



## Tax Depreciation Report

125/23 Earl Street,  
Dinmore, QLD 4303

Laurence Kerr  
125/23 Earl Street  
DINMORE, QLD 4303

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

Laurence Kerr  
125/23 Earl Street  
DINMORE, QLD 4303

July 2020  
Job No: RES4303055

**Tax Depreciation Report – 125/23 Earl Street, Dinmore, QLD 4303**

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

15 July 2020

### Purchaser

Laurence Kerr

### Property Address

125/23 Earl Street, Dinmore, QLD 4303

### Real Property Description

L125 SP282289

### Property Type

Residential Townhouse

### Date of Construction

9 June 2018

### 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	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	9 July 18 to 30 June 19	5,249	2,574	7,823	4,265	12,088
2	1 July 19 to 30 June 20	3,900	4,183	8,082	4,373	12,455
3	1 July 20 to 30 June 21	3,021	2,958	5,979	4,373	10,352
4	1 July 21 to 30 June 22	2,298	2,174	4,472	4,373	8,845
5	1 July 22 to 30 June 23	1,351	2,362	3,713	4,373	8,086
6	1 July 23 to 30 June 24	1,089	1,476	2,565	4,373	6,938
7	1 July 24 to 30 June 25	879	922	1,801	4,373	6,174
8	1 July 25 to 30 June 26	561	909	1,470	4,373	5,843
9	1 July 26 to 30 June 27	285	876	1,161	4,373	5,534
10	1 July 27 to 30 June 28	228	547	775	4,373	5,148
11	1 July 28 to 30 June 29	0	684	684	4,373	5,057
12	1 July 29 to 30 June 30	0	427	427	4,373	4,800
13	1 July 30 to 30 June 31	0	267	267	4,373	4,640
14	1 July 31 to 30 June 32	0	167	167	4,373	4,540
15	1 July 32 to 30 June 33	0	104	104	4,373	4,477
16	1 July 33 to 30 June 34	0	65	65	4,373	4,438
17	1 July 34 to 30 June 35	0	41	41	4,373	4,414
18	1 July 35 to 30 June 36	0	25	25	4,373	4,398
19	1 July 36 to 30 June 37	0	16	16	4,373	4,389
20	1 July 37 to 30 June 38	0	10	10	4,373	4,383
21	1 July 38 to 30 June 39	0	6	6	4,373	4,379
22	1 July 39 to 30 June 40	0	4	4	4,373	4,377
23	1 July 40 to 30 June 41	0	2	2	4,373	4,375
24	1 July 41 to 30 June 42	0	2	2	4,373	4,375
25	1 July 42 to 30 June 43	0	1	1	4,373	4,374
26	1 July 43 to 30 June 44	0	1	1	4,373	4,374
27	1 July 44 to 30 June 45	0	0	0	4,373	4,373
28	1 July 45 to 30 June 46	0	0	0	4,373	4,373
29	1 July 46 to 30 June 47	0	0	0	4,373	4,373
30	1 July 47 to 30 June 48	0	0	0	4,373	4,373
31	1 July 48 to 30 June 49	0	0	0	4,373	4,373
32	1 July 49 to 30 June 50	0	0	0	4,373	4,373
33	1 July 50 to 30 June 51	0	0	0	4,373	4,373
34	1 July 51 to 30 June 52	0	0	0	4,373	4,373
35	1 July 52 to 30 June 53	0	0	0	4,373	4,373
36	1 July 53 to 30 June 54	0	0	0	4,373	4,373
37	1 July 54 to 30 June 55	0	0	0	4,373	4,373
38	1 July 55 to 30 June 56	0	0	0	4,373	4,373
39	1 July 56 to 30 June 57	0	0	0	4,373	4,373
40	2057+	0	0	0	4,129	4,129
<b>Totals</b>		<b>18,860</b>	<b>20,805</b>	<b>39,665</b>	<b>174,568</b>	<b>214,233</b>

The diminishing value method involves multiplying the remaining amount (or also known as the written down value) of the item by the depreciation rate each year. Hence the term diminishing value method as it diminishes in value each year never quite reaching zero.

### Example

	DV Rate	Opening Value	Year 1	WDV	Year 2
Carpet	20%	\$1,000	\$200	\$800	\$160

## 6. Summary of Entitlements – Prime Cost Method

Year	Financial Year	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	9 July 18 to 30 June 19	2,914	2,574	5,488	4,265	9,753
2	1 July 19 to 30 June 20	2,394	4,183	6,577	4,373	10,950
3	1 July 20 to 30 June 21	2,394	2,614	5,008	4,373	9,381
4	1 July 21 to 30 June 22	2,394	1,634	4,028	4,373	8,401
5	1 July 22 to 30 June 23	2,394	1,021	3,415	4,373	7,788
6	1 July 23 to 30 June 24	2,394	638	3,032	4,373	7,405
7	1 July 24 to 30 June 25	2,394	399	2,793	4,373	7,166
8	1 July 25 to 30 June 26	2,394	249	2,643	4,373	7,016
9	1 July 26 to 30 June 27	2,394	156	2,550	4,373	6,923
10	1 July 27 to 30 June 28	2,394	97	2,491	4,373	6,864
11	1 July 28 to 30 June 29	684	61	745	4,373	5,118
12	1 July 29 to 30 June 30	643	38	681	4,373	5,054
13	1 July 30 to 30 June 31	118	24	141	4,373	4,514
14	1 July 31 to 30 June 32	32	15	47	4,373	4,420
15	1 July 32 to 30 June 33	0	9	9	4,373	4,382
16	1 July 33 to 30 June 34	0	6	6	4,373	4,379
17	1 July 34 to 30 June 35	0	4	4	4,373	4,377
18	1 July 35 to 30 June 36	0	2	2	4,373	4,375
19	1 July 36 to 30 June 37	0	1	1	4,373	4,374
20	1 July 37 to 30 June 38	0	1	1	4,373	4,374
21	1 July 38 to 30 June 39	0	1	1	4,373	4,374
22	1 July 39 to 30 June 40	0	0	0	4,373	4,373
23	1 July 40 to 30 June 41	0	0	0	4,373	4,373
24	1 July 41 to 30 June 42	0	0	0	4,373	4,373
25	1 July 42 to 30 June 43	0	0	0	4,373	4,373
26	1 July 43 to 30 June 44	0	0	0	4,373	4,373
27	1 July 44 to 30 June 45	0	0	0	4,373	4,373
28	1 July 45 to 30 June 46	0	0	0	4,373	4,373
29	1 July 46 to 30 June 47	0	0	0	4,373	4,373
30	1 July 47 to 30 June 48	0	0	0	4,373	4,373
31	1 July 48 to 30 June 49	0	0	0	4,373	4,373
32	1 July 49 to 30 June 50	0	0	0	4,373	4,373
33	1 July 50 to 30 June 51	0	0	0	4,373	4,373
34	1 July 51 to 30 June 52	0	0	0	4,373	4,373
35	1 July 52 to 30 June 53	0	0	0	4,373	4,373
36	1 July 53 to 30 June 54	0	0	0	4,373	4,373
37	1 July 54 to 30 June 55	0	0	0	4,373	4,373
38	1 July 55 to 30 June 56	0	0	0	4,373	4,373
39	1 July 56 to 30 June 57	0	0	0	4,373	4,373
40	2057+	0	0	0	4,129	4,129
<b>Totals</b>		<b>25,937</b>	<b>13,728</b>	<b>39,665</b>	<b>174,568</b>	<b>214,233</b>

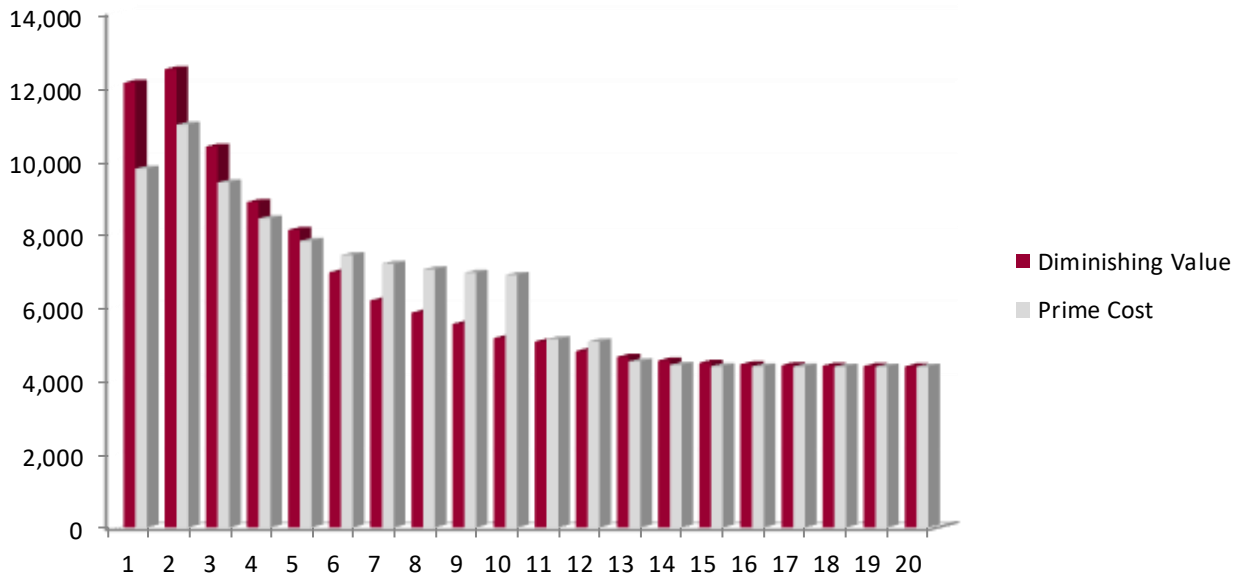
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

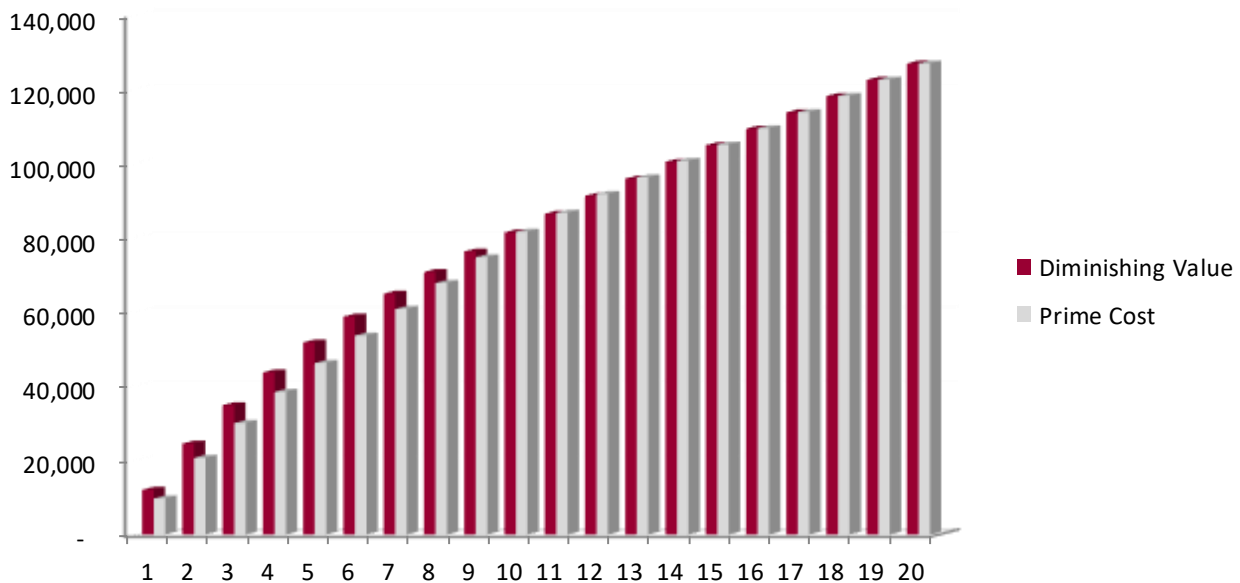
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	15 March 2018
Settlement Date	9 July 2018

### Expenditure Analysed

Purchase Price	\$311,000
Stamp Duty	\$9,310
<b>Total Expenditure Analysed</b>	<b>\$320,310</b>

### Historical Construction Details

Construction Start Date	12 September 2017
Construction Completion Date	9 June 2018
Historical Construction Cost (Estimated)*	\$204,859

## 9. Reconciliation of Capital Expenditure

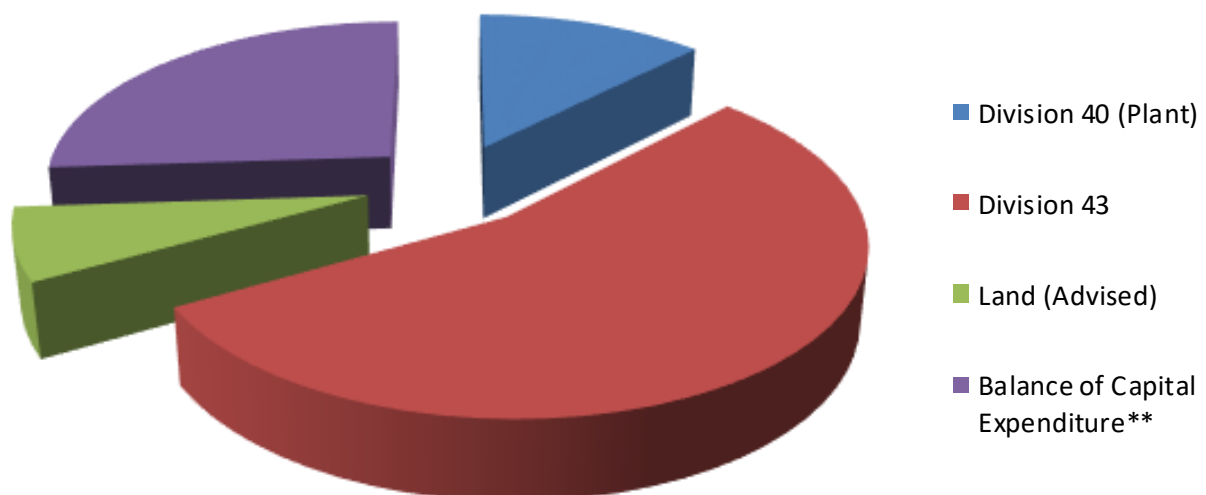
### Apportionment of cost relating to:

Division 40 (Plant)	\$39,665
Division 43	\$174,568
Land (Advised)	\$22,574
Balance of Capital Expenditure**	\$83,503
<b>Total Expenditure Analysed</b>	<b>\$320,310</b>

### Notes

\* The historical construction has been calculated and the eligible qualifying expenditure for the purposes of calculating the Division 43 deductions capital works has been taken from this total by excluding the plant (Division 40) and any non eligible expenditure items

\*\* Balance of capital expenditure comprises the apportionment of all capital works which are ineligible for depreciation or capital allowances



## 10. Diminishing Value Depreciation Schedule

Assets Generally Division 40 - Plant and Equipment	Diminishing Value Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	20.00%	9-Jul-18	8,430	1,644	1,357	1,086	869	695	556	445	356	285	228
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	9-Jul-18	1,229	231	375	234	146	91	57	36	22	14	9
<b>Blinds Residential</b>	18.75%	9-Jul-18	3,695	693	1,126	704	440	275	172	107	67	42	26
<b>Ceiling Fans</b>	18.75%	9-Jul-18	1,229	231	375	234	146	91	57	36	22	14	9
<b>Computer systems</b>													
General	18.75%	9-Jul-18	615	115	187	117	73	46	29	18	11	7	4
<b>Door closers</b>	18.75%	9-Jul-18	316	59	96	60	38	24	15	9	6	4	2
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	9-Jul-18	1,546	290	471	294	184	115	72	45	28	18	11
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	9-Jul-18	4,863	949	783	626	501	401	321	257	205	308	192
<b>Furniture</b>	15.00%	9-Jul-18	1,265	185	162	344	215	134	84	52	33	21	13
<b>Furniture</b>	18.75%	9-Jul-18	3,003	563	915	572	357	223	140	87	55	34	21
<b>Garage doors, automatic</b>													
Motors	20.00%	9-Jul-18	2,108	411	339	271	217	326	204	127	80	50	31
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	9-Jul-18	3,161	514	441	368	306	255	213	177	332	208	130
<b>Kitchen assets</b>													
Cooktops	16.67%	9-Jul-18	1,493	243	208	174	326	203	127	79	50	31	19
Dishwashers	20.00%	9-Jul-18	2,108	411	339	271	217	326	204	127	80	50	31
Ovens	16.67%	9-Jul-18	1,932	314	270	225	187	351	219	137	86	54	33
Rangehoods	18.75%	9-Jul-18	790	148	241	150	94	59	37	23	14	9	6
<b>Lights</b>													
Shades, removable	18.75%	9-Jul-18	1,304	244	397	248	155	97	61	38	24	15	9
<b>\$300 items</b>	100.00%	9-Jul-18	578	578									
<b>Pooled Plant Total</b>				2,574	4,183	2,958	2,174	2,362	1,476	922	909	876	547
<b>Effective Life Plant Total</b>				5,249	3,900	3,021	2,298	1,351	1,089	879	561	285	228
<b>Total Division 40</b>			39,665	7,823	8,082	5,979	4,472	3,713	2,565	1,801	1,470	1,161	775

## 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
<b>Building Works - Completed 2018</b>	2.50%	09-Jul-18	168,204	4,110	4,214	4,214	4,214	4,214	4,214	4,214	4,214	4,214	4,214
<b>Structural Improvements - Completed 2018</b>	2.50%	09-Jul-18	6,364	155	159	159	159	159	159	159	159	159	159
<b>Total Division 43</b>			174,568	4,265	4,373	4,373	4,373	4,373	4,373	4,373	4,373	4,373	4,373
<b>Total Depreciation</b>			214,233	12,088	12,455	10,352	8,845	8,086	6,938	6,174	5,843	5,534	5,148

## 11. Prime Cost Depreciation Schedule

Assets Generally	Prime Cost												
Division 40 - Plant and Equipment	Rate	Install Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Mini split system upto 20KW	10.00%	09-Jul-18	8,430	822	843	843	843	843	843	843	843	843	843
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	09-Jul-18	1,229	231	375	234	146	91	57	36	22	14	9
<b>Blinds Residential</b>													
	18.75%	09-Jul-18	3,695	693	1,126	704	440	275	172	107	67	42	26
<b>Ceiling Fans</b>													
	18.75%	09-Jul-18	1,229	231	375	234	146	91	57	36	22	14	9
<b>Computer systems</b>													
General	18.75%	09-Jul-18	615	115	187	117	73	46	29	18	11	7	4
<b>Door closers</b>													
	18.75%	09-Jul-18	316	59	96	60	38	24	15	9	6	4	2
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	09-Jul-18	1,546	290	471	294	184	115	72	45	28	18	11
<b>Floor coverings ( removable without damage)</b>													
Carpets	10.00%	09-Jul-18	4,863	474	486	486	486	486	486	486	486	486	486
<b>Furniture</b>													
	7.50%	09-Jul-18	1,265	93	95	95	95	95	95	95	95	95	95
	18.75%	09-Jul-18	3,003	563	915	572	357	223	140	87	55	34	21
<b>Garage doors, automatic</b>													
Motors	10.00%	09-Jul-18	2,108	206	211	211	211	211	211	211	211	211	211
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	09-Jul-18	3,161	257	263	263	263	263	263	263	263	263	263
<b>Kitchen assets</b>													
Cooktops	8.33%	09-Jul-18	1,493	121	124	124	124	124	124	124	124	124	124
Dishwashers	10.00%	09-Jul-18	2,108	206	211	211	211	211	211	211	211	211	211
Ovens	8.33%	09-Jul-18	1,932	157	161	161	161	161	161	161	161	161	161
Rangehoods	18.75%	09-Jul-18	790	148	241	150	94	59	37	23	14	9	6
<b>Lights</b>													
Shades, removable	18.75%	09-Jul-18	1,304	244	397	248	155	97	61	38	24	15	9
<b>\$300 items</b>													
	100.00%	09-Jul-18	578	578									
<b>Pooled Plant Total</b>				<b>2,574</b>	<b>4,183</b>	<b>2,614</b>	<b>1,634</b>	<b>1,021</b>	<b>638</b>	<b>399</b>	<b>249</b>	<b>156</b>	<b>97</b>
<b>Effective Life Plant Total</b>				<b>2,914</b>	<b>2,394</b>	<b>2,394</b>	<b>2,394</b>	<b>2,394</b>	<b>2,394</b>	<b>2,394</b>	<b>2,394</b>	<b>2,394</b>	<b>2,394</b>
<b>Total Division 40</b>			<b>39,665</b>	<b>5,488</b>	<b>6,577</b>	<b>5,008</b>	<b>4,028</b>	<b>3,415</b>	<b>3,032</b>	<b>2,793</b>	<b>2,643</b>	<b>2,550</b>	<b>2,491</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
<b>Building Works - Completed 2018</b>	2.50%	09-Jul-18	168,204	4,110	4,214	4,214	4,214	4,214	4,214	4,214	4,214	4,214	4,214
<b>Structural Improvements - Completed 2018</b>	2.50%	09-Jul-18	6,364	155	159	159	159	159	159	159	159	159	159
<b>Total Division 43</b>			174,568	4,265	4,373	4,373	4,373	4,373	4,373	4,373	4,373	4,373	4,373
<b>Total Depredation</b>			214,233	12,088	12,455	10,352	8,845	8,086	6,938	6,174	5,843	5,534	5,148



## 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 2018	12 Sep 17 to 9 Jun 18	168,550	2.50%	4,214	168,204
<b>Sub-total</b>		<b>168,550</b>		<b>4,214</b>	<b>168,204</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2018	12 Sep 17 to 9 Jun 18	6,377	2.50%	159	6,364
<b>Sub-total</b>		<b>6,377</b>		<b>159</b>	<b>6,364</b>
<b>Totals</b>		<b>174,927</b>		<b>4,373</b>	<b>174,568</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.