



Tax Depreciation Report

193 Carmody Road,
St Lucia, QLD 4067

Eric Yen-Pin Lin
17 Deborah Ave
BENOWA, QLD 4217

Issue Schedule	
Issue Date:	Issued by:
11 August 2020	Mark Kilroy Bsc (Hons) MRICS

Eric Yen-Pin Lin
17 Deborah Ave
BENOWA, QLD 4217

August 2020
Job No: RES4067008

Tax Depreciation Report – 193 Carmody Road, St Lucia, QLD 4067

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

11 August 2020

Purchaser

Eric Yen-Pin Lin

Property Address

193 Carmody Road, St Lucia, QLD 4067

Real Property Description

L750 RP66977

Property Type

Residential House

Date of Construction

31 December 2016

Date Available To Generate Income

1 October 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				
Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.				
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) 				
Calculation Example				
Under Diminishing Value method, the effective life is dividing by 200.				
200 / 10 Years = 20% (Adjusted Value)				
If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.				
Year 1	Year 2	Year 3	Year 4	Year 5
\$2,000	\$1,600	\$1,280	\$1,024	\$819.20

Prime Cost Method				
Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.				
Benefits				
<ul style="list-style-type: none"> • Write off assets when they are demolished or disposed. 				
Calculation Example				
Under Prime Cost method, the effective life is dividing by 100.				
100 / 10 Years = 10% (Straight Line)				
If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.				
Year 1	Year 2	Year 3	Year 4	Year 5
\$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	1 October 19 to 30 June 20	3,602	251	3,853	9,897	13,750	9,360	9,360
2	1 July 20 to 30 June 21	6,319	745	7,064	13,555	20,619	12,636	21,996
3	1 July 21 to 30 June 22	4,932	760	5,692	13,555	19,247	8,794	30,790
4	1 July 22 to 30 June 23	3,771	748	4,519	13,555	18,074	6,423	37,212
5	1 July 23 to 30 June 24	3,201	468	3,669	13,555	17,224	4,445	41,657
6	1 July 24 to 30 June 25	2,721	292	3,013	13,555	16,568	3,336	44,994
7	1 July 25 to 30 June 26	2,314	183	2,497	13,555	16,052	2,341	47,335
8	1 July 26 to 30 June 27	1,801	434	2,235	13,555	15,790	1,784	49,118
9	1 July 27 to 30 June 28	1,544	271	1,815	13,555	15,370	1,260	50,378
10	1 July 28 to 30 June 29	1,326	169	1,495	13,555	15,050	1,048	51,427
11	1 July 29 to 30 June 30	1,138	106	1,244	13,555	14,799	937	52,364
12	1 July 30 to 30 June 31	978	66	1,044	13,555	14,599	830	53,194
13	1 July 31 to 30 June 32	688	387	1,075	13,555	14,630	518	53,712
14	1 July 32 to 30 June 33	596	242	838	13,555	14,393	324	54,036
15	1 July 33 to 30 June 34	518	151	669	13,555	14,224	202	54,239
16	1 July 34 to 30 June 35	449	95	544	13,555	14,099	126	54,365
17	1 July 35 to 30 June 36	391	59	450	13,555	14,005	79	54,444
18	1 July 36 to 30 June 37	340	37	377	13,555	13,932	49	54,492
19	1 July 37 to 30 June 38	296	23	319	13,555	13,874	31	54,523
20	1 July 38 to 30 June 39	112	377	489	13,555	14,044	19	54,543
21	1 July 39 to 30 June 40	102	235	337	13,555	13,892	12	54,554
22	1 July 40 to 30 June 41	0	489	489	13,555	14,044	8	54,562
23	1 July 41 to 30 June 42	0	306	306	13,555	13,861	4	54,566
24	1 July 42 to 30 June 43	0	191	191	13,555	13,746	3	54,569
25	1 July 43 to 30 June 44	0	119	119	13,555	13,674	2	54,572
26	1 July 44 to 30 June 45	0	75	75	13,555	13,630	1	54,572
27	1 July 45 to 30 June 46	0	47	47	13,555	13,602	0	54,573
28	1 July 46 to 30 June 47	0	29	29	13,555	13,584	1	54,573
29	1 July 47 to 30 June 48	0	18	18	13,555	13,573	1	54,574
30	1 July 48 to 30 June 49	0	11	11	13,555	13,566	1	54,574
31	1 July 49 to 30 June 50	0	7	7	13,555	13,562	0	54,575
32	1 July 50 to 30 June 51	0	4	4	13,555	13,559	1	54,575
33	1 July 51 to 30 June 52	0	3	3	13,555	13,558	0	54,575
34	1 July 52 to 30 June 53	0	2	2	13,555	13,557	0	54,575
35	1 July 53 to 30 June 54	0	1	1	13,555	13,556	0	54,575
36	1 July 54 to 30 June 55	0	1	1	13,555	13,556	0	54,575
37	1 July 55 to 30 June 56	0	0	0	13,555	13,555	0	54,575
38	1 July 56 to 30 June 57	0	0	0	7,089	7,089	0	54,575
39	1 July 57 to 30 June 58	0	0	0	550	550	0	54,575
40	2058+	0	0	0	903	903	0	54,576
Totals		33,537	7,402	44,541	506,419	550,960	54,576	54,576

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	1 October 19 to 30 June 20	1,801	251	2,052	9,897	11,949	7,317	7,317
2	1 July 20 to 30 June 21	3,590	408	3,998	13,555	17,553	10,549	17,866
3	1 July 21 to 30 June 22	3,590	255	3,845	13,555	17,400	7,619	25,485
4	1 July 22 to 30 June 23	3,590	159	3,749	13,555	17,304	5,788	31,273
5	1 July 23 to 30 June 24	3,590	100	3,690	13,555	17,245	4,644	35,917
6	1 July 24 to 30 June 25	3,354	62	3,416	13,555	16,971	3,893	39,810
7	1 July 25 to 30 June 26	3,090	39	3,129	13,555	16,684	3,435	43,245
8	1 July 26 to 30 June 27	3,090	24	3,114	13,555	16,669	3,156	46,401
9	1 July 27 to 30 June 28	3,013	15	3,028	13,555	16,583	2,259	48,660
10	1 July 28 to 30 June 29	2,940	10	2,950	13,555	16,505	1,902	50,562
11	1 July 29 to 30 June 30	2,714	6	2,720	13,555	16,275	1,303	51,865
12	1 July 30 to 30 June 31	2,480	4	2,484	13,555	16,039	1,074	52,939
13	1 July 31 to 30 June 32	2,159	2	2,161	13,555	15,716	757	53,695
14	1 July 32 to 30 June 33	1,649	1	1,650	13,555	15,205	494	54,189
15	1 July 33 to 30 June 34	400	1	401	13,555	13,956	287	54,477
16	1 July 34 to 30 June 35	400	1	401	13,555	13,956	82	54,559
17	1 July 35 to 30 June 36	400	0	400	13,555	13,955	7	54,566
18	1 July 36 to 30 June 37	400	0	400	13,555	13,955	4	54,570
19	1 July 37 to 30 June 38	400	0	400	13,555	13,955	3	54,573
20	1 July 38 to 30 June 39	400	0	400	13,555	13,955	2	54,574
21	1 July 39 to 30 June 40	151	0	151	13,555	13,706	1	54,576
22	1 July 40 to 30 June 41	0	0	0	13,555	13,555	1	54,576
23	1 July 41 to 30 June 42	0	0	0	13,555	13,555	0	54,577
24	1 July 42 to 30 June 43	0	0	0	13,555	13,555	0	54,577
25	1 July 43 to 30 June 44	0	0	0	13,555	13,555	0	54,577
26	1 July 44 to 30 June 45	0	0	0	13,555	13,555	0	54,577
27	1 July 45 to 30 June 46	0	0	0	13,555	13,555	0	54,577
28	1 July 46 to 30 June 47	0	0	0	13,555	13,555	0	54,577
29	1 July 47 to 30 June 48	0	0	0	13,555	13,555	0	54,577
30	1 July 48 to 30 June 49	0	0	0	13,555	13,555	0	54,577
31	1 July 49 to 30 June 50	0	0	0	13,555	13,555	0	54,577
32	1 July 50 to 30 June 51	0	0	0	13,555	13,555	0	54,577
33	1 July 51 to 30 June 52	0	0	0	13,555	13,555	0	54,577
34	1 July 52 to 30 June 53	0	0	0	13,555	13,555	0	54,577
35	1 July 53 to 30 June 54	0	0	0	13,555	13,555	0	54,577
36	1 July 54 to 30 June 55	0	0	0	13,555	13,555	0	54,577
37	1 July 55 to 30 June 56	0	0	0	13,555	13,555	0	54,577
38	1 July 56 to 30 June 57	0	0	0	7,089	7,089	0	54,577
39	1 July 57 to 30 June 58	0	0	0	550	550	0	54,577
40	2058+	0	0	0	903	903	0	54,577
Totals		43,202	1,338	44,540	506,419	550,959	54,577	54,577

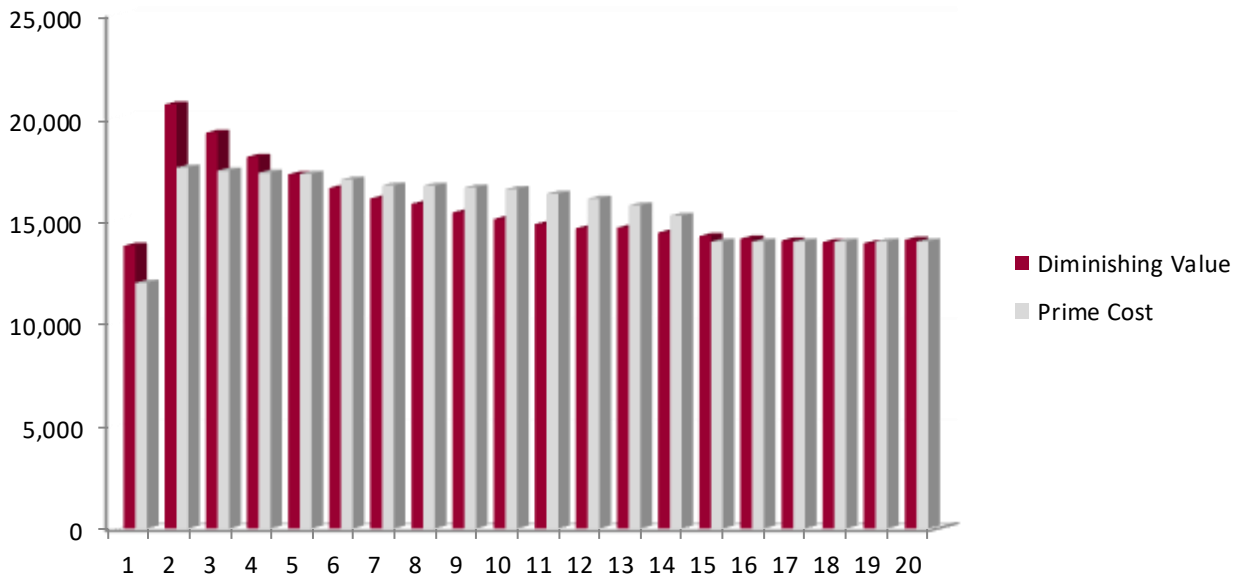
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

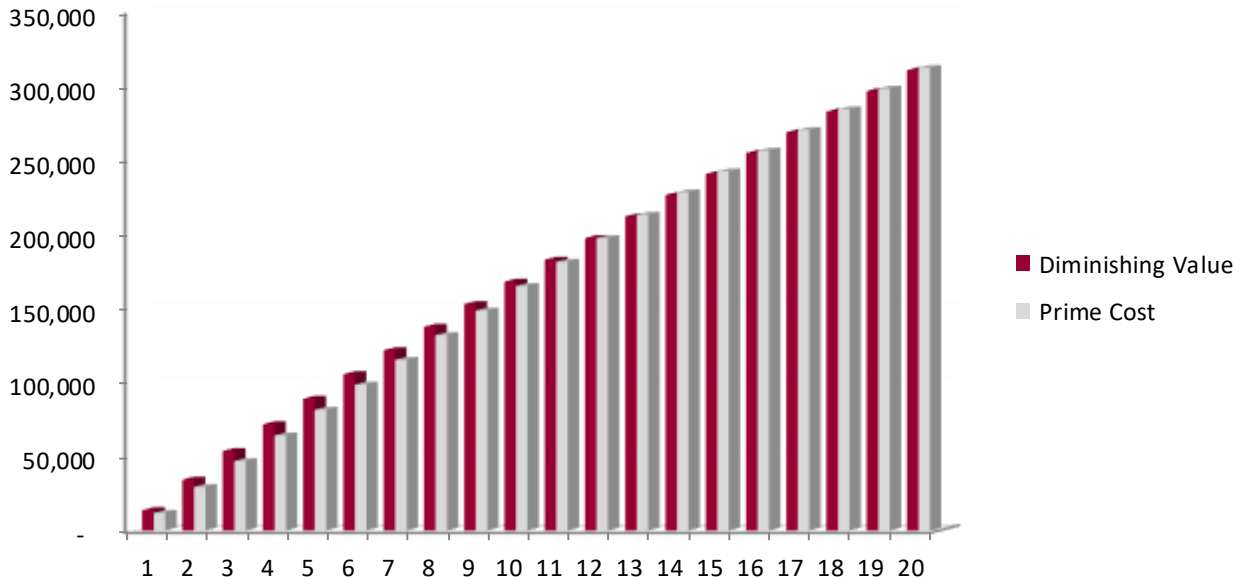
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	29 August 2019
Settlement Date	1 October 2019
Available To Generate Income	1 October 2019

Expenditure Analysed

Purchase Price	\$1,350,000
Stamp Duty	\$58,150
Legals	\$1,280
Post Expenditure	\$66,540
Total Expenditure Analysed	\$1,475,970

Historical Construction Details

Construction Start Date	5 April 2016
Construction Completion Date	31 December 2016
Historical Construction Cost (Estimated)*	\$564,506
Lot Entitlement	1
Overall Lot Entitlement	1

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

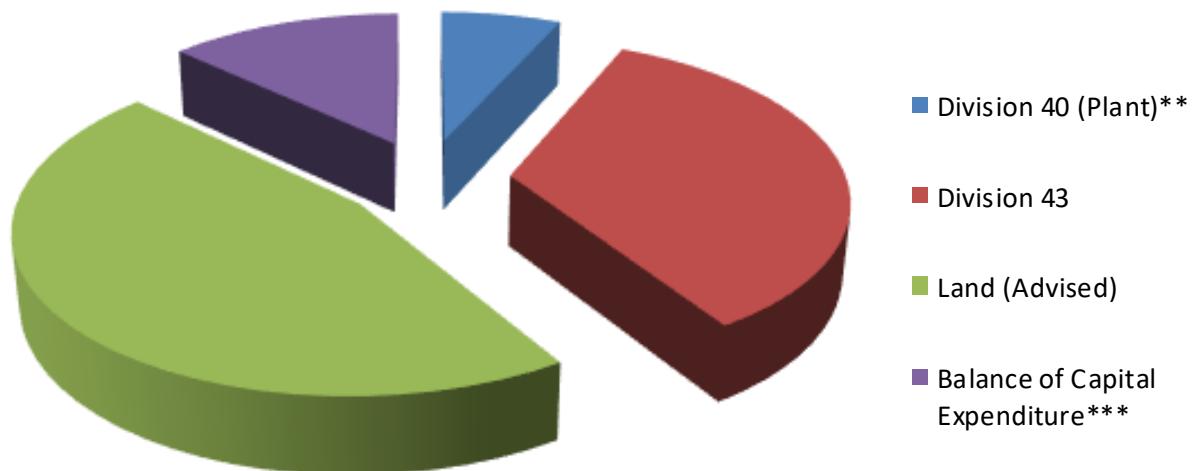
Division 40 (Plant)**	\$99,117
Division 43	\$506,419
Land (Advised)	\$677,998
Balance of Capital Expenditure***	\$192,436
Total Expenditure Analysed	\$1,475,970

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%	1-Oct-19	5,615	838	955	764	611	489	391	313	250	200	301
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	1-Oct-19	1,248	234	380	238	149	93	58	36	23	14	9
Blinds Residential														
	NO	18.75%	1-Oct-19	6,850	1,284	2,087	1,304	815	510	318	199	124	78	49
Ceiling Fans														
	NO	18.75%	1-Oct-19	3,213	602	979	612	382	239	149	93	58	36	23
Computer systems														
General	NO	18.75%	1-Oct-19	546	102	166	104	65	41	25	16	10	6	4
Curtains and drapes														
	NO	18.75%	1-Oct-19	180	34	55	34	21	13	8	5	3	2	1
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	1-Oct-19	1,872	351	570	356	223	139	87	54	34	21	13
Floor coverings (removable without damage)														
Carpets	NO	25.00%	1-Oct-19	6,202	1,157	1,261	946	710	532	399	299	337	210	132
Floating timber	NO	13.33%	1-Oct-19	4,053	403	487	422	366	317	275	238	206	179	155
Furniture														
	NO	15.00%	1-Oct-19	4,492	503	599	509	432	368	312	266	226	192	163
	NO	18.75%	1-Oct-19	2,839	532	865	541	338	211	132	82	52	32	20
Garage doors, automatic														
Controls	NO	40.00%	1-Oct-19	234	70	62	38	24	15	9	6	4	2	1
Motors	NO	20.00%	1-Oct-19	1,560	233	265	212	318	199	124	78	49	30	19
Hot water systems (excluding piping)														
Gas or electric	NO	16.67%	1-Oct-19	2,339	291	341	285	237	198	370	232	145	90	57
Kitchen assets														
Cooktops	NO	16.67%	1-Oct-19	1,014	126	333	208	130	81	51	32	20	12	8
Dishwashers	NO	25.00%	1-Oct-19	1,560	291	317	357	223	139	87	54	34	21	13
Ovens	NO	16.67%	1-Oct-19	1,404	175	205	171	320	200	125	78	49	31	19
Rangehoods	NO	18.75%	1-Oct-19	437	82	133	83	52	32	20	13	8	5	3
Laundry assets														
Clothes dryers	NO	18.75%	1-Oct-19	2,065	387	629	393	246	154	96	60	38	23	15
Washing machines	NO	18.75%	1-Oct-19	774	145	236	147	92	58	36	23	14	9	5
Lights														
Shades, removable	NO	18.75%	1-Oct-19	5,615	1,053	1,711	1,069	668	418	261	163	102	64	40
\$300 items														
	NO	100.00%	1-Oct-19	468	468									
Carried forward				54,577	9,359	12,637	8,794	6,423	4,445	3,337	2,340	1,784	1,260	

Diminishing Value Depreciation Schedule (cont.)

Assets Generally	Eligibility	Diminishing												
Division 40 - Plant and Equipment	For Depreciation	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
Brought forward			-	54,577	9,359	12,637	8,794	6,423	4,445	3,337	2,340	1,784	1,260	
Additional Items (Post Expenditure)	Eligibility				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cleaning equipment														
Vacuum cleaner, ducted system, hoses, motors & wands	YES	20.00%	5-Jan-20	3,600	348	650	520	416	333	266	213	320	200	125
Furniture														
Furniture	YES	15.00%	8-Jan-20	19,400	1,384	2,703	2,298	1,953	1,660	1,411	1,199	1,019	866	736
Furniture	YES	18.75%	15-Oct-19	890	167	271	169	106	66	41	26	16	10	6
Kitchen assets														
Microwave ovens	YES	18.75%	15-Oct-19	450	84	137	86	54	33	21	13	8	5	3
Refrigerators	YES	16.67%	25-Dec-19	7,500	642	1,143	952	794	661	551	459	383	319	266
Laundry assets														
Washing machines	YES	25.00%	25-Dec-19	1,200	154	261	294	184	115	72	45	28	18	11
Linen														
Linen	YES	40.00%	9-Jan-20	2,500	473	811	487	274	171	107	67	42	26	16
Solar power generating system assets														
Solar power generating system assets	YES	10.00%	15-Nov-19	8,000	498	750	675	608	547	492	443	399	359	323
Televisions														
Televisions	YES	20.00%	25-Dec-19	1,000	103	336	210	131	82	51	32	20	13	8
Pooled Plant Total					5,058	8,951	6,245	4,815	3,010	2,252	1,407	1,536	960	901
Effective Life Plant Total					8,155	10,750	8,240	6,126	5,104	4,098	3,430	2,483	2,115	1,643
Total Division 40				99,117	13,213	19,700	14,486	10,942	8,114	6,349	4,838	4,019	3,075	2,543
Division 43 - Capital Works Allowance														
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2016		2.50%	01-Oct-19	436,964	8,750	11,731	11,731	11,731	11,731	11,731	11,731	11,731	11,731	11,731
Building Works - Completed 2020		2.50%	20-Feb-20	22,000	197	550	550	550	550	550	550	550	550	550
Structural Improvements - Completed 2016		2.50%	01-Oct-19	47,455	950	1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274
Total Division 43				506,419	9,897	13,555	13,555	13,555	13,555	13,555	13,555	13,555	13,555	13,555

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%	01-Oct-19	5,615	419	561	561	561	561	561	561	561	561	561
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	01-Oct-19	1,248	234	380	238	149	93	58	36	23	14	9
Blinds Residential														
	NO	18.75%	01-Oct-19	6,850	1,284	2,087	1,304	815	510	318	199	124	78	49
Ceiling Fans														
	NO	18.75%	01-Oct-19	3,213	602	979	612	382	239	149	93	58	36	23
Computer systems														
General	NO	18.75%	01-Oct-19	546	102	166	104	65	41	25	16	10	6	4
Curtains and drapes														
	NO	18.75%	01-Oct-19	180	34	55	34	21	13	8	5	3	2	1
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	01-Oct-19	1,872	351	570	356	223	139	87	54	34	21	13
Floor coverings (removable without damage)														
Carpets	NO	12.50%	01-Oct-19	6,202	578	775	775	775	775	775	775	775	199	
Floating timber	NO	6.67%	01-Oct-19	4,053	202	270	270	270	270	270	270	270	270	270
Furniture														
	NO	7.50%	01-Oct-19	4,492	251	337	337	337	337	337	337	337	337	337
Furniture	NO	18.75%	01-Oct-19	2,839	532	865	541	338	211	132	82	52	32	20
Garage doors, automatic														
Controls	NO	20.00%	01-Oct-19	234	35	47	47	47	47	11				
Motors	NO	10.00%	01-Oct-19	1,560	116	156	156	156	156	156	156	156	156	156
Hot water systems (excluding piping)														
Gas or electric	NO	8.33%	01-Oct-19	2,339	145	195	195	195	195	195	195	195	195	195
Kitchen assets														
Cooktops	NO	8.33%	01-Oct-19	1,014	63	84	84	84	84	84	84	84	84	84
Dishwashers	NO	12.50%	01-Oct-19	1,560	145	195	195	195	195	195	195	195	49	
Ovens	NO	8.33%	01-Oct-19	1,404	87	117	117	117	117	117	117	117	117	117
Rangehoods	NO	18.75%	01-Oct-19	437	82	133	83	52	32	20	13	8	5	3
Laundry assets														
Clothes dryers	NO	18.75%	01-Oct-19	2,065	387	629	393	246	154	96	60	38	23	15
Washing machines	NO	18.75%	01-Oct-19	774	145	236	147	92	58	36	23	14	9	5
Lights														
Shades, removable	NO	18.75%	01-Oct-19	5,615	1,053	1,711	1,069	668	418	261	163	102	64	40
\$300 items														
	NO	100.00%	01-Oct-19	468	468									
Carried forward				54,577	7,317	10,548	7,619	5,788	4,644	3,893	3,435	3,156	2,259	

Prime Cost Depreciation Schedule (cont.)

Assets Generally		Eligibility	Prime Cost	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		For Depreciation	Rate												
Brought forward				-	54,577	7,317	10,548	7,619	5,788	4,644	3,893	3,435	3,156	2,259	
Additional Items (Post Expenditure)		Eligibility				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cleaning equipment															
Vacuum cleaner, ducted system, hoses, motors & wands	YES	10.00%	05-Jan-20	3,600	174	360	360	360	360	360	360	360	360	360	360
Furniture															
Furniture	YES	7.50%	08-Jan-20	19,400	692	1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455	1,455
Furniture	YES	18.75%	15-Oct-19	890	167	271	169	106	66	41	26	16	10	6	
Kitchen assets															
Microwave ovens	YES	18.75%	15-Oct-19	450	84	137	86	54	33	21	13	8	5	3	
Refrigerators	YES	8.33%	25-Dec-19	7,500	321	625	625	625	625	625	625	625	625	625	625
Laundry assets															
Washing machines	YES	12.50%	25-Dec-19	1,200	77	150	150	150	150	150	150	150	150	73	
Linen	YES	20.00%	09-Jan-20	2,500	236	500	500	500	500	264					
Solar power generating system assets															
Solar power generating system assets	YES	5.00%	15-Nov-19	8,000	249	400	400	400	400	400	400	400	400	400	400
Televisions	YES	10.00%	25-Dec-19	1,000	51	100	100	100	100	100	100	100	100	100	100
Pooled Plant Total						5,058	8,220	5,137	3,211	2,007	1,254	784	490	306	191
Effective Life Plant Total						4,311	6,327	6,327	6,327	6,327	6,055	5,780	5,780	4,981	4,660
Total Division 40					99,117	9,369	14,547	11,464	9,538	8,334	7,309	6,564	6,270	5,287	4,851
Division 43 - Capital Works Allowance															
		Rate		Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Building Works - Completed 2016		2.50%	01-Oct-19	436,964	8,750	11,731	11,731	11,731	11,731	11,731	11,731	11,731	11,731	11,731	11,731
Building Works - Completed 2020		2.50%	20-Feb-20	22,000	197	550	550	550	550	550	550	550	550	550	550
Structural Improvements - Completed 2016		2.50%	01-Oct-19	47,455	950	1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274
Total Division 43				506,419	9,897	13,555	13,555	13,555	13,555	13,555	13,555	13,555	13,555	13,555	13,555

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	5 Apr 16 to 31 Dec 16	469,232	2.50%	11,731	436,964
Building Works - Completed 2020	1 Feb 20 to 20 Feb 20	22,000	2.50%	550	22,000
Sub-total		491,232		12,281	458,964

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2016	5 Apr 16 to 31 Dec 16	50,959	2.50%	1,274	47,455
Sub-total		50,959		1,274	47,455
Totals		542,191		13,555	506,419

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
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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.

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.

Further information regarding the legislation please refer to ATO website – www.ato.gov.au

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.