Tax Agent Number	24370523
Contact Number	1300 669 400
Email	mark@koste.com.au

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>