



Tax Depreciation Report

13/66 Richmond Rd,
Morningside QLD 4170

Charles De Guzman
2/27 Napier St
ASCOT, QLD 4007

Issue Schedule	
Issue Date:	Issued by:
07 September 2020	Mark Kilroy Bsc (Hons) MRICS

Charles De Guzman
2/27 Napier St
ASCOT, QLD 4007

September 2020
Job No: RES4170004

Tax Depreciation Report – 13/66 Richmond Rd, Morningside QLD 4170

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

7 September 2020

Purchaser

Charles De Guzman & May Robin Modino

Property Address

13/66 Richmond Rd, Morningside QLD 4170

Real Property Description

L13 SP195653

Property Type

Residential Townhouse

Date of Construction

31 December 2008

Date Available To Generate Income

1 July 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	4 December 16 to 30 June 17	0	0	0	2,929	2,929	0	0
2	1 July 17 to 30 June 18	0	0	0	5,175	5,175	0	0
3	1 July 18 to 30 June 19	0	0	0	5,218	5,218	0	0
4	1 July 19 to 30 June 20	0	0	0	5,228	5,228	3,468	3,468
5	1 July 20 to 30 June 21	0	0	0	5,228	5,228	2,558	6,026
6	1 July 21 to 30 June 22	0	0	0	5,228	5,228	2,273	8,299
7	1 July 22 to 30 June 23	0	0	0	5,228	5,228	1,581	9,880
8	1 July 23 to 30 June 24	0	0	0	5,228	5,228	1,124	11,004
9	1 July 24 to 30 June 25	0	0	0	5,228	5,228	1,182	12,186
10	1 July 25 to 30 June 26	0	0	0	5,228	5,228	773	12,958
11	1 July 26 to 30 June 27	0	0	0	5,228	5,228	513	13,472
12	1 July 27 to 30 June 28	0	0	0	5,228	5,228	596	14,068
13	1 July 28 to 30 June 29	0	0	0	5,228	5,228	373	14,441
14	1 July 29 to 30 June 30	0	0	0	5,228	5,228	233	14,674
15	1 July 30 to 30 June 31	0	0	0	5,228	5,228	146	14,819
16	1 July 31 to 30 June 32	0	0	0	5,228	5,228	91	14,910
17	1 July 32 to 30 June 33	0	0	0	5,228	5,228	57	14,967
18	1 July 33 to 30 June 34	0	0	0	5,228	5,228	36	15,003
19	1 July 34 to 30 June 35	0	0	0	5,228	5,228	22	15,025
20	1 July 35 to 30 June 36	0	0	0	5,228	5,228	14	15,039
21	1 July 36 to 30 June 37	0	0	0	5,228	5,228	9	15,047
22	1 July 37 to 30 June 38	0	0	0	5,228	5,228	5	15,053
23	1 July 38 to 30 June 39	0	0	0	5,228	5,228	3	15,056
24	1 July 39 to 30 June 40	0	0	0	5,228	5,228	2	15,058
25	1 July 40 to 30 June 41	0	0	0	5,228	5,228	1	15,060
26	1 July 41 to 30 June 42	0	0	0	5,228	5,228	1	15,060
27	1 July 42 to 30 June 43	0	0	0	5,228	5,228	1	15,061
28	1 July 43 to 30 June 44	0	0	0	5,228	5,228	0	15,061
29	1 July 44 to 30 June 45	0	0	0	5,228	5,228	0	15,061
30	1 July 45 to 30 June 46	0	0	0	5,228	5,228	0	15,062
31	1 July 46 to 30 June 47	0	0	0	5,228	5,228	0	15,062
32	1 July 47 to 30 June 48	0	0	0	5,228	5,228	0	15,062
33	1 July 48 to 30 June 49	0	0	0	2,656	2,656	0	15,062
34	1 July 49 to 30 June 50	0	0	0	87	87	0	15,062
35	1 July 50 to 30 June 51	0	0	0	87	87	0	15,062
36	1 July 51 to 30 June 52	0	0	0	87	87	0	15,062
37	1 July 52 to 30 June 53	0	0	0	87	87	0	15,062
38	1 July 53 to 30 June 54	0	0	0	87	87	0	15,062
39	1 July 54 to 30 June 55	0	0	0	87	87	0	15,062
40	2055+	0	0	0	241	241	0	15,062
Totals		0	0	0	168,353	168,353	15,062	15,062

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	4 December 16 to 30 June 17	0	0	0	2,929	2,929	0	0
2	1 July 17 to 30 June 18	0	0	0	5,175	5,175	0	0
3	1 July 18 to 30 June 19	0	0	0	5,218	5,218	0	0
4	1 July 19 to 30 June 20	0	0	0	5,228	5,228	2,259	2,259
5	1 July 20 to 30 June 21	0	0	0	5,228	5,228	2,212	4,471
6	1 July 21 to 30 June 22	0	0	0	5,228	5,228	2,182	6,653
7	1 July 22 to 30 June 23	0	0	0	5,228	5,228	2,164	8,817
8	1 July 23 to 30 June 24	0	0	0	5,228	5,228	1,635	10,452
9	1 July 24 to 30 June 25	0	0	0	5,228	5,228	1,573	12,025
10	1 July 25 to 30 June 26	0	0	0	5,228	5,228	1,569	13,593
11	1 July 26 to 30 June 27	0	0	0	5,228	5,228	1,029	14,622
12	1 July 27 to 30 June 28	0	0	0	5,228	5,228	625	15,247
13	1 July 28 to 30 June 29	0	0	0	5,228	5,228	624	15,871
14	1 July 29 to 30 June 30	0	0	0	5,228	5,228	567	16,438
15	1 July 30 to 30 June 31	0	0	0	5,228	5,228	367	16,805
16	1 July 31 to 30 June 32	0	0	0	5,228	5,228	366	17,171
17	1 July 32 to 30 June 33	0	0	0	5,228	5,228	366	17,538
18	1 July 33 to 30 June 34	0	0	0	5,228	5,228	366	17,904
19	1 July 34 to 30 June 35	0	0	0	5,228	5,228	366	18,270
20	1 July 35 to 30 June 36	0	0	0	5,228	5,228	366	18,636
21	1 July 36 to 30 June 37	0	0	0	5,228	5,228	162	18,798
22	1 July 37 to 30 June 38	0	0	0	5,228	5,228	0	18,798
23	1 July 38 to 30 June 39	0	0	0	5,228	5,228	0	18,798
24	1 July 39 to 30 June 40	0	0	0	5,228	5,228	0	18,798
25	1 July 40 to 30 June 41	0	0	0	5,228	5,228	0	18,798
26	1 July 41 to 30 June 42	0	0	0	5,228	5,228	0	18,798
27	1 July 42 to 30 June 43	0	0	0	5,228	5,228	0	18,798
28	1 July 43 to 30 June 44	0	0	0	5,228	5,228	0	18,798
29	1 July 44 to 30 June 45	0	0	0	5,228	5,228	0	18,798
30	1 July 45 to 30 June 46	0	0	0	5,228	5,228	0	18,798
31	1 July 46 to 30 June 47	0	0	0	5,228	5,228	0	18,798
32	1 July 47 to 30 June 48	0	0	0	5,228	5,228	0	18,798
33	1 July 48 to 30 June 49	0	0	0	2,656	2,656	0	18,798
34	1 July 49 to 30 June 50	0	0	0	87	87	0	18,798
35	1 July 50 to 30 June 51	0	0	0	87	87	0	18,798
36	1 July 51 to 30 June 52	0	0	0	87	87	0	18,798
37	1 July 52 to 30 June 53	0	0	0	87	87	0	18,798
38	1 July 53 to 30 June 54	0	0	0	87	87	0	18,798
39	1 July 54 to 30 June 55	0	0	0	87	87	0	18,798
40	2055+	0	0	0	241	241	0	18,798
Totals		0	0	0	168,353	168,353	18,798	18,798

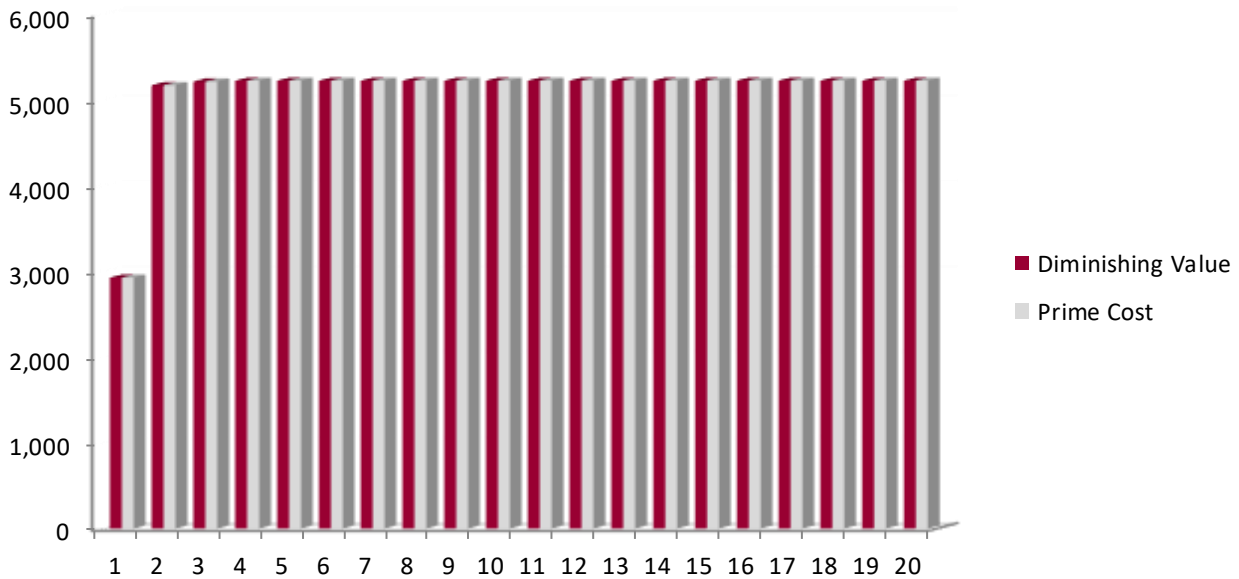
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

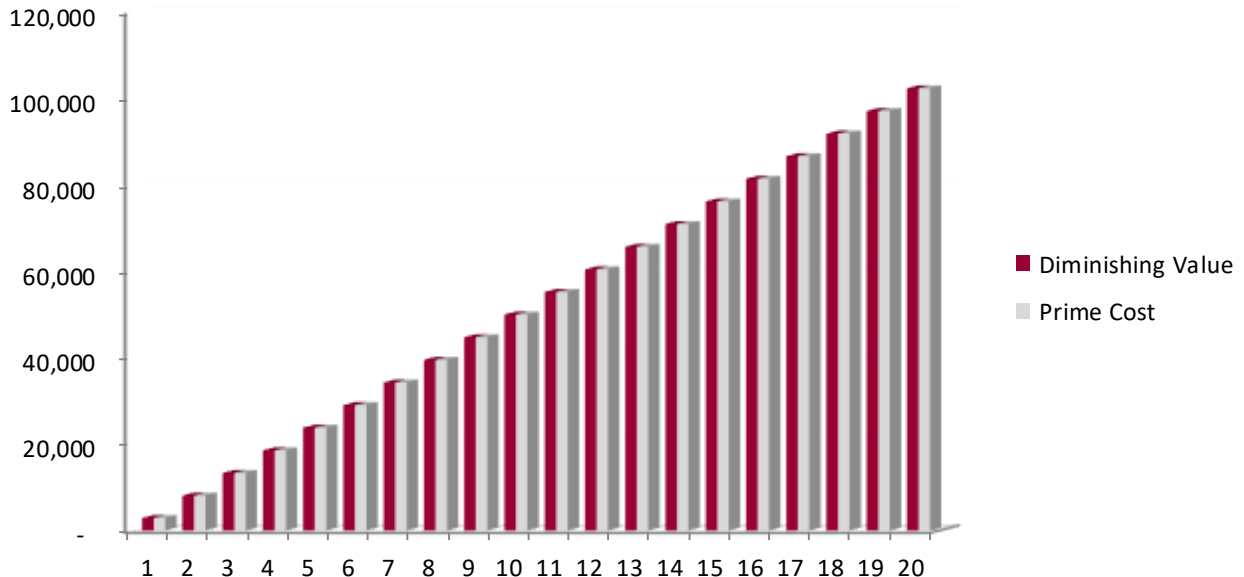
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	25 October 2016
Settlement Date	4 December 2016
Available To Generate Income	1 July 2019

Expenditure Analysed

Purchase Price	\$487,000
Stamp Duty	\$15,470
Total Expenditure Analysed	\$505,954

Historical Construction Details

Construction Start Date	25 May 2008
Construction Completion Date	31 December 2008
Historical Construction Cost (Estimated)*	\$223,062
Lot Entitlement	377
Overall Lot Entitlement	10,002

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

Division 40 (Plant)**	\$25,513
Division 43	\$168,353
Land (Estimated)	\$110,543
Balance of Capital Expenditure***	\$201,544
Total Expenditure Analysed	\$505,953

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%	4-Dec-16	5,289	603	937	750	600	480	384	307	246	369	230	
Bathroom assets															
Exhaust fans (including light/heating)	NO	20.00%	4-Dec-16	529	60	94	75	112	70	44	27	17	11	7	
Blinds Residential															
	NO	30.00%	4-Dec-16	2,667	456	663	464	325	284	178	111	69	43	27	
Ceiling Fans															
	NO	10.00%	4-Dec-16	705	40	67	60	202	126	79	49	31	19	12	
Fire control assets															
Detection & alarm systems, detectors	NO	18.75%	4-Dec-16	1,058	198	322	201	126	79	49	31	19	12	8	
Floor coverings (removable without damage)															
Carpets	NO	20.00%	4-Dec-16	2,512	286	445	356	285	228	342	214	134	83	52	
Furniture															
	NO	15.00%	4-Dec-16	2,920	250	401	340	289	246	209	178	151	321	201	
Garage doors, automatic															
Motors	NO	20.00%	4-Dec-16	1,058	121	187	150	225	141	88	55	34	21	13	
Hot water systems (excluding piping)															
Gas or electric	NO	10.00%	4-Dec-16	1,499	85	141	127	114	103	348	217	136	85	53	
Kitchen assets															
Cooktops	NO	10.00%	4-Dec-16	793	45	75	67	227	142	89	55	35	22	14	
Dishwashers	NO	30.00%	4-Dec-16	1,146	196	285	200	175	109	68	43	27	17	10	
Ovens	NO	10.00%	4-Dec-16	1,058	60	100	90	303	189	118	74	46	29	18	
Rangehoods	NO	10.00%	4-Dec-16	529	30	50	45	152	95	59	37	23	14	9	
Lights															
Shades, removable	NO	10.00%	4-Dec-16	2,740	156	258	233	209	188	170	153	137	124	111	
Swimming pools															
Filtration equipment	NO	15.00%	4-Dec-16	498	43	68	58	123	77	48	30	19	12	7	
\$300 items															
	NO	100.00%	4-Dec-16	511	511										
Pooled Plant Total								1,645	1,313	1,510	944	590	1,058	661	
Effective Life Plant Total						3,141	4,094	3,216	1,823	1,245	763	637	534	124	111
Total Division 40				25,513	3,141	4,094	3,216	3,468	2,558	2,273	1,581	1,124	1,182	773	

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 2008	2.50%	04-Dec-16	144,084	2,560	4,493	4,493	4,493	4,493	4,493	4,493	4,493	4,493	4,493
Building Works - Completed 2018	2.50%	01-Jan-18	1,600		20	40	40	40	40	40	40	40	40
Building Works - Completed 2019	2.50%	04-Feb-19	684			7	17	17	17	17	17	17	17
Structural Improvements - Completed 2008	2.50%	04-Dec-16	20,785	369	648	648	648	648	648	648	648	648	648
Structural Improvements - Completed 2018	2.50%	13-Jan-18	1,200		14	30	30	30	30	30	30	30	30
Total Division 43			168,353	2,929	5,175	5,218	5,228	5,228	5,228	5,228	5,228	5,228	5,228

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%	04-Dec-16	5,289	301	529	529	529	529	529	529	529	529	529
Bathroom assets														
Exhaust fans (including light/heating)	NO	10.00%	04-Dec-16	529	30	53	53	53	53	53	53	53	53	53
Blinds Residential														
	NO	15.00%	04-Dec-16	2,667	228	400	400	400	400	400	400	39		
Ceiling Fans														
	NO	5.00%	04-Dec-16	705	20	35	35	35	35	35	35	35	35	35
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	04-Dec-16	1,058	198	322	201	126	79	49	31	19	12	8
Floor coverings (removable without damage)														
Carpets	NO	10.00%	04-Dec-16	2,512	143	251	251	251	251	251	251	251	251	251
Furniture														
	NO	7.50%	04-Dec-16	2,920	125	219	219	219	219	219	219	219	219	219
Garage doors, automatic														
Motors	NO	10.00%	04-Dec-16	1,058	60	106	106	106	106	106	106	106	106	106
Hot water systems (excluding piping)														
Gas or electric	NO	5.00%	04-Dec-16	1,499	43	75	75	75	75	75	75	75	75	75
Kitchen assets														
Cooktops	NO	5.00%	04-Dec-16	793	23	40	40	40	40	40	40	40	40	40
Dishwashers	NO	15.00%	04-Dec-16	1,146	98	172	172	172	172	172	172	16		
Ovens	NO	5.00%	04-Dec-16	1,058	30	53	53	53	53	53	53	53	53	53
Rangehoods	NO	5.00%	04-Dec-16	529	15	26	26	26	26	26	26	26	26	26
Lights														
Shades, removable	NO	5.00%	04-Dec-16	2,740	78	137	137	137	137	137	137	137	137	137
Swimming pools														
Filtration equipment	NO	7.50%	04-Dec-16	498	21	37	37	37	37	37	37	37	37	37
\$300 items														
	NO	100.00%	04-Dec-16	511	511									
Pooled Plant Total														
Effective Life Plant Total						1,925	2,455	2,334	2,259	2,212	2,182	2,164	1,635	1,573
Total Division 40					25,513	1,925	2,455	2,334	2,259	2,212	2,182	2,164	1,635	1,573

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 2008	2.50%	04-Dec-16	144,084	2,560	4,493	4,493	4,493	4,493	4,493	4,493	4,493	4,493	4,493
Building Works - Completed 2018	2.50%	01-Jan-18	1,600		20	40	40	40	40	40	40	40	40
Building Works - Completed 2019	2.50%	04-Feb-19	684			7	17	17	17	17	17	17	17
Structural Improvements - Completed 2008	2.50%	04-Dec-16	20,785	369	648	648	648	648	648	648	648	648	648
Structural Improvements - Completed 2018	2.50%	13-Jan-18	1,200		14	30	30	30	30	30	30	30	30
Total Division 43			168,353	2,929	5,175	5,218	5,228	5,228	5,228	5,228	5,228	5,228	5,228

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 2008	25 May 08 to 31 Dec 08	179,720	2.50%	4,493	144,084
Building Works - Completed 2018	1 Jan 18 to 1 Jan 18	1,600	2.50%	40	1,600
Building Works - Completed 2019	4 Feb 19 to 4 Feb 19	684	2.50%	17	684
Sub-total		182,004		4,550	146,368

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2008	25 May 08 to 31 Dec 08	25,926	2.50%	648	20,785
Structural Improvements - Completed 2018	31 Dec 17 to 13 Jan 18	1,200	2.50%	30	1,200
Sub-total		27,126		678	21,985
Totals		209,131		5,228	168,353

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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Surveyors Name	Mark Kilroy
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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.