



Tax Depreciation Report

9 Sarah Street,
Loganlea, QLD 4131

Atul Hattiangadi & Pallavi Hattiangadi
27B Centennial Drive
THE PONDS, NSW 2767

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

Atul Hattiangadi & Pallavi Hattiangadi
27B Centennial Drive
THE PONDS, NSW 2767

July 2020
Job No: RES4131020

Tax Depreciation Report – 9 Sarah Street, Loganlea, QLD 4131

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

Atul Hattiangadi & Pallavi Hattiangadi

Property Address

9 Sarah Street, Loganlea, QLD 4131

Real Property Description

1-2/SP197883

Property Type

Duplex

Date of Construction

10 October 2007

Date Available To Generate Income

21 August 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								
<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"> • Cash-flow during initial years of asset ownership • Ability to use Low Value Pool for assets less than \$1000 (Note: unable to write off these assets) 	<ul style="list-style-type: none"> • Write off assets when they are demolished or disposed. 								
Calculation Example	Calculation Example								
<p>Under Diminishing Value method, the effective life is dividing by 200.</p> <p>200 / 10 Years = 20% (Adjusted Value)</p> <p>If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.</p>	<p>Under Prime Cost method, the effective life is dividing by 100.</p> <p>100 / 10 Years = 10% (Straight Line)</p> <p>If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.</p>								
Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
\$2,000	\$1,600	\$1,280	\$1,024	\$819.20	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

4. Capital Works

4.1 Entitlement

Capital Works Division 43 of the Income Tax Act 1997 allows the taxpayer to a deduction of the decline in value of a depreciating asset used for income producing purpose over its effective life.

4.2 Method of Depreciation

Capital Works allowances under Division 43 are based on the historical construction costs and are not based on an apportionment of the purchase price. Where construction costs are not available, a qualified Quantity Surveyor will establish costs in accordance with the Tax Ruling TR97/25.

Capital Works are depreciated by Prime Cost method only, which may vary dependant on the date the construction works commenced and the property usage. Where a property has been updated over the years, capital works expenditure may be allocated in different periods. Clients must make any construction periods clear wherever possible to ensure your claim is maximised.

4.3 Method of Depreciation

Structural improvements such as fencing, paths and other hard landscaping can also be written off at 2.5% per annum if construction started after 27 February 1992.

5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	Division 40 - Capital Allowance (Eligible)			Division 43 Capital Works	Eligible Total	Capital Loss - See Appendix A	
		Effective Life	Pooled Plant	Total Div 40			Div 40 Yearly	Cumulative
1	21 August 19 to 30 June 20	0	0	0	5,564	5,564	7,984	7,984
2	1 July 20 to 30 June 21	0	0	0	6,485	6,485	10,123	18,108
3	1 July 21 to 30 June 22	0	0	0	6,485	6,485	7,023	25,131
4	1 July 22 to 30 June 23	0	0	0	6,485	6,485	4,953	30,083
5	1 July 23 to 30 June 24	0	0	0	6,485	6,485	3,655	33,738
6	1 July 24 to 30 June 25	0	0	0	6,485	6,485	2,971	36,709
7	1 July 25 to 30 June 26	0	0	0	6,485	6,485	2,192	38,900
8	1 July 26 to 30 June 27	0	0	0	6,485	6,485	1,528	40,428
9	1 July 27 to 30 June 28	0	0	0	6,485	6,485	1,088	41,516
10	1 July 28 to 30 June 29	0	0	0	6,485	6,485	941	42,456
11	1 July 29 to 30 June 30	0	0	0	6,485	6,485	653	43,109
12	1 July 30 to 30 June 31	0	0	0	6,485	6,485	464	43,574
13	1 July 31 to 30 June 32	0	0	0	6,485	6,485	339	43,912
14	1 July 32 to 30 June 33	0	0	0	6,485	6,485	254	44,166
15	1 July 33 to 30 June 34	0	0	0	6,485	6,485	433	44,600
16	1 July 34 to 30 June 35	0	0	0	6,485	6,485	271	44,870
17	1 July 35 to 30 June 36	0	0	0	6,485	6,485	169	45,040
18	1 July 36 to 30 June 37	0	0	0	6,485	6,485	106	45,145
19	1 July 37 to 30 June 38	0	0	0	6,485	6,485	66	45,212
20	1 July 38 to 30 June 39	0	0	0	6,485	6,485	41	45,253
21	1 July 39 to 30 June 40	0	0	0	6,485	6,485	26	45,279
22	1 July 40 to 30 June 41	0	0	0	6,485	6,485	16	45,295
23	1 July 41 to 30 June 42	0	0	0	6,485	6,485	10	45,305
24	1 July 42 to 30 June 43	0	0	0	6,485	6,485	6	45,311
25	1 July 43 to 30 June 44	0	0	0	6,485	6,485	4	45,315
26	1 July 44 to 30 June 45	0	0	0	6,485	6,485	2	45,318
27	1 July 45 to 30 June 46	0	0	0	6,485	6,485	2	45,319
28	1 July 46 to 30 June 47	0	0	0	6,485	6,485	1	45,320
29	1 July 47 to 30 June 48	0	0	0	1,782	1,782	1	45,321
30	1 July 48 to 30 June 49	0	0	0	0	0	0	45,321
31	1 July 49 to 30 June 50	0	0	0	0	0	0	45,321
32	1 July 50 to 30 June 51	0	0	0	0	0	0	45,322
33	1 July 51 to 30 June 52	0	0	0	0	0	0	45,322
34	1 July 52 to 30 June 53	0	0	0	0	0	0	45,322
35	1 July 53 to 30 June 54	0	0	0	0	0	0	45,322
36	1 July 54 to 30 June 55	0	0	0	0	0	0	45,322
37	1 July 55 to 30 June 56	0	0	0	0	0	0	45,322
38	1 July 56 to 30 June 57	0	0	0	0	0	0	45,322
39	1 July 57 to 30 June 58	0	0	0	0	0	0	45,322
40	2058+	0	0	0	0	0	0	45,322
Totals		0	0	0	182,441	182,441	45,322	45,322

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

Example

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

6. Summary of Entitlements – Prime Cost Method

Year	Financial Year	Division 40 - Capital Allowance (Eligible)			Division 43 Capital Works	Eligible Total	Capital Loss - See Appendix A	
		Effective Life	Pooled Plant	Total Div 40			Div 40 Yearly	Cumulative
1	21 August 19 to 30 June 20	0	0	0	5,564	5,564	5,853	5,853
2	1 July 20 to 30 June 21	0	0	0	6,485	6,485	8,530	14,383
3	1 July 21 to 30 June 22	0	0	0	6,485	6,485	6,263	20,646
4	1 July 22 to 30 June 23	0	0	0	6,485	6,485	4,846	25,492
5	1 July 23 to 30 June 24	0	0	0	6,485	6,485	3,960	29,452
6	1 July 24 to 30 June 25	0	0	0	6,485	6,485	3,352	32,804
7	1 July 25 to 30 June 26	0	0	0	6,485	6,485	2,996	35,800
8	1 July 26 to 30 June 27	0	0	0	6,485	6,485	2,779	38,579
9	1 July 27 to 30 June 28	0	0	0	6,485	6,485	1,874	40,453
10	1 July 28 to 30 June 29	0	0	0	6,485	6,485	1,661	42,114
11	1 July 29 to 30 June 30	0	0	0	6,485	6,485	873	42,987
12	1 July 30 to 30 June 31	0	0	0	6,485	6,485	718	43,705
13	1 July 31 to 30 June 32	0	0	0	6,485	6,485	538	44,243
14	1 July 32 to 30 June 33	0	0	0	6,485	6,485	497	44,740
15	1 July 33 to 30 June 34	0	0	0	6,485	6,485	489	45,230
16	1 July 34 to 30 June 35	0	0	0	6,485	6,485	78	45,308
17	1 July 35 to 30 June 36	0	0	0	6,485	6,485	5	45,313
18	1 July 36 to 30 June 37	0	0	0	6,485	6,485	3	45,316
19	1 July 37 to 30 June 38	0	0	0	6,485	6,485	2	45,318
20	1 July 38 to 30 June 39	0	0	0	6,485	6,485	1	45,320
21	1 July 39 to 30 June 40	0	0	0	6,485	6,485	1	45,320
22	1 July 40 to 30 June 41	0	0	0	6,485	6,485	1	45,321
23	1 July 41 to 30 June 42	0	0	0	6,485	6,485	0	45,321
24	1 July 42 to 30 June 43	0	0	0	6,485	6,485	0	45,321
25	1 July 43 to 30 June 44	0	0	0	6,485	6,485	0	45,322
26	1 July 44 to 30 June 45	0	0	0	6,485	6,485	0	45,322
27	1 July 45 to 30 June 46	0	0	0	6,485	6,485	0	45,322
28	1 July 46 to 30 June 47	0	0	0	6,485	6,485	0	45,322
29	1 July 47 to 30 June 48	0	0	0	1,782	1,782	0	45,322
30	1 July 48 to 30 June 49	0	0	0	0	0	0	45,322
31	1 July 49 to 30 June 50	0	0	0	0	0	0	45,322
32	1 July 50 to 30 June 51	0	0	0	0	0	0	45,322
33	1 July 51 to 30 June 52	0	0	0	0	0	0	45,322
34	1 July 52 to 30 June 53	0	0	0	0	0	0	45,322
35	1 July 53 to 30 June 54	0	0	0	0	0	0	45,322
36	1 July 54 to 30 June 55	0	0	0	0	0	0	45,322
37	1 July 55 to 30 June 56	0	0	0	0	0	0	45,322
38	1 July 56 to 30 June 57	0	0	0	0	0	0	45,322
39	1 July 57 to 30 June 58	0	0	0	0	0	0	45,322
40	2058+	0	0	0	0	0	0	45,322
Totals		0	0	0	182,441	182,441	45,322	45,322

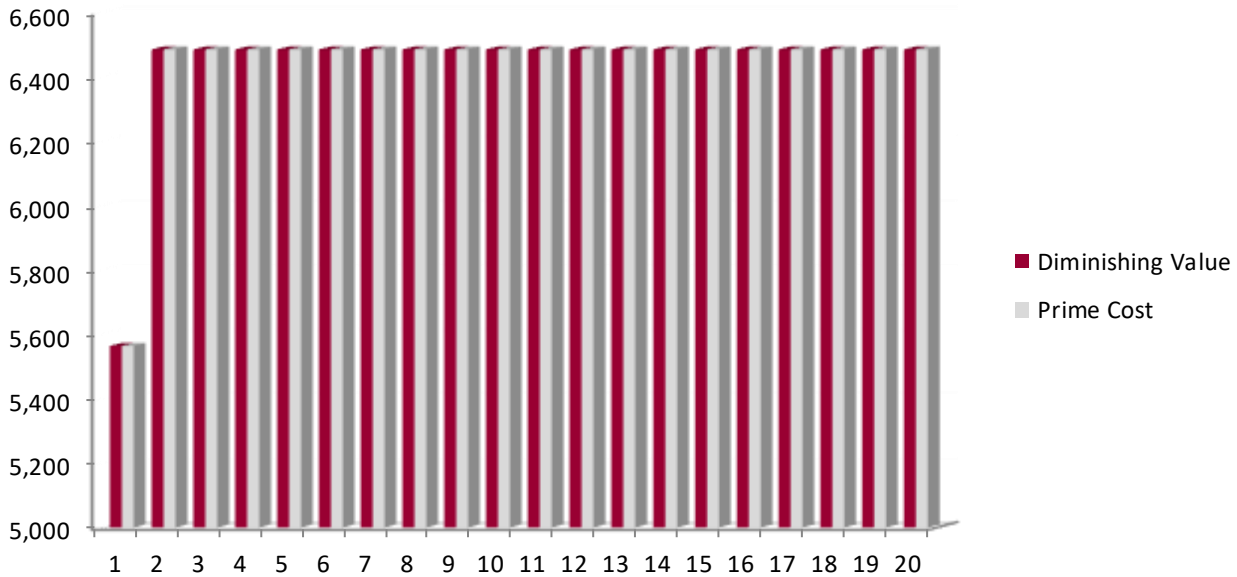
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

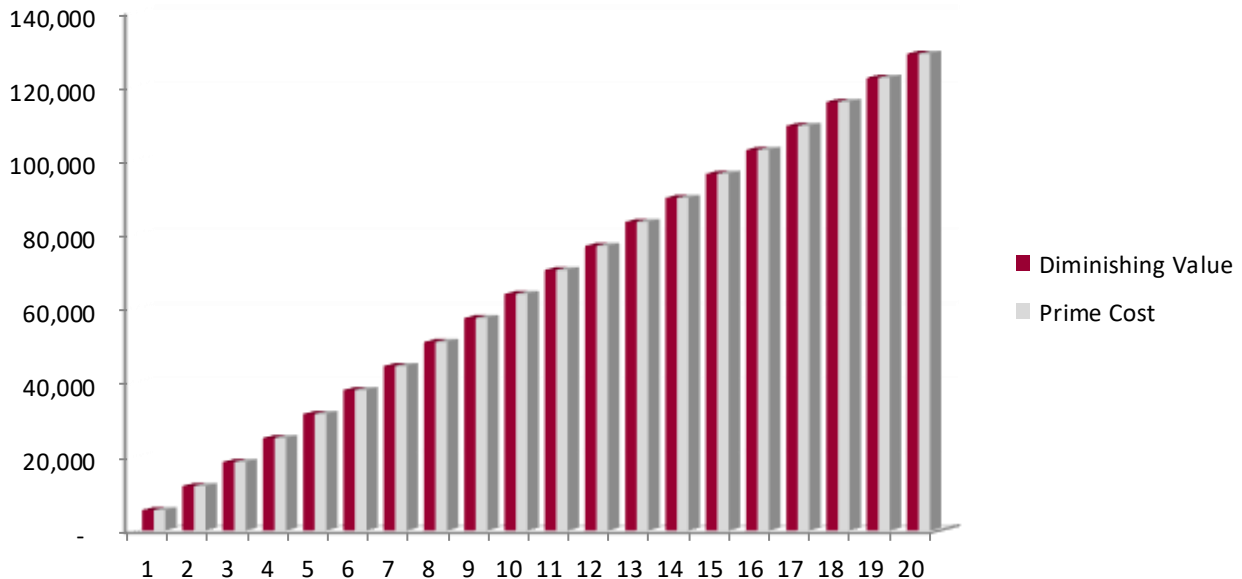
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	5 July 2019
Settlement Date	21 August 2019
Available To Generate Income	21 August 2019

Expenditure Analysed

Purchase Price	\$520,000
Stamp Duty	\$16,627
Legals	\$2,000
Total Expenditure Analysed	\$538,627

Historical Construction Details

Construction Start Date	13 April 2007
Construction Completion Date	10 October 2007
Historical Construction Cost (Estimated)*	\$310,953

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

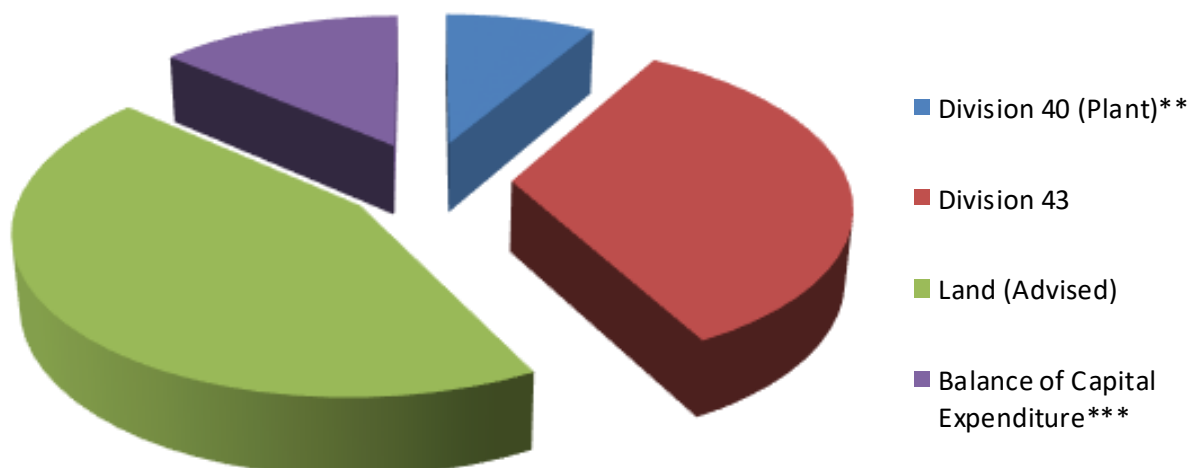
Division 40 (Plant)**	\$45,322
Division 43	\$182,441
Land (Advised)	\$237,354
Balance of Capital Expenditure***	\$73,510
Total Expenditure Analysed	\$538,627

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
Air-conditioning assets (excl. ducting, pipes & vents)														
Mini split system upto 20KW	NO	20.00%	21-Aug-19	6,122	1,050	1,014	811	649	519	415	332	266	213	319
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	21-Aug-19	1,683	316	513	321	200	125	78	49	31	19	12
Blinds Residential														
	NO	18.75%	21-Aug-19	2,638	495	804	502	314	196	123	77	48	30	19
Ceiling Fans														
	NO	18.75%	21-Aug-19	1,786	335	544	340	213	133	83	52	32	20	13
Curtains and drapes														
	NO	18.75%	21-Aug-19	718	135	219	137	85	53	33	21	13	8	5
Door closers														
	NO	18.75%	21-Aug-19	367	69	112	70	44	27	17	11	7	4	3
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	21-Aug-19	898	168	274	171	107	67	42	26	16	10	6
Floor coverings (removable without damage)														
Carpets	NO	25.00%	21-Aug-19	4,744	1,018	932	699	524	393	295	332	207	130	81
Furniture														
	NO	18.75%	21-Aug-19	5,918	1,110	1,803	1,127	704	440	275	172	107	67	42
Garage doors, automatic														
Controls	NO	40.00%	21-Aug-19	326	112	80	50	31	20	12	8	5	3	2
Motors	NO	20.00%	21-Aug-19	2,449	420	406	325	260	208	312	195	122	76	48
Garbage disposal														
Garbage bins	NO	18.75%	21-Aug-19	326	61	99	62	39	24	15	9	6	4	2
Hot water systems (excluding piping)														
Solar	NO	13.33%	21-Aug-19	7,142	817	843	731	633	549	476	412	357	310	268
Kitchen assets														
Cooktops	NO	18.75%	21-Aug-19	1,735	325	528	330	206	129	81	50	32	20	12
Dishwashers	NO	25.00%	21-Aug-19	2,449	525	481	361	270	304	190	119	74	46	29
Ovens	NO	16.67%	21-Aug-19	2,245	321	321	267	223	186	348	217	136	85	53
Rangehoods	NO	18.75%	21-Aug-19	918	172	280	175	109	68	43	27	17	10	7
Lights														
Shades, removable	NO	18.75%	21-Aug-19	2,857	536	870	544	340	213	133	83	52	32	20
Pooled Plant Total					3,721	6,127	3,829	2,393	1,800	1,785	1,447	904	565	672
Effective Life Plant Total					4,263	3,997	3,194	2,559	1,855	1,186	745	623	522	268
Total Division 40				45,322	7,984	10,123	7,023	4,953	3,655	2,971	2,192	1,528	1,088	941

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 2007	2.50%	21-Aug-19	174,665	5,327	6,209	6,209	6,209	6,209	6,209	6,209	6,209	6,209	6,209
Structural Improvements - Completed 2007	2.50%	21-Aug-19	7,776	237	276	276	276	276	276	276	276	276	276
Total Division 43			182,441	5,564	6,485	6,485	6,485	6,485	6,485	6,485	6,485	6,485	6,485

11. Prime Cost Depreciation Schedule

Assets Generally Division 40 - Plant and Equipment	Eligibility For Depreciation	Prime Cost Rate	Start Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Air-conditioning assets (excl. ducting, pipes & vents)														
Mini split system upto 20KW	NO	10.00%	21-Aug-19	6,122	525	612	612	612	612	612	612	612	612	612
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	21-Aug-19	1,683	316	513	321	200	125	78	49	31	19	12
Blinds Residential														
	NO	18.75%	21-Aug-19	2,638	495	804	502	314	196	123	77	48	30	19
Ceiling Fans														
	NO	18.75%	21-Aug-19	1,786	335	544	340	213	133	83	52	32	20	13
Curtains and drapes														
	NO	18.75%	21-Aug-19	718	135	219	137	85	53	33	21	13	8	5
Door closers														
	NO	18.75%	21-Aug-19	367	69	112	70	44	27	17	11	7	4	3
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	21-Aug-19	898	168	274	171	107	67	42	26	16	10	6
Floor coverings (removable without damage)														
Carpets	NO	12.50%	21-Aug-19	4,744	509	593	593	593	593	593	593	593	85	
Furniture														
	NO	18.75%	21-Aug-19	5,918	1,110	1,803	1,127	704	440	275	172	107	67	42
Garage doors, automatic														
Controls	NO	20.00%	21-Aug-19	326	56	65	65	65	65	10				
Motors	NO	10.00%	21-Aug-19	2,449	210	245	245	245	245	245	245	245	245	245
Garbage disposal														
Garbage bins	NO	18.75%	21-Aug-19	326	61	99	62	39	24	15	9	6	4	2
Hot water systems (excluding piping)														
Solar	NO	6.67%	21-Aug-19	7,142	408	476	476	476	476	476	476	476	476	476
Kitchen assets														
Cooktops	NO	18.75%	21-Aug-19	1,735	325	528	330	206	129	81	50	32	20	12
Dishwashers	NO	12.50%	21-Aug-19	2,449	263	306	306	306	306	306	306	306	44	
Ovens	NO	8.33%	21-Aug-19	2,245	160	187	187	187	187	187	187	187	187	187
Rangehoods	NO	18.75%	21-Aug-19	918	172	280	175	109	68	43	27	17	10	7
Lights														
Shades, removable	NO	18.75%	21-Aug-19	2,857	536	870	544	340	213	133	83	52	32	20
Pooled Plant Total					3,721	6,046	3,779	2,362	1,476	923	577	360	225	141
Effective Life Plant Total					2,132	2,484	2,484	2,484	2,484	2,429	2,419	2,419	1,649	1,520
Total Division 40				45,322	5,853	8,530	6,263	4,846	3,960	3,352	2,996	2,779	1,874	1,661

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 2007	2.50%	21-Aug-19	174,665	5,327	6,209	6,209	6,209	6,209	6,209	6,209	6,209	6,209	6,209
Structural Improvements - Completed 2007	2.50%	21-Aug-19	7,776	237	276	276	276	276	276	276	276	276	276
Total Division 43			182,441	5,564	6,485	6,485	6,485	6,485	6,485	6,485	6,485	6,485	6,485

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 2007	13 Apr 07 to 10 Oct 07	248,379	2.50%	6,209	174,665
Sub-total		248,379		6,209	174,665

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2007	13 Apr 07 to 10 Oct 07	11,057	2.50%	276	7,776
Sub-total		11,057		276	7,776
Totals		259,437		6,485	182,441

The table below demonstrates the various property types and the depreciation rates for Capital expenditure deductions. Eligibility is based on the date of construction commencement.

	Today - 27 Feb 92	26 Feb 92 - 16 Sept 87	15 Sept 87 - 18 Jul 85	17 Jul 85 - 22 Aug 84	21 Aug 84 - 20 Jul 82	19 Jul 82 - 21 Aug 79
Traveller Accommodation	4%	2.5%	4%	4%	2.5%	2.5%
Non Residential	2.5%	2.5%	4%	4%	2.5%	N/A
Manufacturing	4%	2.5%	4%	4%	2.5%	N/A
Residential	2.5%	2.5%	4%	N/A	N/A	N/A
Structural Improvement	2.5%	N/A	N/A	N/A	N/A	N/A

13. Definition of Terms

Adjusted Value	This is the value of an asset after a period of decline often referred to as the written down value or WDV.
Balancing Adjustment	The balancing adjustment amount is the difference between the termination value and the adjustable value of a depreciating asset at the time of a balancing adjustment event.
Decline in Value	Deductions for the cost of a depreciating asset are based on the decline in value between any two dates. This report includes both methods of the decline in value of a depreciating asset; the prime cost method and diminishing value method.
Depreciating Assets	Assets with limited effective life that are reasonably expected to decline in value.
Diminishing Value Method	This is the method of calculating the decline in value which uses the opening adjusted value as the basis for the calculation.
Effective Life	The effective life of a depreciating asset is how long it can be used by any entity for a taxable income producing purpose.
Immediate WriteOff	A depreciating asset which costs less than \$300 can be immediately written off at 100% of the total cost. This is only available where the asset is not part of a set e.g. table and chairs.
Installed Costs	This is the total cost of installing the asset inclusive of fees and labour etc.
Low Value Pool	Low cost assets which have a value between \$300 and \$1000. These assets are depreciated at 18.75% in the first year and 37.5% in each subsequent years.
Low Cost Asset	A depreciable asset with an installed cost of less than \$1000.
Low Value Asset	A depreciable asset that has an adjusted value of less than \$1000.
Non Eligible	This may include a proportion of the purchase price that is not claimable due to the age of the building or asset type.
Prime Cost Method	This is a method of calculating depreciation using a constant opening cost base often referred to as the "Straight Line" method.

14. Contact Details

COMPANY DETAILS	
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15. Disclaimer

This report has been prepared for the exclusive use of the parties named within this report, Koste Pty Ltd does not accept any contractual, tortious or other form of liability for any consequences that may arise from any other person acting upon or using this valuation.

Appendix A: ATO's New Legislations on Post 9 May Purchased and Capital Loss

A1. Post 9 May 2017

The amendments to the ITAA 1997 recently limited the income tax deductions for the decline in value of previously used plant and equipment in rental premises used for residential accommodation. The changes apply to any second-hand property purchasers who contracts after 7.30 pm on 9 May 2017, and to any property owners who convert their main occupancies into investment properties after 1 July 2017.

This may give rise to a capital loss due to the difference between an asset's original - cost/value and its termination value at the time of a balancing adjustment event. This capital loss may be used to be offset against any future capital gains. Koste has taken into consideration of the legislation changes and identify both the eligible depreciation each year and the capital loss that will be applied.

A2. Capital Gain / Capital Loss

If you sell a capital asset, such as your investment property, the difference between what it cost you to acquire the asset and what you receive when you dispose of it will become your capital gain or capital loss. When you make a capital gain, it is added to your assessable income and may significantly increase the tax you need to pay. If you make a capital loss, you cannot claim it against your other income but you can use it to reduce a capital gain in current or future years.

A3. Capital Loss on Plant and Equipment (Division 40)

When you dispose a depreciating asset, a balancing adjustment event will occur and you need to work out a balancing adjustment amount to include in your assessable income or to claim as a deduction by comparing the asset's termination value (such as the proceeds from the sale of the asset) and its adjustable value at the time of the balancing adjustment event. However, from 1 July 2017, if a balancing adjustment event happens to a depreciating asset to which the new rules about deductions for decline in value of second-hand depreciating assets in residential rental properties apply, then a capital gain or capital loss might arise.

Further information regarding the legislation please refer to Schedule 2 of Treasury Laws Amendment Act 2017 at <https://www.legislation.gov.au/Details/C2017A00126>