



## Tax Depreciation Report

20608/23 Bouquet Street,  
South Brisbane, QLD 4101

Jason Ross Zischke & Stacey Anne Zischke  
18 Pepper Tree Circuit  
MAROOCHYDORE, QLD 4558

Issue Schedule	
Issue Date:	Issued by:
07 July 2020	Mark Kilroy Bsc (Hons) MRICS

Jason Ross Zischke & Stacey Anne Zischke  
18 Pepper Tree Circuit  
MAROOCHYDORE, QLD 4558

July 2020  
Job No: RES4101085

**Tax Depreciation Report – 20608/23 Bouquet Street, South Brisbane, QLD 4101**

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

7 July 2020

### Purchaser

Jason Ross Zischke & Stacey Anne Zischke

### Property Address

20608/23 Bouquet Street, South Brisbane, QLD 4101

### Real Property Description

L20608 SP269128

### Property Type

Residential Unit

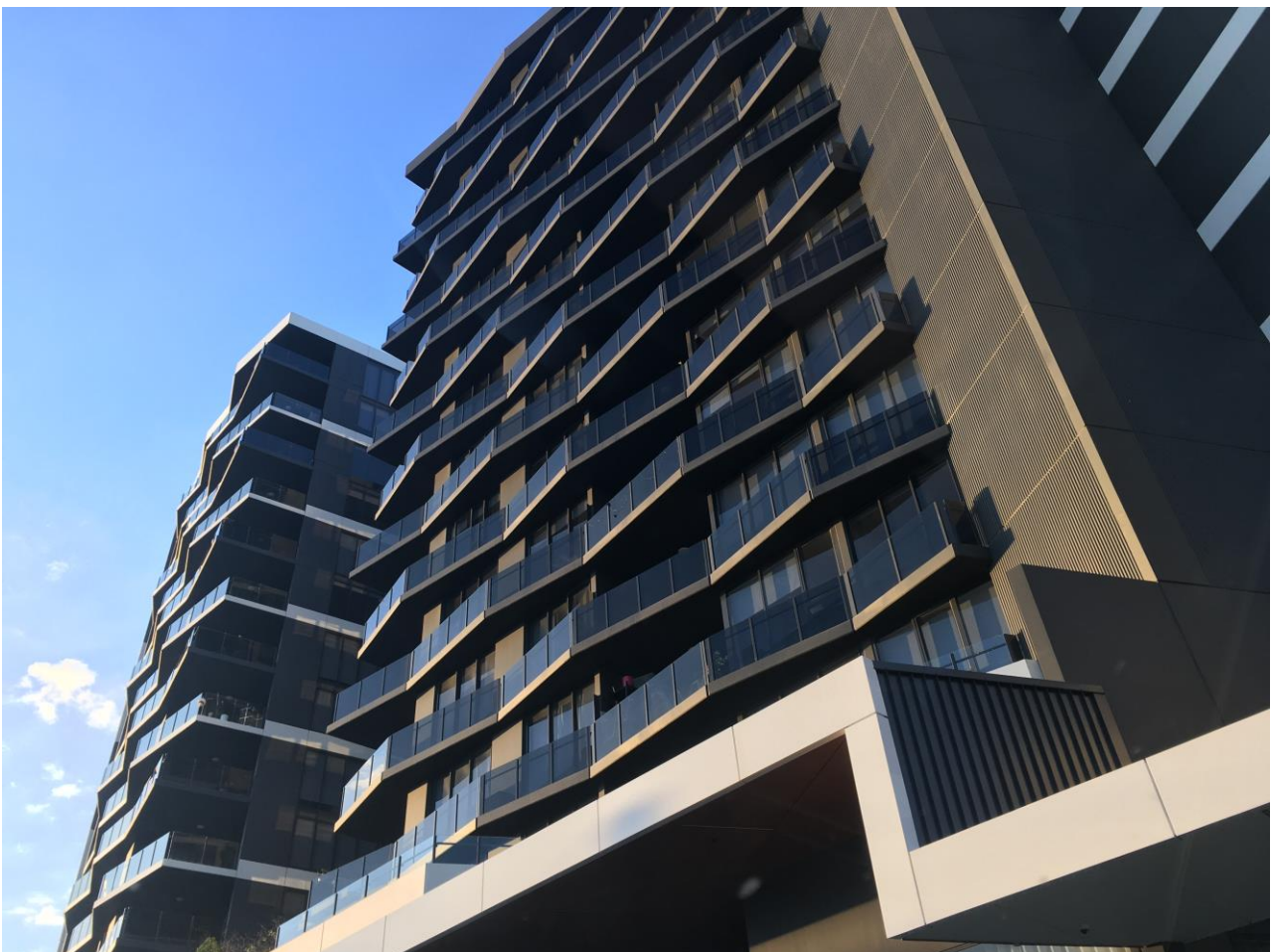
### Date of Construction

30 September 2016

### Date Available To Generate Income

5 May 2020

### 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								
<p>Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.</p>	<p>Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.</p>								
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	Capital Loss - See Appendix A	
		Effective Life	Pooled Plant	Total Div 40			Div 40 Yearly	Cumulative
1	5 May 20 to 30 June 20	0	0	0	1,240	1,240	5,134	5,134
2	1 July 20 to 30 June 21	0	0	0	8,107	8,107	14,238	19,372
3	1 July 21 to 30 June 22	0	0	0	8,107	8,107	10,545	29,917
4	1 July 22 to 30 June 23	0	0	0	8,107	8,107	7,885	37,803
5	1 July 23 to 30 June 24	0	0	0	8,107	8,107	6,141	43,944
6	1 July 24 to 30 June 25	0	0	0	8,107	8,107	4,761	48,705
7	1 July 25 to 30 June 26	0	0	0	8,107	8,107	3,617	52,322
8	1 July 26 to 30 June 27	0	0	0	8,107	8,107	3,300	55,622
9	1 July 27 to 30 June 28	0	0	0	8,107	8,107	2,632	58,254
10	1 July 28 to 30 June 29	0	0	0	8,107	8,107	1,931	60,185
11	1 July 29 to 30 June 30	0	0	0	8,107	8,107	1,454	61,639
12	1 July 30 to 30 June 31	0	0	0	8,107	8,107	1,124	62,763
13	1 July 31 to 30 June 32	0	0	0	8,107	8,107	891	63,654
14	1 July 32 to 30 June 33	0	0	0	8,107	8,107	893	64,546
15	1 July 33 to 30 June 34	0	0	0	8,107	8,107	669	65,216
16	1 July 34 to 30 June 35	0	0	0	8,107	8,107	732	65,948
17	1 July 35 to 30 June 36	0	0	0	8,107	8,107	522	66,469
18	1 July 36 to 30 June 37	0	0	0	8,107	8,107	386	66,855
19	1 July 37 to 30 June 38	0	0	0	8,107	8,107	297	67,152
20	1 July 38 to 30 June 39	0	0	0	8,107	8,107	238	67,390
21	1 July 39 to 30 June 40	0	0	0	8,107	8,107	197	67,587
22	1 July 40 to 30 June 41	0	0	0	8,107	8,107	169	67,756
23	1 July 41 to 30 June 42	0	0	0	8,107	8,107	148	67,904
24	1 July 42 to 30 June 43	0	0	0	8,107	8,107	132	68,036
25	1 July 43 to 30 June 44	0	0	0	8,107	8,107	119	68,155
26	1 July 44 to 30 June 45	0	0	0	8,107	8,107	109	68,264
27	1 July 45 to 30 June 46	0	0	0	8,107	8,107	100	68,364
28	1 July 46 to 30 June 47	0	0	0	8,107	8,107	93	68,457
29	1 July 47 to 30 June 48	0	0	0	8,107	8,107	86	68,543
30	1 July 48 to 30 June 49	0	0	0	8,107	8,107	80	68,623
31	1 July 49 to 30 June 50	0	0	0	8,107	8,107	74	68,697
32	1 July 50 to 30 June 51	0	0	0	8,107	8,107	69	68,767
33	1 July 51 to 30 June 52	0	0	0	8,107	8,107	362	69,129
34	1 July 52 to 30 June 53	0	0	0	8,107	8,107	226	69,355
35	1 July 53 to 30 June 54	0	0	0	8,107	8,107	141	69,497
36	1 July 54 to 30 June 55	0	0	0	8,107	8,107	88	69,585
37	1 July 55 to 30 June 56	0	0	0	8,107	8,107	55	69,640
38	1 July 56 to 30 June 57	0	0	0	2,011	2,011	35	69,675
39	1 July 57 to 30 June 58	0	0	0	0	0	22	69,696
40	2058+	0	0	0	0	0	36	69,732
<b>Totals</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>295,103</b>	<b>295,103</b>	<b>69,732</b>	<b>69,732</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	Capital Loss - See Appendix A	
		Effective Life	Pooled Plant	Total Div 40			Div 40 Yearly	Cumulative
1	5 May 20 to 30 June 20	0	0	0	1,240	1,240	4,456	4,456
2	1 July 20 to 30 June 21	0	0	0	8,107	8,107	10,076	14,532
3	1 July 21 to 30 June 22	0	0	0	8,107	8,107	7,958	22,491
4	1 July 22 to 30 June 23	0	0	0	8,107	8,107	6,635	29,125
5	1 July 23 to 30 June 24	0	0	0	8,107	8,107	5,808	34,933
6	1 July 24 to 30 June 25	0	0	0	8,107	8,107	5,291	40,224
7	1 July 25 to 30 June 26	0	0	0	8,107	8,107	4,968	45,191
8	1 July 26 to 30 June 27	0	0	0	8,107	8,107	4,645	49,836
9	1 July 27 to 30 June 28	0	0	0	8,107	8,107	4,224	54,060
10	1 July 28 to 30 June 29	0	0	0	8,107	8,107	3,178	57,239
11	1 July 29 to 30 June 30	0	0	0	8,107	8,107	2,906	60,144
12	1 July 30 to 30 June 31	0	0	0	8,107	8,107	1,631	61,776
13	1 July 31 to 30 June 32	0	0	0	8,107	8,107	1,503	63,279
14	1 July 32 to 30 June 33	0	0	0	8,107	8,107	915	64,194
15	1 July 33 to 30 June 34	0	0	0	8,107	8,107	764	64,958
16	1 July 34 to 30 June 35	0	0	0	8,107	8,107	665	65,622
17	1 July 35 to 30 June 36	0	0	0	8,107	8,107	281	65,903
18	1 July 36 to 30 June 37	0	0	0	8,107	8,107	279	66,182
19	1 July 37 to 30 June 38	0	0	0	8,107	8,107	278	66,460
20	1 July 38 to 30 June 39	0	0	0	8,107	8,107	277	66,737
21	1 July 39 to 30 June 40	0	0	0	8,107	8,107	277	67,014
22	1 July 40 to 30 June 41	0	0	0	8,107	8,107	276	67,291
23	1 July 41 to 30 June 42	0	0	0	8,107	8,107	276	67,567
24	1 July 42 to 30 June 43	0	0	0	8,107	8,107	276	67,843
25	1 July 43 to 30 June 44	0	0	0	8,107	8,107	276	68,119
26	1 July 44 to 30 June 45	0	0	0	8,107	8,107	276	68,395
27	1 July 45 to 30 June 46	0	0	0	8,107	8,107	276	68,671
28	1 July 46 to 30 June 47	0	0	0	8,107	8,107	276	68,947
29	1 July 47 to 30 June 48	0	0	0	8,107	8,107	276	69,223
30	1 July 48 to 30 June 49	0	0	0	8,107	8,107	276	69,499
31	1 July 49 to 30 June 50	0	0	0	8,107	8,107	233	69,732
32	1 July 50 to 30 June 51	0	0	0	8,107	8,107	0	69,732
33	1 July 51 to 30 June 52	0	0	0	8,107	8,107	0	69,732
34	1 July 52 to 30 June 53	0	0	0	8,107	8,107	0	69,732
35	1 July 53 to 30 June 54	0	0	0	8,107	8,107	0	69,732
36	1 July 54 to 30 June 55	0	0	0	8,107	8,107	0	69,732
37	1 July 55 to 30 June 56	0	0	0	8,107	8,107	0	69,732
38	1 July 56 to 30 June 57	0	0	0	2,011	2,011	0	69,732
39	1 July 57 to 30 June 58	0	0	0	0	0	0	69,732
40	2058+	0	0	0	0	0	0	69,732
<b>Totals</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>295,103</b>	<b>295,103</b>	<b>69,732</b>	<b>69,732</b>

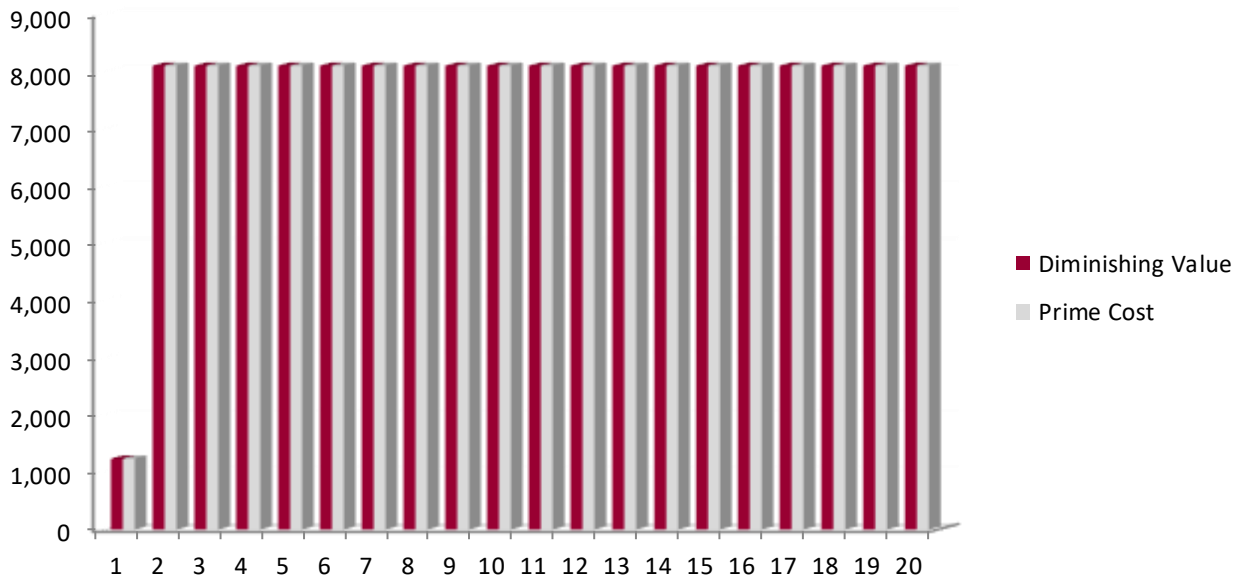
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

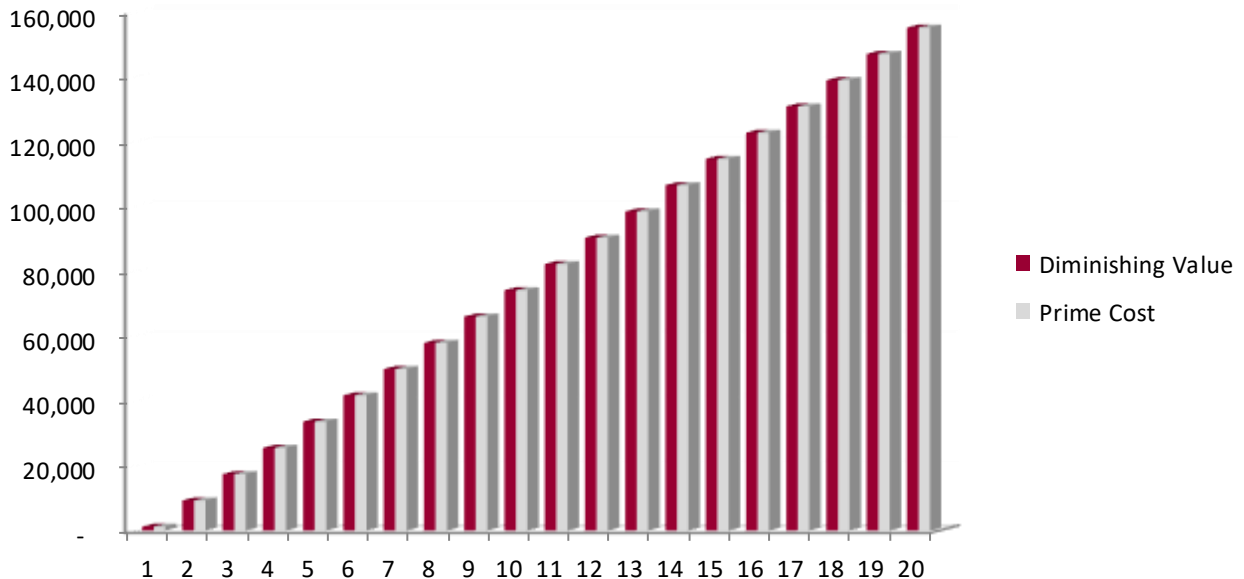
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	19 March 2020
Settlement Date	5 May 2020
Available To Generate Income	5 May 2020

### Expenditure Analysed

Purchase Price	\$610,000
Stamp Duty	\$20,050
<b>Total Expenditure Analysed</b>	<b>\$630,050</b>

### Historical Construction Details

Construction Start Date	16 October 2015
Construction Completion Date	30 September 2016
Historical Construction Cost (Estimated)*	\$368,710
Lot Entitlement	44
Overall Lot Entitlement	9,720

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

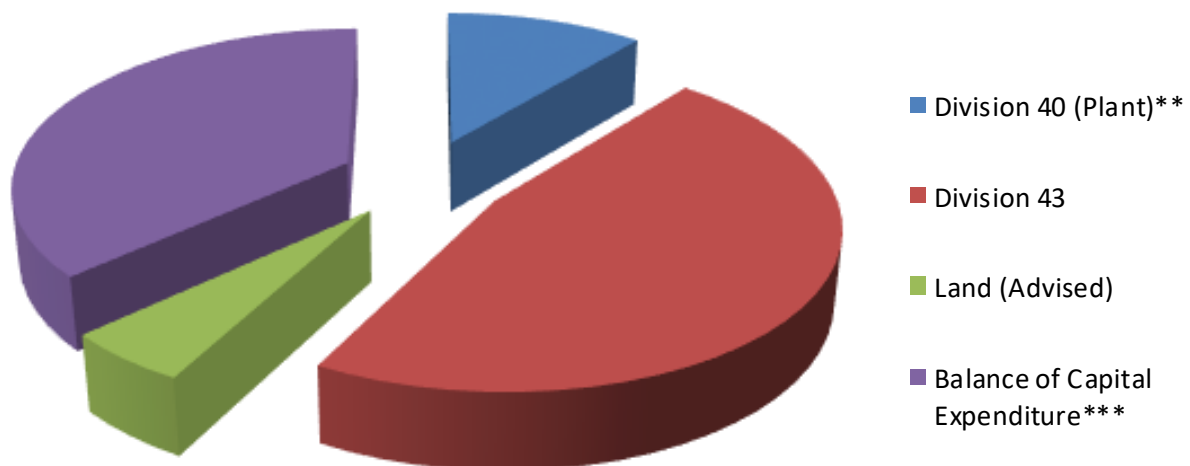
Division 40 (Plant)**	\$69,732
Division 43	\$295,103
Land (Advised)	\$33,196
Balance of Capital Expenditure***	\$232,018
<b>Total Expenditure Analysed</b>	<b>\$630,049</b>

### 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	NO	20.00%	5-May-20	14,671	449	2,844	2,276	1,820	1,456	1,165	932	746	597	477
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	NO	18.75%	5-May-20	1,467	275	447	279	175	109	68	43	27	17	10
<b>Blinds Residential</b>	NO	18.75%	5-May-20	2,152	403	656	410	256	160	100	63	39	24	15
<b>Ceiling Fans</b>	NO	18.75%	5-May-20	978	183	298	186	116	73	45	28	18	11	7
<b>Door closers</b>	NO	18.75%	5-May-20	454	85	138	86	54	34	21	13	8	5	3
<b>Fire control assets</b>														
Detection & alarm systems, detectors	NO	18.75%	5-May-20	1,496	280	456	285	178	111	70	43	27	17	11
Detection & alarm systems, fire indicator panel	NO	18.75%	5-May-20	398	75	121	76	47	30	19	12	7	5	3
Emergency warning & intercommunication system	NO	18.75%	5-May-20	1,719	322	524	327	205	128	80	50	31	20	12
Hoses and nozzles	NO	18.75%	5-May-20	691	130	210	132	82	51	32	20	13	8	5
<b>Fire sprinklers - pumps only</b>	NO	18.75%	5-May-20	620	116	189	118	74	46	29	18	11	7	4
<b>Floor coverings ( removable without damage)</b>														
Carpets	NO	25.00%	5-May-20	4,825	185	1,160	870	653	489	367	275	310	194	121
Floating timber	NO	13.33%	5-May-20	6,651	136	869	753	652	565	490	425	368	319	276
<b>Furniture</b>	NO	15.00%	5-May-20	2,347	54	344	292	249	211	180	153	324	203	127
<b>Furniture</b>	NO	18.75%	5-May-20	2,050	384	625	390	244	152	95	60	37	23	15
<b>Hot water systems (excluding piping)</b>														
Gas or electric	NO	18.75%	5-May-20	638	120	194	121	76	47	30	19	12	7	5
<b>Kitchen assets</b>														
Cooktops	NO	16.67%	5-May-20	2,934	75	477	397	331	276	230	192	359	224	140
Dishwashers	NO	25.00%	5-May-20	3,130	120	753	564	423	317	357	223	140	87	54
Microwave ovens	NO	25.00%	5-May-20	1,174	45	282	317	198	124	78	48	30	19	12
Ovens	NO	16.67%	5-May-20	3,521	90	572	477	397	331	276	230	192	359	224
Rangehoods	NO	16.67%	5-May-20	1,760	45	286	238	199	372	233	145	91	57	36
<b>Laundry assets</b>														
Clothes dryers	NO	18.75%	5-May-20	880	165	268	168	105	65	41	26	16	10	6
<b>Lifts (including hydraulic &amp; tractions lifts)</b>	NO	6.67%	5-May-20	8,279	84	546	510	476	444	415	387	361	337	315
<b>Lights</b>														
Shades, removable	NO	18.75%	5-May-20	3,831	718	1,167	729	456	285	178	111	70	43	27
<b>MATV - amplifiers &amp; modulators</b>	NO	18.75%	5-May-20	664	125	202	126	79	49	31	19	12	8	5
Carried forward				1,054,944	67,329	4,664	13,628	10,129	7,545	5,929	4,628	3,534	3,248	2,600

## Diminishing Value Depreciation Schedule (cont.)

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
<b>Division 40 - Plant and Equipment</b>														
			Brought forward	1,054,944	67,329	4,664	13,628	10,129	7,545	5,929	4,628	3,534	3,248	2,600
<b>Security systems &amp; equipment</b>														
Electronic	NO	30.00%	5-May-20	1,603	74	459	321	281	176	110	69	43	27	17
<b>Ventilating plant</b>														
Ventilation plant - fans only	NO	18.75%	5-May-20	496	93	151	94	59	37	23	14	9	6	4
<b>\$300 items</b>	NO	100.00%	5-May-20	304	304									
<b>Pooled Plant Total</b>					3,475	5,647	3,847	2,685	2,051	1,639	1,024	1,633	1,380	862
<b>Effective Life Plant Total</b>					1,659	8,592	6,698	5,200	4,091	3,122	2,593	1,666	1,253	1,068
<b>Total Division 40</b>				69,732	5,134	14,238	10,545	7,885	6,141	4,761	3,617	3,300	2,632	1,931
<b>Division 43 - Capital Works Allowance</b>														
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
<b>Building Works - Completed 2016</b>		2.50%	05-May-20	293,186	1,232	8,054	8,054	8,054	8,054	8,054	8,054	8,054	8,054	8,054
<b>Structural Improvements - Completed 2016</b>		2.50%	05-May-20	1,917	8	53	53	53	53	53	53	53	53	53
<b>Total Division 43</b>				295,103	1,240	8,107	8,107	8,107	8,107	8,107	8,107	8,107	8,107	8,107

## 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	NO	10.00%	05-May-20	14,671	224	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	NO	18.75%	05-May-20	1,467	275	447	279	175	109	68	43	27	17	10
<b>Blinds Residential</b>														
	NO	18.75%	05-May-20	2,152	403	656	410	256	160	100	63	39	24	15
<b>Ceiling Fans</b>														
	NO	18.75%	05-May-20	978	183	298	186	116	73	45	28	18	11	7
<b>Door closers</b>														
	NO	18.75%	05-May-20	454	85	138	86	54	34	21	13	8	5	3
<b>Fire control assets</b>														
Detection & alarm systems, detectors	NO	18.75%	05-May-20	1,496	280	456	285	178	111	70	43	27	17	11
Detection & alarm systems, fire indicator panel	NO	18.75%	05-May-20	398	75	121	76	47	30	19	12	7	5	3
Emergency warning & intercommunication system	NO	18.75%	05-May-20	1,719	322	524	327	205	128	80	50	31	20	12
Hoses and nozzles	NO	18.75%	05-May-20	691	130	210	132	82	51	32	20	13	8	5
<b>Fire sprinklers - pumps only</b>														
	NO	18.75%	05-May-20	620	116	189	118	74	46	29	18	11	7	4
<b>Floor coverings ( removable without damage)</b>														
Carpets	NO	12.50%	05-May-20	4,825	92	603	603	603	603	603	603	603	511	
Floating timber	NO	6.67%	05-May-20	6,651	68	443	443	443	443	443	443	443	443	443
<b>Furniture</b>														
	NO	7.50%	05-May-20	2,347	27	176	176	176	176	176	176	176	176	176
	NO	18.75%	05-May-20	2,050	384	625	390	244	152	95	60	37	23	15
<b>Hot water systems (excluding piping)</b>														
Gas or electric	NO	18.75%	05-May-20	638	120	194	121	76	47	30	19	12	7	5
<b>Kitchen assets</b>														
Cooktops	NO	8.33%	05-May-20	2,934	37	245	245	245	245	245	245	245	245	245
Dishwashers	NO	12.50%	05-May-20	3,130	60	391	391	391	391	391	391	391	391	333
Microwave ovens	NO	12.50%	05-May-20	1,174	22	147	147	147	147	147	147	147	147	122
Ovens	NO	8.33%	05-May-20	3,521	45	293	293	293	293	293	293	293	293	293
Rangehoods	NO	8.33%	05-May-20	1,760	22	147	147	147	147	147	147	147	147	147
<b>Laundry assets</b>														
Clothes dryers	NO	18.75%	05-May-20	880	165	268	168	105	65	41	26	16	10	6
<b>Lifts (including hydraulic &amp; tractions lifts)</b>														
	NO	3.33%	05-May-20	8,279	42	276	276	276	276	276	276	276	276	276
<b>Lights</b>														
Shades, removable	NO	18.75%	05-May-20	3,831	718	1,167	729	456	285	178	111	70	43	27
<b>MATV - amplifiers &amp; modulators</b>														
	NO	18.75%	05-May-20	664	125	202	126	79	49	31	19	12	8	5
	Carried forward			1,054,944	67,329	4,023	9,684	7,623	6,335	5,530	5,027	4,712	4,516	4,218



## Prime Cost Depreciation Schedule (cont.)

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	
<b>Division 40 - Plant and Equipment</b>															
	Brought forward		1,054,944	67,329	4,023	9,684	7,623	6,335	5,530	5,027	4,712	4,516	4,218		
<b>Security systems &amp; equipment</b>															
Electronic	NO	15.00%	05-May-20	1,603	37	241	241	241	241	241	241	121			
<b>Ventilating plant</b>															
Ventilation plant - fans only	NO	18.75%	05-May-20	496	93	151	94	59	37	23	14	9	6	4	
<b>\$300 items</b>	NO	100.00%	05-May-20	304	304										
<b>Pooled Plant Total</b>					3,475	5,647	3,529	2,206	1,379	862	539	337	210	131	
<b>Effective Life Plant Total</b>					981	4,429	4,429	4,429	4,429	4,429	4,429	4,309	4,013	3,047	
<b>Total Division 40</b>					69,732	4,456	10,076	7,958	6,635	5,808	5,291	4,968	4,645	4,224	3,178
<b>Division 43 - Capital Works Allowance</b>															
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10	
<b>Building Works - Completed 2016</b>		2.50%	05-May-20	293,186	1,232	8,054	8,054	8,054	8,054	8,054	8,054	8,054	8,054	8,054	
<b>Structural Improvements - Completed 2016</b>		2.50%	05-May-20	1,917	8	53	53	53	53	53	53	53	53	53	
<b>Total Division 43</b>				295,103	1,240	8,107	8,107	8,107	8,107	8,107	8,107	8,107	8,107	8,107	

## 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 2016	16 Oct 15 to 30 Sep 16	322,158	2.50%	8,054	293,186
<b>Sub-total</b>		<b>322,158</b>		<b>8,054</b>	<b>293,186</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2016	16 Oct 15 to 30 Sep 16	2,107	2.50%	53	1,917
<b>Sub-total</b>		<b>2,107</b>		<b>53</b>	<b>1,917</b>
<b>Totals</b>		<b>324,265</b>		<b>8,107</b>	<b>295,103</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.

## **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>