



Tax Depreciation Report

50 Victor Street,
Runcorn QLD 4113

Huan Bao Tran
96 Scotts Road
DARRA, QLD 4076

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

Huan Bao Tran
96 Scotts Road
DARRA, QLD 4076

September 2020
Job No: RES4113009

Tax Depreciation Report – 50 Victor Street, Runcorn QLD 4113

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

9 September 2020

Purchaser

Huan Bao Tran

Property Address

50 Victor Street, Runcorn QLD 4113

Real Property Description

L13 RP903956

Property Type

Residential House

Date of Construction

12 August 1997

Date Available To Generate Income

30 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	28 April 18 to 30 June 18	0	0	0	383	383	0	0
2	1 July 18 to 30 June 19	0	0	0	2,380	2,380	0	0
3	1 July 19 to 30 June 20	0	0	0	2,380	2,380	3,848	3,848
4	1 July 20 to 30 June 21	0	0	0	2,380	2,380	3,093	6,941
5	1 July 21 to 30 June 22	0	0	0	2,380	2,380	2,207	9,148
6	1 July 22 to 30 June 23	0	0	0	2,380	2,380	1,766	10,914
7	1 July 23 to 30 June 24	0	0	0	2,380	2,380	1,228	12,141
8	1 July 24 to 30 June 25	0	0	0	2,380	2,380	871	13,012
9	1 July 25 to 30 June 26	0	0	0	2,380	2,380	632	13,645
10	1 July 26 to 30 June 27	0	0	0	2,380	2,380	623	14,268
11	1 July 27 to 30 June 28	0	0	0	2,380	2,380	422	14,689
12	1 July 28 to 30 June 29	0	0	0	2,380	2,380	553	15,242
13	1 July 29 to 30 June 30	0	0	0	2,380	2,380	346	15,588
14	1 July 30 to 30 June 31	0	0	0	2,380	2,380	216	15,804
15	1 July 31 to 30 June 32	0	0	0	2,380	2,380	135	15,939
16	1 July 32 to 30 June 33	0	0	0	2,380	2,380	84	16,024
17	1 July 33 to 30 June 34	0	0	0	2,380	2,380	53	16,076
18	1 July 34 to 30 June 35	0	0	0	2,380	2,380	33	16,109
19	1 July 35 to 30 June 36	0	0	0	2,380	2,380	21	16,130
20	1 July 36 to 30 June 37	0	0	0	2,380	2,380	13	16,143
21	1 July 37 to 30 June 38	0	0	0	713	713	8	16,151
22	1 July 38 to 30 June 39	0	0	0	530	530	5	16,156
23	1 July 39 to 30 June 40	0	0	0	530	530	3	16,159
24	1 July 40 to 30 June 41	0	0	0	530	530	2	16,161
25	1 July 41 to 30 June 42	0	0	0	530	530	1	16,162
26	1 July 42 to 30 June 43	0	0	0	530	530	1	16,163
27	1 July 43 to 30 June 44	0	0	0	530	530	0	16,163
28	1 July 44 to 30 June 45	0	0	0	530	530	0	16,164
29	1 July 45 to 30 June 46	0	0	0	530	530	0	16,164
30	1 July 46 to 30 June 47	0	0	0	506	506	0	16,164
31	1 July 47 to 30 June 48	0	0	0	403	403	0	16,164
32	1 July 48 to 30 June 49	0	0	0	403	403	0	16,164
33	1 July 49 to 30 June 50	0	0	0	403	403	0	16,164
34	1 July 50 to 30 June 51	0	0	0	403	403	0	16,164
35	1 July 51 to 30 June 52	0	0	0	403	403	0	16,164
36	1 July 52 to 30 June 53	0	0	0	403	403	0	16,164
37	1 July 53 to 30 June 54	0	0	0	403	403	0	16,164
38	1 July 54 to 30 June 55	0	0	0	323	323	0	16,164
39	1 July 55 to 30 June 56	0	0	0	297	297	0	16,164
40	2056+	0	0	0	570	570	0	16,164
Totals		0	0	0	55,073	55,073	16,164	16,164

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	28 April 18 to 30 June 18	0	0	0	383	383	0	0
2	1 July 18 to 30 June 19	0	0	0	2,380	2,380	0	0
3	1 July 19 to 30 June 20	0	0	0	2,380	2,380	2,196	2,196
4	1 July 20 to 30 June 21	0	0	0	2,380	2,380	2,196	4,392
5	1 July 21 to 30 June 22	0	0	0	2,380	2,380	2,196	6,588
6	1 July 22 to 30 June 23	0	0	0	2,380	2,380	2,140	8,728
7	1 July 23 to 30 June 24	0	0	0	2,380	2,380	1,792	10,520
8	1 July 24 to 30 June 25	0	0	0	2,380	2,380	1,397	11,917
9	1 July 25 to 30 June 26	0	0	0	2,380	2,380	1,386	13,303
10	1 July 26 to 30 June 27	0	0	0	2,380	2,380	1,386	14,689
11	1 July 27 to 30 June 28	0	0	0	2,380	2,380	1,273	15,961
12	1 July 28 to 30 June 29	0	0	0	2,380	2,380	689	16,650
13	1 July 29 to 30 June 30	0	0	0	2,380	2,380	635	17,285
14	1 July 30 to 30 June 31	0	0	0	2,380	2,380	295	17,580
15	1 July 31 to 30 June 32	0	0	0	2,380	2,380	163	17,743
16	1 July 32 to 30 June 33	0	0	0	2,380	2,380	138	17,881
17	1 July 33 to 30 June 34	0	0	0	2,380	2,380	138	18,019
18	1 July 34 to 30 June 35	0	0	0	2,380	2,380	138	18,157
19	1 July 35 to 30 June 36	0	0	0	2,380	2,380	138	18,295
20	1 July 36 to 30 June 37	0	0	0	2,380	2,380	138	18,433
21	1 July 37 to 30 June 38	0	0	0	713	713	120	18,553
22	1 July 38 to 30 June 39	0	0	0	530	530	0	18,553
23	1 July 39 to 30 June 40	0	0	0	530	530	0	18,553
24	1 July 40 to 30 June 41	0	0	0	530	530	0	18,553
25	1 July 41 to 30 June 42	0	0	0	530	530	0	18,553
26	1 July 42 to 30 June 43	0	0	0	530	530	0	18,553
27	1 July 43 to 30 June 44	0	0	0	530	530	0	18,553
28	1 July 44 to 30 June 45	0	0	0	530	530	0	18,553
29	1 July 45 to 30 June 46	0	0	0	530	530	0	18,553
30	1 July 46 to 30 June 47	0	0	0	506	506	0	18,553
31	1 July 47 to 30 June 48	0	0	0	403	403	0	18,553
32	1 July 48 to 30 June 49	0	0	0	403	403	0	18,553
33	1 July 49 to 30 June 50	0	0	0	403	403	0	18,553
34	1 July 50 to 30 June 51	0	0	0	403	403	0	18,553
35	1 July 51 to 30 June 52	0	0	0	403	403	0	18,553
36	1 July 52 to 30 June 53	0	0	0	403	403	0	18,553
37	1 July 53 to 30 June 54	0	0	0	403	403	0	18,553
38	1 July 54 to 30 June 55	0	0	0	323	323	0	18,553
39	1 July 55 to 30 June 56	0	0	0	297	297	0	18,553
40	2056+	0	0	0	570	570	0	18,553
Totals		0	0	0	55,073	55,073	18,553	18,553

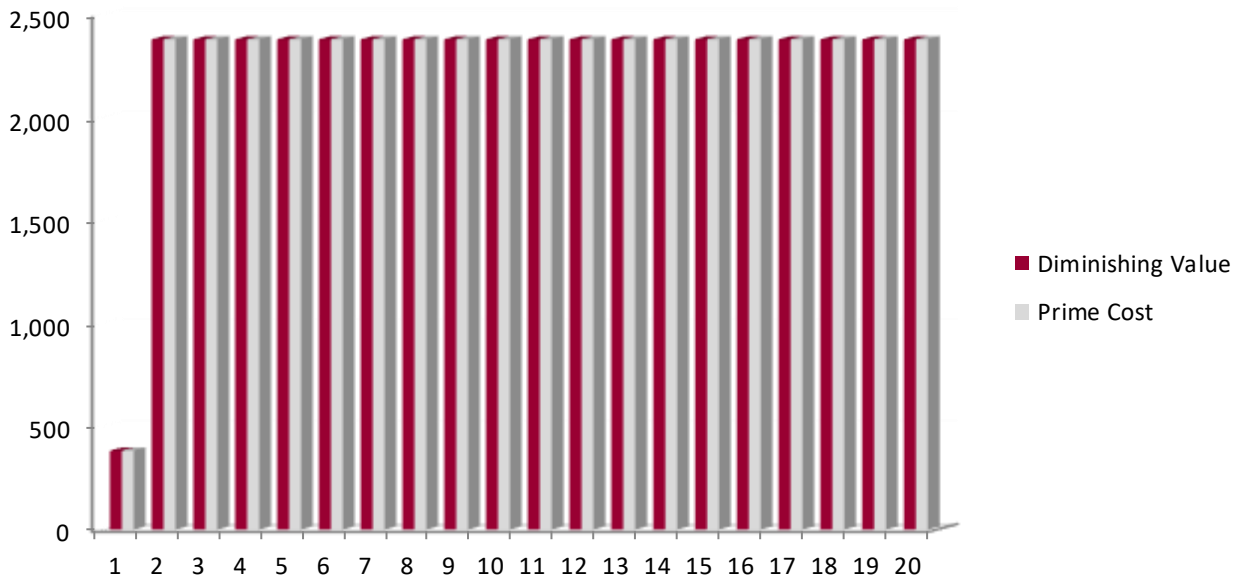
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

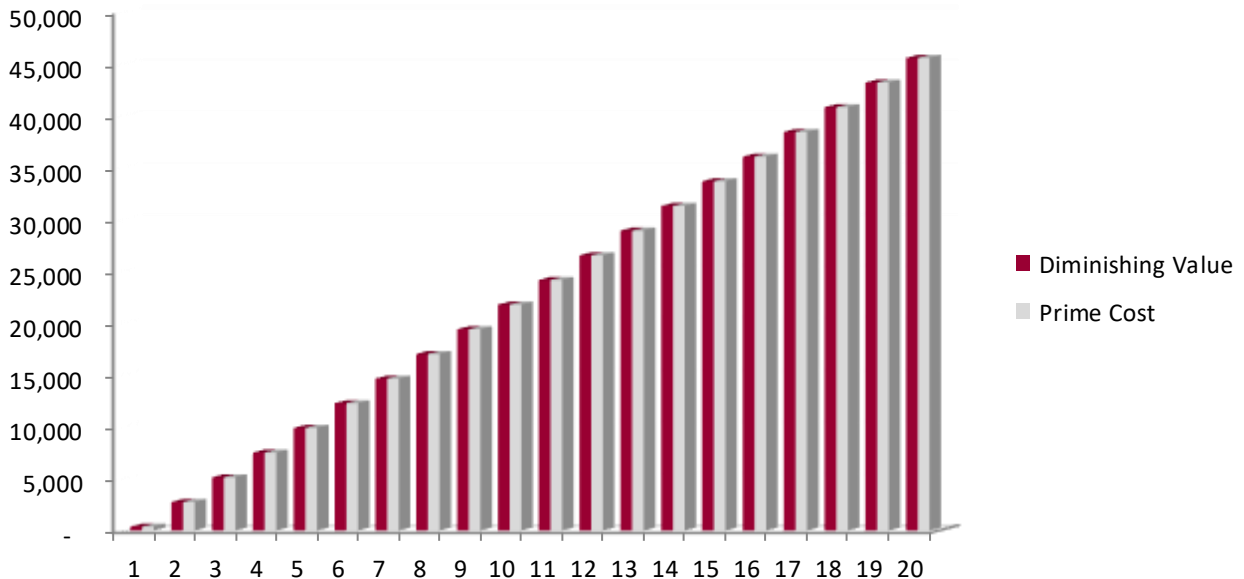
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	28 March 2018
Settlement Date	28 April 2018
Available To Generate Income	30 July 2019

Expenditure Analysed

Purchase Price	\$485,000
Legals	\$1,297
Post Expenditure	\$17,042
Total Expenditure Analysed	\$503,339

Historical Construction Details

Construction Start Date	13 February 1997
Construction Completion Date	12 August 1997
Historical Construction Cost (Estimated)*	\$91,200

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

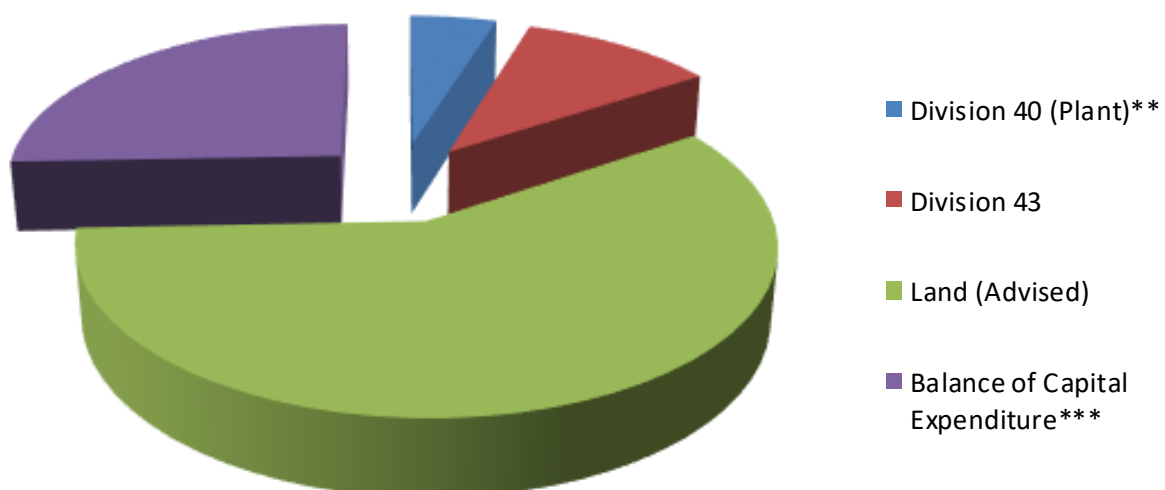
Division 40 (Plant)**	\$24,375
Division 43	\$55,073
Land (Advised)	\$295,000
Balance of Capital Expenditure***	\$128,891
Total Expenditure Analysed	\$503,339

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%	28-Apr-18	5,419	187	1,046	837	670	536	429	343	274	219	329
Computer systems														
General	NO	40.00%	28-Apr-18	395	27	147	83	52	32	20	13	8	5	3
Curtains and drapes														
	NO	33.33%	28-Apr-18	2,789	160	876	584	389	292	183	114	71	45	28
Door closers														
	NO	20.00%	28-Apr-18	203	7	39	59	37	23	14	9	6	4	2
Floor coverings (removable without damage)														
Floating timber	NO	13.33%	28-Apr-18	2,238	2,238									
Furniture														
Furniture	NO	15.00%	28-Apr-18	1,185	31	173	368	230	144	90	56	35	22	14
Furniture	NO	15.00%	28-Apr-18	1,016	1,016									
Garage doors, automatic														
Controls	NO	40.00%	28-Apr-18	181	12	67	38	24	15	9	6	4	2	1
Motors	NO	20.00%	28-Apr-18	1,355	47	262	209	314	196	123	77	48	30	19
Garbage disposal														
Garbage bins	NO	30.00%	28-Apr-18	147	8	42	37	23	14	9	6	3	2	1
Hot water systems (excluding piping)														
Gas or electric	NO	16.67%	28-Apr-18	2,032	58	329	274	228	190	357	223	139	87	54
Kitchen assets														
Cooktops	NO	16.67%	28-Apr-18	960	28	155	291	182	114	71	44	28	17	11
Ovens	NO	16.67%	28-Apr-18	1,242	36	201	168	314	196	123	77	48	30	19
Rangehoods	NO	16.67%	28-Apr-18	508	15	82	154	96	60	38	24	15	9	6
Lights														
Shades, removable	NO	40.00%	28-Apr-18	1,039	72	387	218	136	85	53	33	21	13	8
Solar power generating system assets														
	NO	10.00%	28-Apr-18	2,766	48	272	245	220	198	178	161	144	130	117
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
Furniture	NO	15.00%	7-Jun-18	900	9	134	284	178	111	69	43	27	17	11
Pooled Plant Total														
					1,531	1,585	1,283	1,159	724	453	283	506		
Effective Life Plant Total														
					3,998	4,213	2,317	1,508	924	607	503	419	349	117
Total Division 40														
				24,375	3,998	4,213	3,848	3,093	2,207	1,766	1,228	871	632	623

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 1997	2.50%	28-Apr-18	33,074	296	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716
Building Works - Completed 2007	2.50%	28-Apr-18	3,681	22	127	127	127	127	127	127	127	127	127
Building Works - Completed 2018	2.50%	07-Jun-18	9,830	16	246	246	246	246	246	246	246	246	246
Structural Improvements - Completed 1997	2.50%	28-Apr-18	2,578	23	134	134	134	134	134	134	134	134	134
Structural Improvements - Completed 2014	2.50%	28-Apr-18	3,860	18	106	106	106	106	106	106	106	106	106
Structural Improvements - Completed 2018	2.50%	04-May-18	2,050	8	51	51	51	51	51	51	51	51	51
Total Division 43			55,073	383	2,380	2,380	2,380	2,380	2,380	2,380	2,380	2,380	2,380

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%	28-Apr-18	5,419	94	542	542	542	542	542	542	542	542	542
Computer systems														
General	NO	20.00%	28-Apr-18	395	14	79	79	79	79	66				
Curtains and drapes														
	NO	16.67%	28-Apr-18	2,789	80	465	465	465	465	465	384			
Door closers														
	NO	10.00%	28-Apr-18	203	4	20	20	20	20	20	20	20	20	20
Floor coverings (removable without damage)														
Floating timber	NO	6.67%	28-Apr-18	2,238	2,238									
Furniture														
Furniture	NO	7.50%	28-Apr-18	1,185	15	89	89	89	89	89	89	89	89	89
Furniture	NO	7.50%	28-Apr-18	1,016	1,016									
Garage doors, automatic														
Controls	NO	20.00%	28-Apr-18	181	6	36	36	36	36	30				
Motors	NO	10.00%	28-Apr-18	1,355	23	135	135	135	135	135	135	135	135	135
Garbage disposal														
Garbage bins	NO	15.00%	28-Apr-18	147	4	22	22	22	22	22	22	11		
Hot water systems (excluding piping)														
Gas or electric	NO	8.33%	28-Apr-18	2,032	29	169	169	169	169	169	169	169	169	169
Kitchen assets														
Cooktops	NO	8.33%	28-Apr-18	960	14	80	80	80	80	80	80	80	80	80
Ovens	NO	8.33%	28-Apr-18	1,242	18	103	103	103	103	103	103	103	103	103
Rangehoods	NO	8.33%	28-Apr-18	508	7	42	42	42	42	42	42	42	42	42
Lights														
Shades, removable	NO	20.00%	28-Apr-18	1,039	36	208	208	208	208	171				
Solar power generating system assets														
	NO	5.00%	28-Apr-18	2,766	24	138	138	138	138	138	138	138	138	138
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
Furniture	NO	7.50%	07-Jun-18	900	4	68	68	68	68	68	68	68	68	68
Pooled Plant Total														
Effective Life Plant Total					3,626	2,196	2,196	2,196	2,196	2,140	1,792	1,397	1,386	1,386
Total Division 40				24,375	3,626	2,196	2,196	2,196	2,196	2,140	1,792	1,397	1,386	1,386

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 1997	2.50%	28-Apr-18	33,074	296	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716
Building Works - Completed 2007	2.50%	28-Apr-18	3,681	22	127	127	127	127	127	127	127	127
Building Works - Completed 2018	2.50%	07-Jun-18	9,830	16	246	246	246	246	246	246	246	246
Structural Improvements - Completed 1997	2.50%	28-Apr-18	2,578	23	134	134	134	134	134	134	134	134
Structural Improvements - Completed 2014	2.50%	28-Apr-18	3,860	18	106	106	106	106	106	106	106	106
Structural Improvements - Completed 2018	2.50%	04-May-18	2,050	8	51	51	51	51	51	51	51	51
Total Division 43			55,073	383	2,380	2,380	2,380	2,380	2,380	2,380	2,380	2,380

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 1997	13 Feb 97 to 12 Aug 97	68,630	2.50%	1,716	33,074
Building Works - Completed 2007	4 Apr 07 to 4 May 07	5,075	2.50%	127	3,681
Building Works - Completed 2018	16 May 18 to 7 Jun 18	9,830	2.50%	246	9,830
Sub-total		83,535		2,089	46,585

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 1997	13 Feb 97 to 12 Aug 97	5,350	2.50%	134	2,578
Structural Improvements - Completed 2014	31 Oct 14 to 1 Nov 14	4,229	2.50%	106	3,860
Structural Improvements - Completed 2018	4 May 18 to 4 May 18	2,050	2.50%	51	2,050
Sub-total		11,630		291	8,488
Totals		95,164		2,380	55,073

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

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

13. Definition of Terms

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

14. Contact Details

COMPANY DETAILS	
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15. Disclaimer

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

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

A1. Post 9 May 2017

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

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

A2. Capital Gain / Capital Loss

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

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

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

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