



Tax Depreciation Report

2 Gawler Crescent,
Bracken Ridge, QLD 4017

Jigarbhai Patel
45 Sedgemoor Sreet
CARSELDINE, QLD 4034

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

Jigarbhai Patel
45 Sedgemoor Sreet
CARSELDINE, QLD 4034

August 2020
Job No: RES4017005

Tax Depreciation Report – 2 Gawler Crescent, Bracken Ridge, QLD 4017

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	10
10. Diminishing Value Depreciation Schedule	11
11. Prime Cost Depreciation Schedule	12
12. Division 43 Capital Works Schedule	13
13. Definition of Terms	14
14. Contact Details	15
15. Disclaimer	16
Appendix A: ATO’s New Legislations on Post 9 May Purchased and Capital Loss	17

1. Property Information

Date of Report

28 August 2020

Purchaser

Jigarbhai Patel

Property Address

2 Gawler Crescent, Bracken Ridge, QLD 4017

Real Property Description

L22 RP894022

Property Type

Residential House

Date of Construction

1 May 2000

Date Available To Generate Income

24 September 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	24 September 19 to 30 June 20	0	0	0	2,295	2,295	3,036	3,036
2	1 July 20 to 30 June 21	0	0	0	3,001	3,001	4,353	7,389
3	1 July 21 to 30 June 22	0	0	0	3,001	3,001	3,095	10,484
4	1 July 22 to 30 June 23	0	0	0	3,001	3,001	2,048	12,531
5	1 July 23 to 30 June 24	0	0	0	3,001	3,001	1,522	14,053
6	1 July 24 to 30 June 25	0	0	0	3,001	3,001	1,098	15,152
7	1 July 25 to 30 June 26	0	0	0	3,001	3,001	686	15,838
8	1 July 26 to 30 June 27	0	0	0	3,001	3,001	429	16,267
9	1 July 27 to 30 June 28	0	0	0	3,001	3,001	268	16,535
10	1 July 28 to 30 June 29	0	0	0	3,001	3,001	168	16,703
11	1 July 29 to 30 June 30	0	0	0	3,001	3,001	105	16,808
12	1 July 30 to 30 June 31	0	0	0	3,001	3,001	65	16,873
13	1 July 31 to 30 June 32	0	0	0	3,001	3,001	41	16,914
14	1 July 32 to 30 June 33	0	0	0	3,001	3,001	26	16,940
15	1 July 33 to 30 June 34	0	0	0	3,001	3,001	16	16,956
16	1 July 34 to 30 June 35	0	0	0	3,001	3,001	10	16,966
17	1 July 35 to 30 June 36	0	0	0	3,001	3,001	6	16,972
18	1 July 36 to 30 June 37	0	0	0	3,001	3,001	4	16,976
19	1 July 37 to 30 June 38	0	0	0	3,001	3,001	2	16,978
20	1 July 38 to 30 June 39	0	0	0	3,001	3,001	2	16,980
21	1 July 39 to 30 June 40	0	0	0	2,699	2,699	1	16,981
22	1 July 40 to 30 June 41	0	0	0	1,307	1,307	1	16,981
23	1 July 41 to 30 June 42	0	0	0	1,307	1,307	0	16,982
24	1 July 42 to 30 June 43	0	0	0	1,307	1,307	0	16,982
25	1 July 43 to 30 June 44	0	0	0	1,307	1,307	0	16,982
26	1 July 44 to 30 June 45	0	0	0	1,307	1,307	0	16,982
27	1 July 45 to 30 June 46	0	0	0	1,307	1,307	0	16,982
28	1 July 46 to 30 June 47	0	0	0	1,307	1,307	0	16,982
29	1 July 47 to 30 June 48	0	0	0	1,307	1,307	0	16,982
30	1 July 48 to 30 June 49	0	0	0	1,268	1,268	0	16,982
31	1 July 49 to 30 June 50	0	0	0	824	824	0	16,982
32	1 July 50 to 30 June 51	0	0	0	824	824	0	16,982
33	1 July 51 to 30 June 52	0	0	0	824	824	0	16,982
34	1 July 52 to 30 June 53	0	0	0	824	824	0	16,982
35	1 July 53 to 30 June 54	0	0	0	824	824	0	16,982
36	1 July 54 to 30 June 55	0	0	0	824	824	0	16,982
37	1 July 55 to 30 June 56	0	0	0	824	824	0	16,982
38	1 July 56 to 30 June 57	0	0	0	824	824	0	16,982
39	1 July 57 to 30 June 58	0	0	0	824	824	0	16,982
40	2058+	0	0	0	154	154	0	16,982
Totals		0	0	0	81,307	81,307	16,982	16,982

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	24 September 19 to 30 June 20	0	0	0	2,295	2,295	2,436	2,436
2	1 July 20 to 30 June 21	0	0	0	3,001	3,001	3,766	6,202
3	1 July 21 to 30 June 22	0	0	0	3,001	3,001	2,648	8,850
4	1 July 22 to 30 June 23	0	0	0	3,001	3,001	1,949	10,799
5	1 July 23 to 30 June 24	0	0	0	3,001	3,001	1,512	12,311
6	1 July 24 to 30 June 25	0	0	0	3,001	3,001	1,239	13,550
7	1 July 25 to 30 June 26	0	0	0	3,001	3,001	1,068	14,618
8	1 July 26 to 30 June 27	0	0	0	3,001	3,001	962	15,580
9	1 July 27 to 30 June 28	0	0	0	3,001	3,001	568	16,148
10	1 July 28 to 30 June 29	0	0	0	3,001	3,001	422	16,571
11	1 July 29 to 30 June 30	0	0	0	3,001	3,001	211	16,782
12	1 July 30 to 30 June 31	0	0	0	3,001	3,001	131	16,913
13	1 July 31 to 30 June 32	0	0	0	3,001	3,001	41	16,954
14	1 July 32 to 30 June 33	0	0	0	3,001	3,001	11	16,965
15	1 July 33 to 30 June 34	0	0	0	3,001	3,001	7	16,971
16	1 July 34 to 30 June 35	0	0	0	3,001	3,001	4	16,975
17	1 July 35 to 30 June 36	0	0	0	3,001	3,001	3	16,978
18	1 July 36 to 30 June 37	0	0	0	3,001	3,001	2	16,979
19	1 July 37 to 30 June 38	0	0	0	3,001	3,001	1	16,980
20	1 July 38 to 30 June 39	0	0	0	3,001	3,001	1	16,981
21	1 July 39 to 30 June 40	0	0	0	2,699	2,699	0	16,982
22	1 July 40 to 30 June 41	0	0	0	1,307	1,307	0	16,982
23	1 July 41 to 30 June 42	0	0	0	1,307	1,307	0	16,982
24	1 July 42 to 30 June 43	0	0	0	1,307	1,307	0	16,982
25	1 July 43 to 30 June 44	0	0	0	1,307	1,307	0	16,982
26	1 July 44 to 30 June 45	0	0	0	1,307	1,307	0	16,982
27	1 July 45 to 30 June 46	0	0	0	1,307	1,307	0	16,982
28	1 July 46 to 30 June 47	0	0	0	1,307	1,307	0	16,982
29	1 July 47 to 30 June 48	0	0	0	1,307	1,307	0	16,982
30	1 July 48 to 30 June 49	0	0	0	1,268	1,268	0	16,982
31	1 July 49 to 30 June 50	0	0	0	824	824	0	16,982
32	1 July 50 to 30 June 51	0	0	0	824	824	0	16,982
33	1 July 51 to 30 June 52	0	0	0	824	824	0	16,982
34	1 July 52 to 30 June 53	0	0	0	824	824	0	16,982
35	1 July 53 to 30 June 54	0	0	0	824	824	0	16,982
36	1 July 54 to 30 June 55	0	0	0	824	824	0	16,982
37	1 July 55 to 30 June 56	0	0	0	824	824	0	16,982
38	1 July 56 to 30 June 57	0	0	0	824	824	0	16,982
39	1 July 57 to 30 June 58	0	0	0	824	824	0	16,982
40	2058+	0	0	0	154	154	0	16,982
Totals		0	0	0	81,307	81,307	16,982	16,982

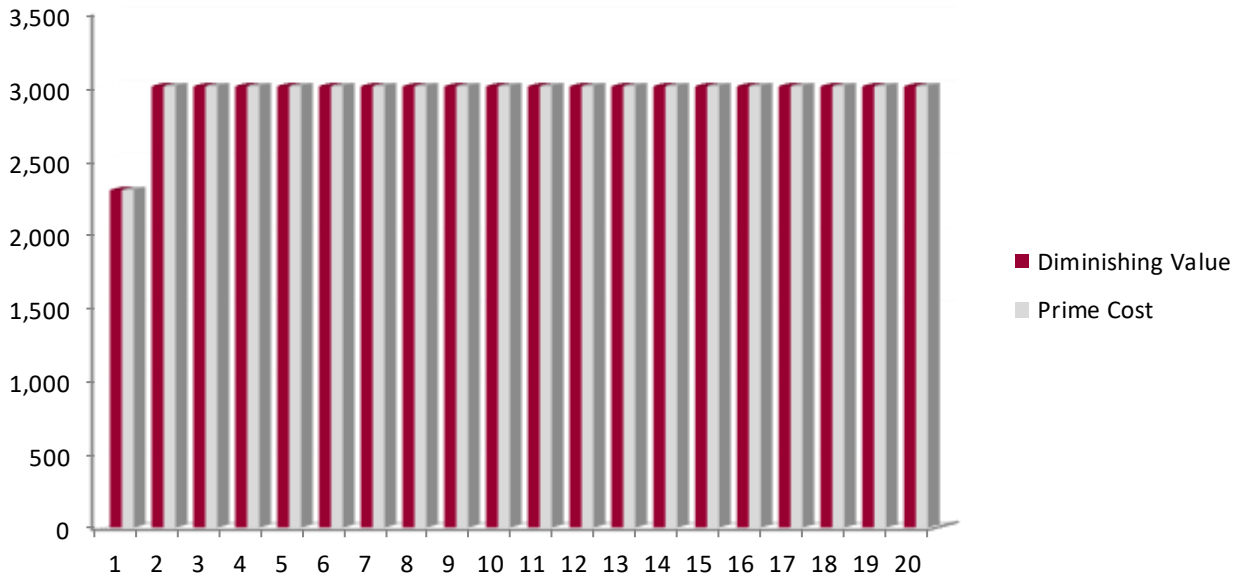
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

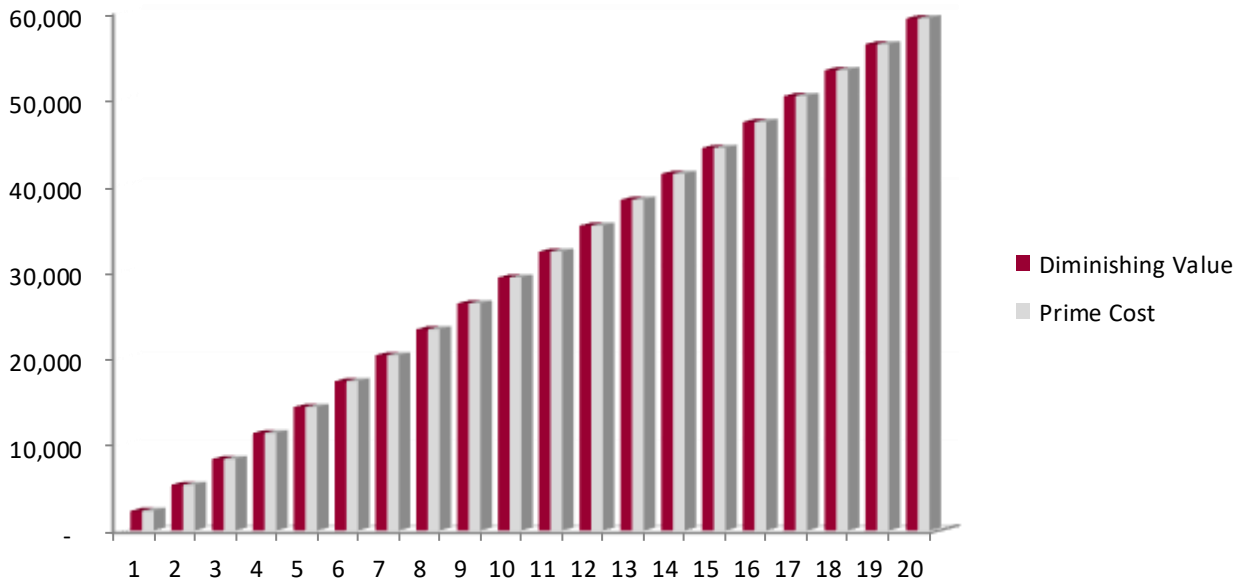
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	3 September 2019
Settlement Date	24 September 2019
Available To Generate Income	24 September 2019

Expenditure Analysed

Purchase Price	\$460,000
Stamp Duty	\$14,525
Total Expenditure Analysed	\$474,525

Historical Construction Details

Construction Start Date	3 November 1999
Construction Completion Date	1 May 2000
Historical Construction Cost (Estimated)*	\$104,496

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

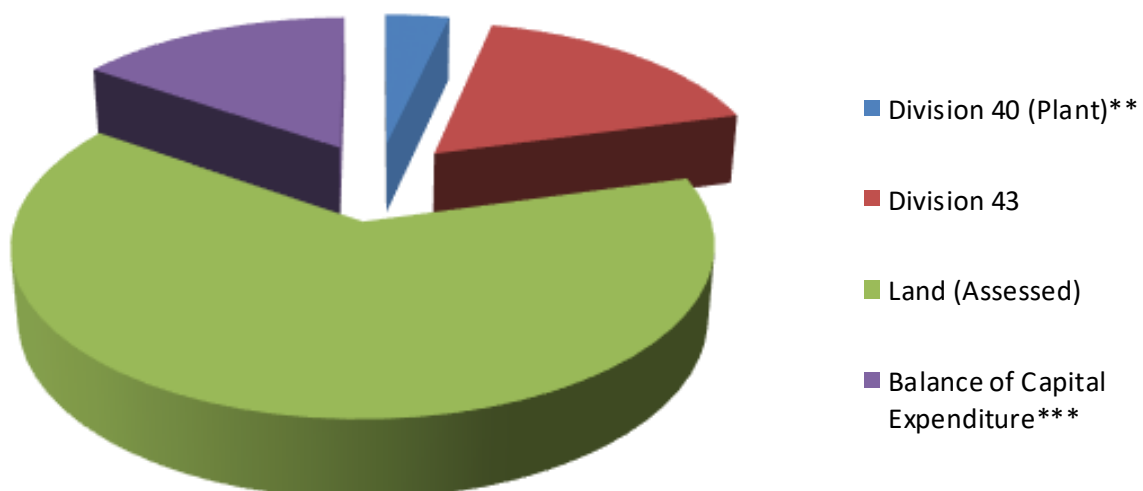
Division 40 (Plant)**	\$16,982
Division 43	\$81,307
Land (Assessed)	\$303,283
Balance of Capital Expenditure***	\$72,953
Total Expenditure Analysed	\$474,525

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	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
Division 40 - Plant and Equipment														
Air-conditioning assets (excl. ducting, pipes & vents)														
Mini split system upto 20KW	NO	20.00%	24-Sep-19	2,033	311	344	276	220	331	207	129	81	50	32
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	24-Sep-19	333	62	101	63	40	25	15	10	6	4	2
Ceiling Fans	NO	18.75%	24-Sep-19	1,756	329	535	334	209	131	82	51	32	20	12
Curtains and drapes	NO	18.75%	24-Sep-19	2,504	470	763	477	298	186	116	73	45	28	18
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	24-Sep-19	333	62	101	63	40	25	15	10	6	4	2
Floor coverings (removable without damage)														
Carpets	NO	25.00%	24-Sep-19	3,451	660	698	523	393	294	331	207	129	81	51
Furniture	NO	18.75%	24-Sep-19	1,858	348	566	354	221	138	86	54	34	21	13
Garbage disposal														
Garbage bins	NO	18.75%	24-Sep-19	120	23	37	23	14	9	6	3	2	1	1
Garden sheds, freestanding	NO	20.00%	24-Sep-19	462	71	147	92	57	36	22	14	9	5	3
Hot water systems (excluding piping)														
Gas or electric	NO	16.67%	24-Sep-19	1,248	159	181	340	213	133	83	52	32	20	13
Kitchen assets														
Cooktops	NO	18.75%	24-Sep-19	462	87	141	88	55	34	21	13	8	5	3
Dishwashers	NO	18.75%	24-Sep-19	832	156	253	158	99	62	39	24	15	9	6
Ovens	NO	18.75%	24-Sep-19	786	147	239	150	94	58	37	23	14	9	6
Rangehoods	NO	18.75%	24-Sep-19	259	49	79	49	31	19	12	8	5	3	2
Lights														
Shades, removable	NO	18.75%	24-Sep-19	545	102	166	104	65	41	25	16	10	6	4
Pooled Plant Total					1,835	3,129	2,296	1,435	1,227	1,098	686	429	268	168
Effective Life Plant Total					1,201	1,224	799	613	294					
Total Division 40				16,982	3,036	4,353	3,095	2,048	1,522	1,098	686	429	268	168
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%	24-Sep-19	31,928	1,187	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551
Building Works - Completed 2009		2.50%	24-Sep-19	12,230	315	412	412	412	412	412	412	412	412	412
Building Works - Completed 2018		2.50%	24-Sep-19	32,096	630	824	824	824	824	824	824	824	824	824
Structural Improvements - Completed 2000		2.50%	24-Sep-19	2,946	109	143	143	143	143	143	143	143	143	143
Structural Improvements - Completed 2009		2.50%	24-Sep-19	2,107	54	71	71	71	71	71	71	71	71	71
Total Division 43				81,307	2,295	3,001	3,001	3,001	3,001	3,001	3,001	3,001	3,001	3,001

11. Prime Cost Depreciation Schedule

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															
Air-conditioning assets (excl. ducting, pipes & vents)															
Mini split system upto 20KW	NO	10.00%	24-Sep-19	2,033	156	203	203	203	203	203	203	203	203	203	
Bathroom assets															
Exhaust fans (including light/heating)	NO	18.75%	24-Sep-19	333	62	101	63	40	25	15	10	6	4	2	
Ceiling Fans															
	NO	18.75%	24-Sep-19	1,756	329	535	334	209	131	82	51	32	20	12	
Curtains and drapes															
	NO	18.75%	24-Sep-19	2,504	470	763	477	298	186	116	73	45	28	18	
Fire control assets															
Detection & alarm systems, detectors	NO	18.75%	24-Sep-19	333	62	101	63	40	25	15	10	6	4	2	
Floor coverings (removable without damage)															
Carpets	NO	12.50%	24-Sep-19	3,451	330	431	431	431	431	431	431	431	104		
Furniture															
	NO	18.75%	24-Sep-19	1,858	348	566	354	221	138	86	54	34	21	13	
Garbage disposal															
Garbage bins	NO	18.75%	24-Sep-19	120	23	37	23	14	9	6	3	2	1	1	
Garden sheds, freestanding															
	NO	10.00%	24-Sep-19	462	35	46	46	46	46	46	46	46	46	46	
Hot water systems (excluding piping)															
Gas or electric	NO	8.33%	24-Sep-19	1,248	80	104	104	104	104	104	104	104	104	104	
Kitchen assets															
Cooktops	NO	18.75%	24-Sep-19	462	87	141	88	55	34	21	13	8	5	3	
Dishwashers	NO	18.75%	24-Sep-19	832	156	253	158	99	62	39	24	15	9	6	
Ovens	NO	18.75%	24-Sep-19	786	147	239	150	94	58	37	23	14	9	6	
Rangehoods	NO	18.75%	24-Sep-19	259	49	79	49	31	19	12	8	5	3	2	
Lights															
Shades, removable	NO	18.75%	24-Sep-19	545	102	166	104	65	41	25	16	10	6	4	
Pooled Plant Total					1,835	2,982	1,864	1,165	728	455	284	178	111	69	
Effective Life Plant Total					601	784	784	784	784	784	784	784	457	353	
Total Division 40				16,982	2,436	3,766	2,648	1,949	1,512	1,239	1,068	962	568	422	
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%	24-Sep-19	31,928	1,187	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551
Building Works - Completed 2009				2.50%	24-Sep-19	12,230	315	412	412	412	412	412	412	412	412
Building Works - Completed 2018				2.50%	24-Sep-19	32,096	630	824	824	824	824	824	824	824	824
Structural Improvements - Completed 2000				2.50%	24-Sep-19	2,946	109	143	143	143	143	143	143	143	143
Structural Improvements - Completed 2009				2.50%	24-Sep-19	2,107	54	71	71	71	71	71	71	71	71
Total Division 43					81,307	2,295	3,001	3,001	3,001	3,001	3,001	3,001	3,001	3,001	

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	3 Nov 99 to 1 May 00	62,030	2.50%	1,551	31,928
Building Works - Completed 2009	2 May 09 to 1 Jun 09	16,483	2.50%	412	12,230
Building Works - Completed 2018	5 Aug 18 to 4 Sep 18	32,965	2.50%	824	32,096

Sub-total 111,477 2,787 76,254

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2000	3 Nov 99 to 1 May 00	5,724	2.50%	143	2,946
Structural Improvements - Completed 2009	2 May 09 to 1 Jun 09	2,840	2.50%	71	2,107

Sub-total 8,563 214 5,053

Totals 120,041 3,001 81,307

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
Postal Address	Suite 1, L12/133 Mary Street, Brisbane, Qld 4000
Office Number	1300 669 400
Office Email	info@koste.com.au

LEAD SURVEYOR DETAILS	
Surveyors Name	Mark Kilroy
Tax Agent Number	24370523
Contact Number	1300 669 400
Email	mark@koste.com.au

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>