



Tax Depreciation Report

15 Mitchell Place,
Belmont QLD 4153

Daniel Leary
4/37 Kadumba Street
YERONGA, QLD 4104

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

Daniel Leary
4/37 Kadumba Street
YERONGA, QLD 4104

August 2020
Job No: RES4153003

Tax Depreciation Report – 15 Mitchell Place, Belmont QLD 4153

We thank you for choosing Koste Pty Ltd to prepare the attached Tax Depreciation report and schedule for the above property.

This report has been prepared to provide an independent review of Tax Depreciation entitlements available on the subject property, under The Income Tax Assessment Act 1997.

Koste Pty Ltd are a registered tax agent (24836767) who comply with the Tax Agent Services Act 2009. The attached schedule is based on an apportionment of the total expenditure, together with the Tax Commissioners current intentions in preparing this document.

As you continue to grow your portfolio, we would be pleased to provide you with free estimates of tax depreciation allowances on purchases. We can also provide updates for \$100+GST on any revised depreciation reports which may include new capital works and write-offs on disposed assets over the coming years.

The majority of our custom is based on repeat customers and from word of mouth. Testimonials are important to our business especially on social media including Google+, LinkedIn and Facebook. If you are pleased with our service and have some time to write a short testimonial on either social media or via an email, this would be greatly appreciated.

If you or your accountant require any further clarification on the contents of this report, please do not hesitate in contacting a member of our team on 1300 669 400 where they would be more than happy to assist.

Yours Sincerely

Koste Pty Ltd

Koste Pty Ltd
Tax Depreciation Quantity Surveyors



TABLE OF CONTENTS

1. Property Information	2
2. Report Details.....	3
3. Capital Allowances	4
4. Capital Works	6
5. Summary of Entitlements – Diminishing Value Method	7
6. Summary of Entitlements – Prime Cost Method.....	8
7. Comparison Graphs.....	9
8. Capital Expenditure Analysed	10
9. Reconciliation of Capital Expenditure	11
10. Diminishing Value Depreciation Schedule.....	12
11. Prime Cost Depreciation Schedule	14
12. Division 43 Capital Works Schedule	16
13. Definition of Terms	17
14. Contact Details	18
15. Disclaimer.....	19
ATO’s New Legislations on Post 9 May Purchased and Capital Loss	20

1. Property Information

Date of Report

18 August 2020

Purchaser

Daniel Leary

Property Address

15 Mitchell Place, Belmont QLD 4153

Real Property Description

L39 RP897113

Property Type

Residential House

Date of Construction

31 December 2000

Date Available To Generate Income

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

4. Capital Works

4.1 Entitlement

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

4.2 Method of Depreciation

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

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

4.3 Method of Depreciation

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

5. Summary of Entitlements – Diminishing Value Method

Year	Financial Year	Division 40 - Capital Allowance (Eligible)			Division 43 Capital Works	Eligible Total	Capital Loss - See Appendix A	
		Effective Life	Pooled Plant	Total Div 40			Div 40 Yearly	Cumulative
1	25 January 16 to 30 June 16	0	0	0	1,657	1,657	0	0
2	1 July 16 to 30 June 17	0	0	0	3,874	3,874	0	0
3	1 July 17 to 30 June 18	0	0	0	3,886	3,886	0	0
4	1 July 18 to 30 June 19	0	0	0	3,996	3,996	0	0
5	1 July 19 to 30 June 20	0	0	0	4,056	4,056	0	0
6	1 July 20 to 30 June 21	0	0	0	4,056	4,056	2,397	2,397
7	1 July 21 to 30 June 22	0	0	0	4,056	4,056	1,764	4,161
8	1 July 22 to 30 June 23	0	0	0	4,056	4,056	1,486	5,647
9	1 July 23 to 30 June 24	0	0	0	4,056	4,056	1,336	6,983
10	1 July 24 to 30 June 25	0	0	0	4,056	4,056	1,146	8,129
11	1 July 25 to 30 June 26	0	0	0	4,056	4,056	765	8,894
12	1 July 26 to 30 June 27	0	0	0	4,056	4,056	672	9,566
13	1 July 27 to 30 June 28	0	0	0	4,056	4,056	420	9,985
14	1 July 28 to 30 June 29	0	0	0	4,056	4,056	262	10,248
15	1 July 29 to 30 June 30	0	0	0	4,056	4,056	164	10,412
16	1 July 30 to 30 June 31	0	0	0	4,056	4,056	103	10,515
17	1 July 31 to 30 June 32	0	0	0	4,056	4,056	64	10,579
18	1 July 32 to 30 June 33	0	0	0	4,056	4,056	40	10,619
19	1 July 33 to 30 June 34	0	0	0	4,056	4,056	25	10,644
20	1 July 34 to 30 June 35	0	0	0	4,056	4,056	16	10,659
21	1 July 35 to 30 June 36	0	0	0	4,056	4,056	10	10,669
22	1 July 36 to 30 June 37	0	0	0	4,056	4,056	6	10,675
23	1 July 37 to 30 June 38	0	0	0	4,056	4,056	4	10,679
24	1 July 38 to 30 June 39	0	0	0	4,056	4,056	2	10,681
25	1 July 39 to 30 June 40	0	0	0	4,056	4,056	1	10,683
26	1 July 40 to 30 June 41	0	0	0	2,374	2,374	1	10,684
27	1 July 41 to 30 June 42	0	0	0	722	722	1	10,684
28	1 July 42 to 30 June 43	0	0	0	722	722	0	10,685
29	1 July 43 to 30 June 44	0	0	0	722	722	0	10,685
30	1 July 44 to 30 June 45	0	0	0	722	722	0	10,685
31	1 July 45 to 30 June 46	0	0	0	722	722	0	10,685
32	1 July 46 to 30 June 47	0	0	0	722	722	0	10,685
33	1 July 47 to 30 June 48	0	0	0	722	722	0	10,685
34	1 July 48 to 30 June 49	0	0	0	601	601	0	10,685
35	1 July 49 to 30 June 50	0	0	0	193	193	0	10,685
36	1 July 50 to 30 June 51	0	0	0	193	193	0	10,685
37	1 July 51 to 30 June 52	0	0	0	193	193	0	10,685
38	1 July 52 to 30 June 53	0	0	0	193	193	0	10,685
39	1 July 53 to 30 June 54	0	0	0	193	193	0	10,685
40	2054+	0	0	0	778	778	0	10,685
Totals		0	0	0	108,361	108,361	10,685	10,685

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	25 January 16 to 30 June 16	0	0	0	1,657	1,657	0	0
2	1 July 16 to 30 June 17	0	0	0	3,874	3,874	0	0
3	1 July 17 to 30 June 18	0	0	0	3,886	3,886	0	0
4	1 July 18 to 30 June 19	0	0	0	3,996	3,996	0	0
5	1 July 19 to 30 June 20	0	0	0	4,056	4,056	0	0
6	1 July 20 to 30 June 21	0	0	0	4,056	4,056	2,461	2,461
7	1 July 21 to 30 June 22	0	0	0	4,056	4,056	2,437	4,898
8	1 July 22 to 30 June 23	0	0	0	4,056	4,056	1,824	6,722
9	1 July 23 to 30 June 24	0	0	0	4,056	4,056	1,630	8,351
10	1 July 24 to 30 June 25	0	0	0	4,056	4,056	1,624	9,975
11	1 July 25 to 30 June 26	0	0	0	4,056	4,056	1,370	11,345
12	1 July 26 to 30 June 27	0	0	0	4,056	4,056	1,048	12,393
13	1 July 27 to 30 June 28	0	0	0	4,056	4,056	1,046	13,440
14	1 July 28 to 30 June 29	0	0	0	4,056	4,056	735	14,174
15	1 July 29 to 30 June 30	0	0	0	4,056	4,056	263	14,437
16	1 July 30 to 30 June 31	0	0	0	4,056	4,056	263	14,700
17	1 July 31 to 30 June 32	0	0	0	4,056	4,056	262	14,962
18	1 July 32 to 30 June 33	0	0	0	4,056	4,056	262	15,224
19	1 July 33 to 30 June 34	0	0	0	4,056	4,056	262	15,486
20	1 July 34 to 30 June 35	0	0	0	4,056	4,056	262	15,748
21	1 July 35 to 30 June 36	0	0	0	4,056	4,056	158	15,906
22	1 July 36 to 30 June 37	0	0	0	4,056	4,056	0	15,906
23	1 July 37 to 30 June 38	0	0	0	4,056	4,056	0	15,906
24	1 July 38 to 30 June 39	0	0	0	4,056	4,056	0	15,906
25	1 July 39 to 30 June 40	0	0	0	4,056	4,056	0	15,906
26	1 July 40 to 30 June 41	0	0	0	2,374	2,374	0	15,906
27	1 July 41 to 30 June 42	0	0	0	722	722	0	15,906
28	1 July 42 to 30 June 43	0	0	0	722	722	0	15,906
29	1 July 43 to 30 June 44	0	0	0	722	722	0	15,906
30	1 July 44 to 30 June 45	0	0	0	722	722	0	15,906
31	1 July 45 to 30 June 46	0	0	0	722	722	0	15,906
32	1 July 46 to 30 June 47	0	0	0	722	722	0	15,906
33	1 July 47 to 30 June 48	0	0	0	722	722	0	15,906
34	1 July 48 to 30 June 49	0	0	0	601	601	0	15,906
35	1 July 49 to 30 June 50	0	0	0	193	193	0	15,906
36	1 July 50 to 30 June 51	0	0	0	193	193	0	15,906
37	1 July 51 to 30 June 52	0	0	0	193	193	0	15,906
38	1 July 52 to 30 June 53	0	0	0	193	193	0	15,906
39	1 July 53 to 30 June 54	0	0	0	193	193	0	15,906
40	2054+	0	0	0	778	778	0	15,906
Totals		0	0	0	108,361	108,361	15,906	15,906

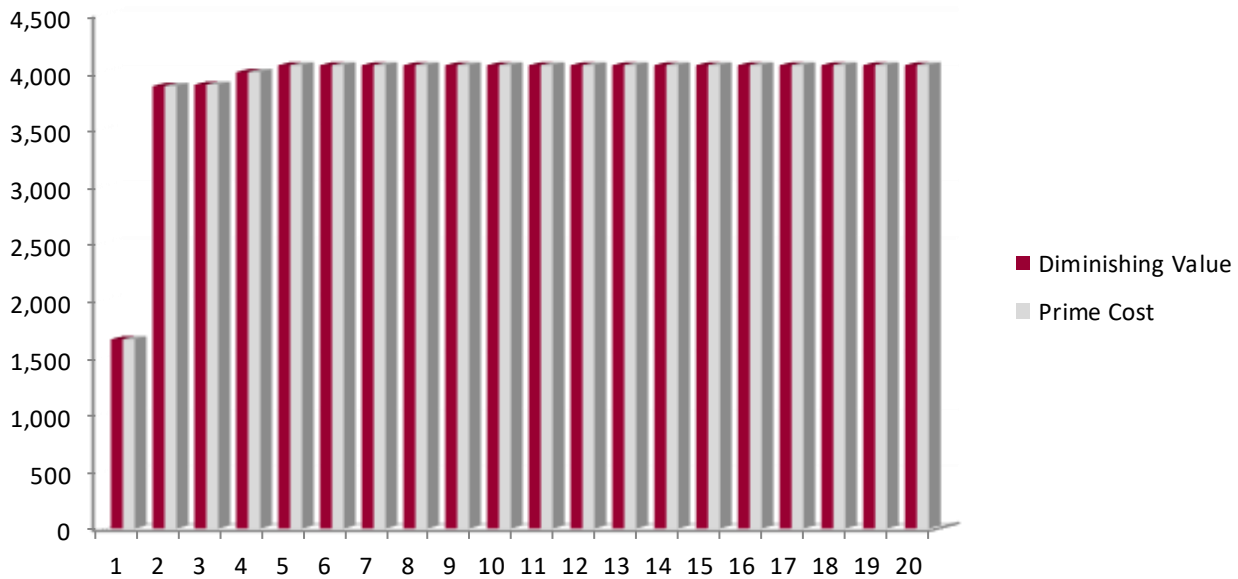
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

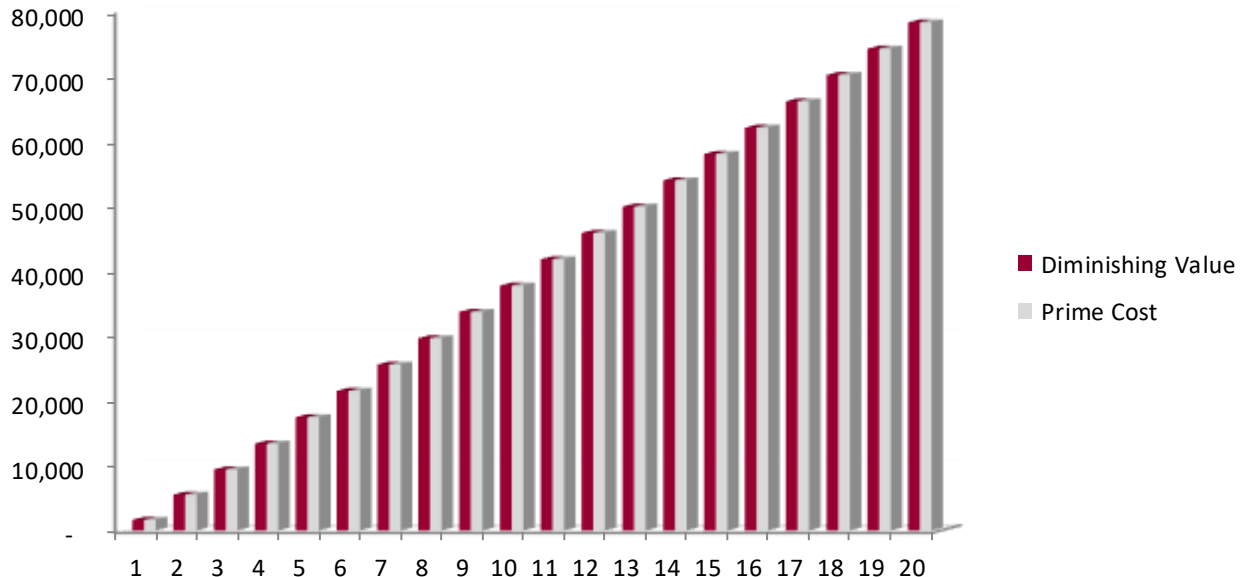
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	23 October 2015
Settlement Date	25 January 2016
Available To Generate Income	31 August 2020

Expenditure Analysed

Purchase Price	\$570,000
Stamp Duty	\$11,150
Legals	\$3,500
Post Expenditure	\$12,500
Total Expenditure Analysed	\$597,150

Historical Construction Details

Construction Start Date	5 April 2000
Construction Completion Date	31 December 2000
Historical Construction Cost (Estimated)*	\$145,490
Lot Entitlement	1
Overall Lot Entitlement	1

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

Division 40 (Plant)**	\$28,526
Division 43	\$108,361
Land (Advised)	\$234,499
Balance of Capital Expenditure***	\$225,764
Total Expenditure Analysed	\$597,150

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%	25-Jan-16	1,781	153	326	261	1,042						
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	25-Jan-16	959	180	292	183	114	71	45	28	17	11	7
Blinds Residential														
	NO	30.00%	25-Jan-16	2,651	341	693	485	340	297	186	116	73	45	28
Ceiling Fans														
	NO	10.00%	25-Jan-16	548	24	52	47	159	100	62	39	24	15	9
Curtains and drapes														
	NO	30.00%	25-Jan-16	1,061	137	277	194	170	106	66	41	26	16	10
Door closers														
	NO	15.00%	25-Jan-16	329	21	46	39	83	52	33	20	13	8	5
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	25-Jan-16	411	77	125	78	49	31	19	12	7	5	3
Floor coverings (removable without damage)														
Carpets	NO	20.00%	25-Jan-16	3,913	336	715	572	458	366	293	234	352	220	137
Furniture														
	NO	15.00%	25-Jan-16	3,700	238	519	441	375	319	271	230	196	166	354
Garage doors, automatic														
Motors	NO	20.00%	25-Jan-16	1,096	94	200	160	241	150	94	59	37	23	14
Garden sheds, freestanding														
	NO	20.00%	25-Jan-16	685	59	125	100	150	94	59	37	23	14	9
Hot water systems (excluding piping)														
Gas or electric	NO	10.00%	25-Jan-16	1,370	59	131	118	106	359	224	140	88	55	34
Kitchen assets														
Cooktops	NO	10.00%	25-Jan-16	384	16	37	33	112	70	44	27	17	11	7
Dishwashers	NO	30.00%	25-Jan-16	685	88	179	125	110	69	43	27	17	10	7
Ovens	NO	10.00%	25-Jan-16	548	24	52	47	159	100	62	39	24	15	9
Rangehoods	NO	10.00%	25-Jan-16	343	15	33	30	100	62	39	24	15	9	6
Lights														
Shades, removable	NO	10.00%	25-Jan-16	2,055	88	197	177	159	143	129	116	105	353	221
Security systems & equipment														
Electronic	NO	30.00%	25-Jan-16	822	106	215	150	132	82	51	32	20	13	8
\$300 items														
	NO	100.00%	25-Jan-16	384	384									
Additional Items (Post Expenditure)					Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Carried forward				805,486	23,726	2,438	4,216	3,242	4,059	2,471	1,720	1,222	1,053	990

Diminishing Value Depreciation Schedule (cont.)

Assets Generally	Eligibility	Diminishing	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	Value Rate															
Brought forward			805,486	23,726	2,438	4,216	3,242	4,059	2,471	1,720	1,222	1,053	990				
Air-conditioning assets (excl. ducting, pipes & vents)																	
Mini split system upto 20KW	NO	20.00%	26-Nov-18	4,800				568	846	677	542	433	347	277			
Pooled Plant Total								1,578	1,642	1,026	641	753	823	868			
Effective Life Plant Total								2,438	4,216	3,242	3,049	1,675	1,370	1,123	734	513	277
Total Division 40				28,526	2,438	4,216	3,242	4,627	3,317	2,397	1,764	1,486	1,336	1,146			
Division 43 - Capital Works Allowance																	
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10			
Building Works - Completed 2000		2.50%	25-Jan-16	70,308	1,210	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821			
Building Works - Completed 2009		2.50%	25-Jan-16	17,563	227	529	529	529	529	529	529	529	529	529			
Building Works - Completed 2016		2.50%	31-Dec-16	900		11	23	23	23	23	23	23	23	23			
Building Works - Completed 2018		2.50%	06-Nov-18	6,800				110	170	170	170	170	170	170			
Structural Improvements - Completed 2000		2.50%	25-Jan-16	12,790	220	513	513	513	513	513	513	513	513	513			
Total Division 43				108,361	1,657	3,874	3,886	3,996	4,056	4,056	4,056	4,056	4,056	4,056			

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%	25-Jan-16	1,781	76	178	178	1,349						
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	25-Jan-16	959	180	292	183	114	71	45	28	17	11	7
Blinds Residential														
	NO	15.00%	25-Jan-16	2,651	171	398	398	398	398	398	398	92		
Ceiling Fans														
	NO	5.00%	25-Jan-16	548	12	27	27	27	27	27	27	27	27	27
Curtains and drapes														
	NO	15.00%	25-Jan-16	1,061	68	159	159	159	159	159	159	39		
Door closers														
	NO	7.50%	25-Jan-16	329	11	25	25	25	25	25	25	25	25	25
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	25-Jan-16	411	77	125	78	49	31	19	12	7	5	3
Floor coverings (removable without damage)														
Carpets	NO	10.00%	25-Jan-16	3,913	168	391	391	391	391	391	391	391	391	391
Furniture														
	NO	7.50%	25-Jan-16	3,700	119	277	277	277	277	277	277	277	277	277
Garage doors, automatic														
Motors	NO	10.00%	25-Jan-16	1,096	47	110	110	110	110	110	110	110	110	110
Garden sheds, freestanding														
	NO	10.00%	25-Jan-16	685	29	69	69	69	69	69	69	69	69	69
Hot water systems (excluding piping)														
Gas or electric	NO	5.00%	25-Jan-16	1,370	29	69	69	69	69	69	69	69	69	69
Kitchen assets														
Cooktops	NO	5.00%	25-Jan-16	384	8	19	19	19	19	19	19	19	19	19
Dishwashers	NO	15.00%	25-Jan-16	685	44	103	103	103	103	103	103	23		
Ovens	NO	5.00%	25-Jan-16	548	12	27	27	27	27	27	27	27	27	27
Rangehoods	NO	5.00%	25-Jan-16	343	7	17	17	17	17	17	17	17	17	17
Lights														
Shades, removable	NO	5.00%	25-Jan-16	2,055	44	103	103	103	103	103	103	103	103	103
Security systems & equipment														
Electronic	NO	15.00%	25-Jan-16	822	53	123	123	123	123	123	123	31		
\$300 items														
	NO	100.00%	25-Jan-16	384	384									
Additional Items (Post Expenditure)					Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Carried forward			805,486	23,726	1,539	2,513	2,356	3,429	2,019	1,981	1,957	1,344	1,150	

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
Division 40 - Plant and Equipment														
Brought forward				805,486	23,726	1,539	2,513	2,356	3,429	2,019	1,981	1,957	1,344	1,150
Air-conditioning assets (excl. ducting, pipes & vents)														
Mini split system upto 20KW	NO	10.00%	26-Nov-18	4,800				284	480	480	480	480	480	480
Pooled Plant Total														
Effective Life Plant Total					1,539	2,513	2,356	3,713	2,499	2,461	2,437	1,824	1,630	1,624
Total Division 40				28,526	1,539	2,513	2,356	3,713	2,499	2,461	2,437	1,824	1,630	1,624
Division 43 - Capital Works Allowance														
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2000		2.50%	25-Jan-16	70,308	1,210	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821
Building Works - Completed 2009		2.50%	25-Jan-16	17,563	227	529	529	529	529	529	529	529	529	529
Building Works - Completed 2016		2.50%	31-Dec-16	900		11	23	23	23	23	23	23	23	23
Building Works - Completed 2018		2.50%	06-Nov-18	6,800				110	170	170	170	170	170	170
Structural Improvements - Completed 2000		2.50%	25-Jan-16	12,790	220	513	513	513	513	513	513	513	513	513
Total Division 43				108,361	1,657	3,874	3,886	3,996	4,056	4,056	4,056	4,056	4,056	4,056

12. Division 43 Capital Works Schedule

The table below outlines the amount of Division 43 building write-off available for this property. The building write-off is claimed over forty years from the construction date of the works completed and is the remaining value after plant and equipment has been taken out.

Qualifying Building Allowance

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Building Works - Completed 2000	5 Apr 00 to 31 Dec 00	112,838	2.50%	2,821	70,308
Building Works - Completed 2009	1 Feb 09 to 20 Apr 09	21,141	2.50%	529	17,563
Building Works - Completed 2016	1 Dec 16 to 31 Dec 16	900	2.50%	23	900
Building Works - Completed 2018	6 Nov 18 to 6 Nov 18	6,800	2.50%	170	6,800
Sub-total		141,679		3,543	95,571

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2000	5 Apr 00 to 31 Dec 00	20,528	2.50%	513	12,790
Sub-total		20,528		513	12,790
Totals		162,207		4,056	108,361

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.

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.