



Tax Depreciation Report

38 Allardice Rd,
Midvale WA 6056

Christopher Ogonnaya Chuka
38 Allardice Rd
MIDVALE, WA 6056

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

Christopher Ogonnaya Chuka
38 Allardice Rd
MIDVALE, WA 6056

September 2020
Job No: RES6056005

Tax Depreciation Report – 38 Allardice Rd, Midvale WA 6056

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
ATO’s New Legislations on Post 9 May Purchased and Capital Loss	17

1. Property Information

Date of Report

15 September 2020

Purchaser

Christopher Ogonnaya Chuka

Property Address

38 Allardice Rd, Midvale WA 6056

Real Property Description

LOT 257 P413129

Property Type

Residential House

Date of Construction

11 March 2019

Date Available To Generate Income

11 Mar 2019 *

Property Photo



* The property is partly rent out. The claim of depreciation should be proportioned based on the taxpayer's rental arrangement.

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				
Under Diminishing Value method, the effective life is dividing by 200.					Under Prime Cost method, the effective life is dividing by 100.				
200 / 10 Years = 20% (Adjusted Value)					100 / 10 Years = 10% (Straight Line)				
If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.					If an asset has a value of \$10,000 and an effective life of 10 years the following annual depreciation may be claimed.				
Year 1	Year 2	Year 3	Year 4	Year 5	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	11 March 19 to 30 June 19	0	0	0	1,428	1,428	3,403	3,403
2	1 July 19 to 30 June 20	0	0	0	4,695	4,695	6,520	9,923
3	1 July 20 to 30 June 21	0	0	0	4,695	4,695	4,905	14,827
4	1 July 21 to 30 June 22	0	0	0	4,695	4,695	3,586	18,414
5	1 July 22 to 30 June 23	0	0	0	4,695	4,695	2,467	20,880
6	1 July 23 to 30 June 24	0	0	0	4,695	4,695	1,932	22,813
7	1 July 24 to 30 June 25	0	0	0	4,695	4,695	1,356	24,169
8	1 July 25 to 30 June 26	0	0	0	4,695	4,695	976	25,144
9	1 July 26 to 30 June 27	0	0	0	4,695	4,695	865	26,010
10	1 July 27 to 30 June 28	0	0	0	4,695	4,695	608	26,618
11	1 July 28 to 30 June 29	0	0	0	4,695	4,695	440	27,058
12	1 July 29 to 30 June 30	0	0	0	4,695	4,695	330	27,388
13	1 July 30 to 30 June 31	0	0	0	4,695	4,695	255	27,643
14	1 July 31 to 30 June 32	0	0	0	4,695	4,695	204	27,846
15	1 July 32 to 30 June 33	0	0	0	4,695	4,695	167	28,013
16	1 July 33 to 30 June 34	0	0	0	4,695	4,695	140	28,153
17	1 July 34 to 30 June 35	0	0	0	4,695	4,695	120	28,273
18	1 July 35 to 30 June 36	0	0	0	4,695	4,695	364	28,637
19	1 July 36 to 30 June 37	0	0	0	4,695	4,695	228	28,865
20	1 July 37 to 30 June 38	0	0	0	4,695	4,695	142	29,007
21	1 July 38 to 30 June 39	0	0	0	4,695	4,695	89	29,096
22	1 July 39 to 30 June 40	0	0	0	4,695	4,695	56	29,151
23	1 July 40 to 30 June 41	0	0	0	4,695	4,695	35	29,186
24	1 July 41 to 30 June 42	0	0	0	4,695	4,695	22	29,208
25	1 July 42 to 30 June 43	0	0	0	4,695	4,695	14	29,221
26	1 July 43 to 30 June 44	0	0	0	4,695	4,695	8	29,230
27	1 July 44 to 30 June 45	0	0	0	4,695	4,695	5	29,235
28	1 July 45 to 30 June 46	0	0	0	4,695	4,695	3	29,239
29	1 July 46 to 30 June 47	0	0	0	4,695	4,695	2	29,241
30	1 July 47 to 30 June 48	0	0	0	4,695	4,695	1	29,242
31	1 July 48 to 30 June 49	0	0	0	4,695	4,695	1	29,243
32	1 July 49 to 30 June 50	0	0	0	4,695	4,695	1	29,243
33	1 July 50 to 30 June 51	0	0	0	4,695	4,695	0	29,244
34	1 July 51 to 30 June 52	0	0	0	4,695	4,695	0	29,244
35	1 July 52 to 30 June 53	0	0	0	4,695	4,695	0	29,244
36	1 July 53 to 30 June 54	0	0	0	4,695	4,695	0	29,244
37	1 July 54 to 30 June 55	0	0	0	4,695	4,695	0	29,244
38	1 July 55 to 30 June 56	0	0	0	4,695	4,695	0	29,244
39	1 July 56 to 30 June 57	0	0	0	4,695	4,695	0	29,244
40	2057+	0	0	0	7,958	7,958	0	29,244
Totals		0	0	0	187,796	187,796	29,244	29,244

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	11 March 19 to 30 June 19	0	0	0	1,428	1,428	2,764	2,764
2	1 July 19 to 30 June 20	0	0	0	4,695	4,695	4,640	7,405
3	1 July 20 to 30 June 21	0	0	0	4,695	4,695	3,688	11,093
4	1 July 21 to 30 June 22	0	0	0	4,695	4,695	3,093	14,186
5	1 July 22 to 30 June 23	0	0	0	4,695	4,695	2,721	16,907
6	1 July 23 to 30 June 24	0	0	0	4,695	4,695	2,248	19,155
7	1 July 24 to 30 June 25	0	0	0	4,695	4,695	1,560	20,715
8	1 July 25 to 30 June 26	0	0	0	4,695	4,695	1,469	22,184
9	1 July 26 to 30 June 27	0	0	0	4,695	4,695	1,413	23,597
10	1 July 27 to 30 June 28	0	0	0	4,695	4,695	1,377	24,974
11	1 July 28 to 30 June 29	0	0	0	4,695	4,695	1,132	26,107
12	1 July 29 to 30 June 30	0	0	0	4,695	4,695	598	26,705
13	1 July 30 to 30 June 31	0	0	0	4,695	4,695	493	27,197
14	1 July 31 to 30 June 32	0	0	0	4,695	4,695	273	27,470
15	1 July 32 to 30 June 33	0	0	0	4,695	4,695	270	27,740
16	1 July 33 to 30 June 34	0	0	0	4,695	4,695	268	28,008
17	1 July 34 to 30 June 35	0	0	0	4,695	4,695	266	28,274
18	1 July 35 to 30 June 36	0	0	0	4,695	4,695	265	28,539
19	1 July 36 to 30 June 37	0	0	0	4,695	4,695	265	28,804
20	1 July 37 to 30 June 38	0	0	0	4,695	4,695	265	29,069
21	1 July 38 to 30 June 39	0	0	0	4,695	4,695	175	29,244
22	1 July 39 to 30 June 40	0	0	0	4,695	4,695	0	29,244
23	1 July 40 to 30 June 41	0	0	0	4,695	4,695	0	29,244
24	1 July 41 to 30 June 42	0	0	0	4,695	4,695	0	29,244
25	1 July 42 to 30 June 43	0	0	0	4,695	4,695	0	29,244
26	1 July 43 to 30 June 44	0	0	0	4,695	4,695	0	29,244
27	1 July 44 to 30 June 45	0	0	0	4,695	4,695	0	29,244
28	1 July 45 to 30 June 46	0	0	0	4,695	4,695	0	29,244
29	1 July 46 to 30 June 47	0	0	0	4,695	4,695	0	29,244
30	1 July 47 to 30 June 48	0	0	0	4,695	4,695	0	29,244
31	1 July 48 to 30 June 49	0	0	0	4,695	4,695	0	29,244
32	1 July 49 to 30 June 50	0	0	0	4,695	4,695	0	29,244
33	1 July 50 to 30 June 51	0	0	0	4,695	4,695	0	29,244
34	1 July 51 to 30 June 52	0	0	0	4,695	4,695	0	29,244
35	1 July 52 to 30 June 53	0	0	0	4,695	4,695	0	29,244
36	1 July 53 to 30 June 54	0	0	0	4,695	4,695	0	29,244
37	1 July 54 to 30 June 55	0	0	0	4,695	4,695	0	29,244
38	1 July 55 to 30 June 56	0	0	0	4,695	4,695	0	29,244
39	1 July 56 to 30 June 57	0	0	0	4,695	4,695	0	29,244
40	2057+	0	0	0	7,958	7,958	0	29,244
Totals		0	0	0	187,796	187,796	29,244	29,244

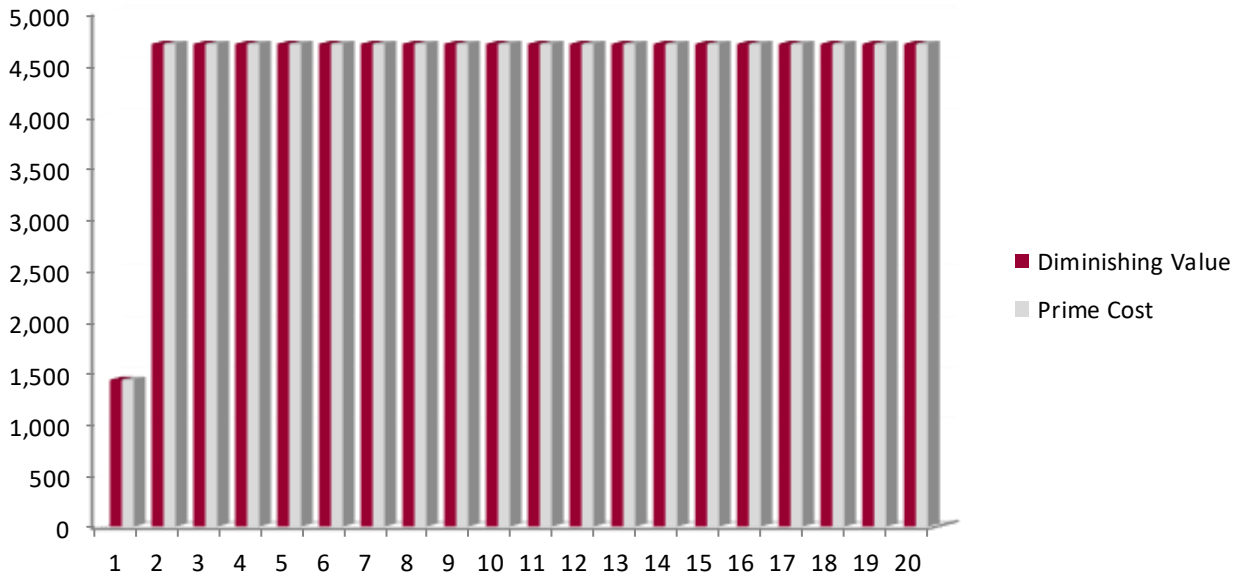
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

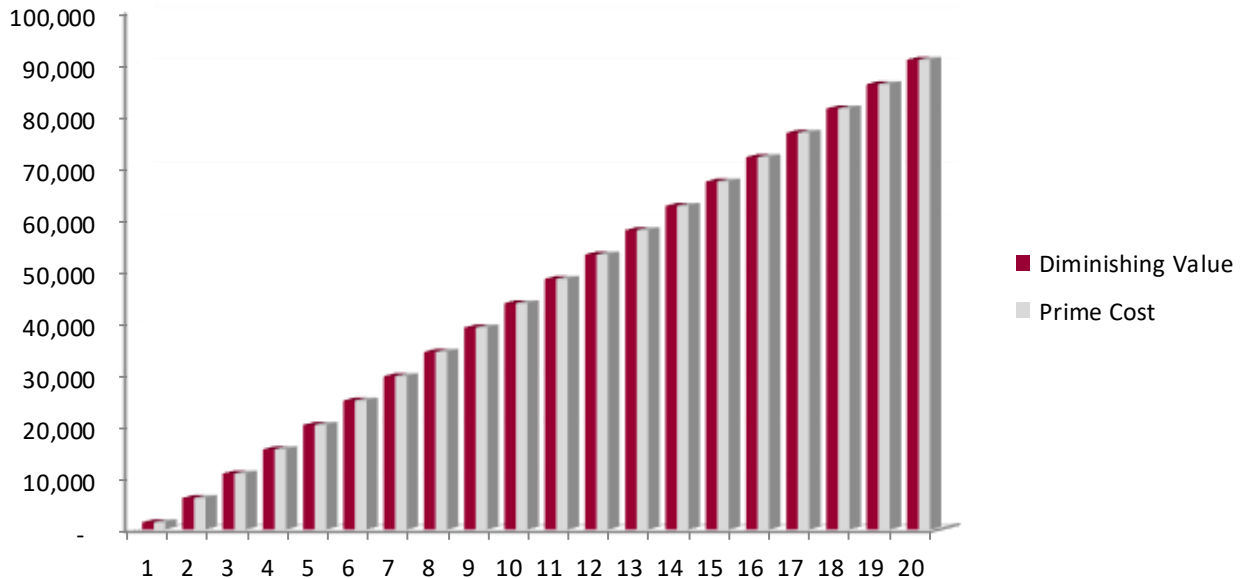
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	9 February 2019
Settlement Date	11 March 2019
Available To Generate Income	11 March 2019

Expenditure Analysed

Purchase Price	\$360,000
Total Expenditure Analysed	\$360,000

Historical Construction Details

Construction Start Date	23 August 2018
Construction Completion Date	11 March 2019
Historical Construction Cost (Estimated)*	\$221,526
Lot Entitlement	1
Overall Lot Entitlement	1

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

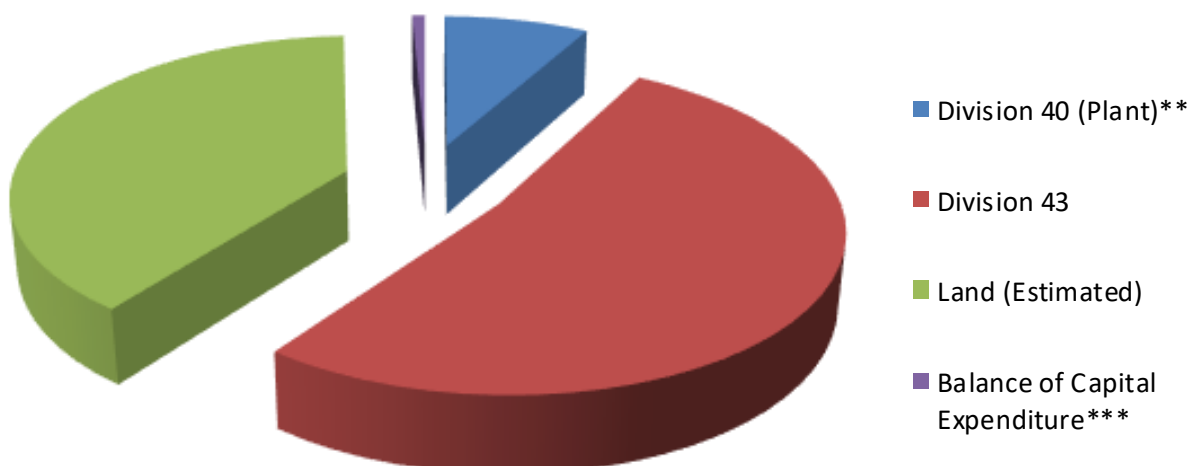
Division 40 (Plant)**	\$29,244
Division 43	\$187,796
Land (Estimated)	\$140,400
Balance of Capital Expenditure***	\$2,560
Total Expenditure Analysed	\$360,000

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	Diminishing													
Division 40 - Plant and Equipment	For Depreciation	Value Rate	Start Date	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Air-conditioning assets (excl. ducting, pipes & vents)															
Mini split system upto 20KW	NO	20.00%	11-Mar-19	4,193	255	788	630	504	403	323	258	206	310	194	
Bathroom assets															
Exhaust fans (including light/heating)	NO	18.75%	11-Mar-19	431	81	131	82	51	32	20	13	8	5	3	
Blinds Residential															
	NO	18.75%	11-Mar-19	2,853	535	869	543	340	212	133	83	52	32	20	
Fire control assets															
Detection & alarm systems, detectors	NO	18.75%	11-Mar-19	359	67	109	68	43	27	17	10	7	4	3	
Floor coverings (removable without damage)															
Carpets	NO	20.00%	11-Mar-19	2,582	157	485	388	310	248	372	233	145	91	57	
Artificial grass	NO	40.00%	11-Mar-19	3,913	476	1,375	825	495	278	174	109	68	42	27	
Furniture															
	NO	18.75%	11-Mar-19	2,917	547	889	556	347	217	136	85	53	33	21	
Garage doors, automatic															
Motors	NO	20.00%	11-Mar-19	659	40	232	145	91	57	35	22	14	9	5	
Hot water systems (excluding piping)															
Gas or electric	NO	16.67%	11-Mar-19	1,437	73	227	190	355	222	139	87	54	34	21	
Kitchen assets															
Cooktops	NO	16.67%	11-Mar-19	1,137	58	180	337	211	132	82	51	32	20	13	
Ovens	NO	16.67%	11-Mar-19	1,156	59	183	343	214	134	84	52	33	20	13	
Rangehoods	NO	18.75%	11-Mar-19	335	63	102	64	40	25	16	10	6	4	2	
Lights															
Shades, removable	NO	18.75%	11-Mar-19	1,437	270	438	274	171	107	67	42	26	16	10	
Solar power generating system assets															
	NO	10.00%	11-Mar-19	5,271	160	511	460	414	373	335	302	272	244	220	
\$300 items															
	NO	100.00%	11-Mar-19	563	563										
Pooled Plant Total					1,563	2,771	2,412	1,863	1,443	1,274	796	498	621	388	
Effective Life Plant Total					1,840	3,748	2,492	1,723	1,024	658	560	478	244	220	
Total Division 40					29,244	3,403	6,520	4,905	3,586	2,467	1,932	1,356	976	865	608
Division 43 - Capital Works Allowance															
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10	
Building Works - Completed 2019		2.50%	11-Mar-19	177,234	1,348	4,431	4,431	4,431	4,431	4,431	4,431	4,431	4,431	4,431	
Structural Improvements - Completed 2019		2.50%	11-Mar-19	10,562	80	264	264	264	264	264	264	264	264	264	
Total Division 43				187,796	1,428	4,695	4,695	4,695	4,695	4,695	4,695	4,695	4,695	4,695	

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%	11-Mar-19	4,193	128	419	419	419	419	419	419	419	419	419
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	11-Mar-19	431	81	131	82	51	32	20	13	8	5	3
Blinds Residential														
	NO	18.75%	11-Mar-19	2,853	535	869	543	340	212	133	83	52	32	20
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	11-Mar-19	359	67	109	68	43	27	17	10	7	4	3
Floor coverings (removable without damage)														
Carpets	NO	10.00%	11-Mar-19	2,582	79	258	258	258	258	258	258	258	258	258
Artificial grass	NO	20.00%	11-Mar-19	3,913	238	783	783	783	783	543				
Furniture														
	NO	18.75%	11-Mar-19	2,917	547	889	556	347	217	136	85	53	33	21
Garage doors, automatic														
Motors	NO	10.00%	11-Mar-19	659	20	66	66	66	66	66	66	66	66	66
Hot water systems (excluding piping)														
Gas or electric	NO	8.33%	11-Mar-19	1,437	36	120	120	120	120	120	120	120	120	120
Kitchen assets														
Cooktops	NO	8.33%	11-Mar-19	1,137	29	95	95	95	95	95	95	95	95	95
Ovens	NO	8.33%	11-Mar-19	1,156	29	96	96	96	96	96	96	96	96	96
Rangehoods	NO	18.75%	11-Mar-19	335	63	102	64	40	25	16	10	6	4	2
Lights														
Shades, removable	NO	18.75%	11-Mar-19	1,437	270	438	274	171	107	67	42	26	16	10
Solar power generating system assets														
	NO	5.00%	11-Mar-19	5,271	80	264	264	264	264	264	264	264	264	264
\$300 items														
	NO	100.00%	11-Mar-19	563	563									
Pooled Plant Total					1,563	2,539	1,587	992	620	387	242	151	95	59
Effective Life Plant Total					1,201	2,101	2,101	2,101	2,101	1,861	1,318	1,318	1,318	1,318
Total Division 40				29,244	2,764	4,640	3,688	3,093	2,721	2,248	1,560	1,469	1,413	1,377
Division 43 - Capital Works Allowance														
		Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
Building Works - Completed 2019		2.50%	11-Mar-19	177,234	1,348	4,431	4,431	4,431	4,431	4,431	4,431	4,431	4,431	4,431
Structural Improvements - Completed 2019		2.50%	11-Mar-19	10,562	80	264	264	264	264	264	264	264	264	264
Total Division 43				187,796	1,428	4,695	4,695	4,695	4,695	4,695	4,695	4,695	4,695	4,695

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 2019	23 Aug 18 to 11 Mar 19	177,234	2.50%	4,431	177,234
Sub-total		177,234		4,431	177,234

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2019	23 Aug 18 to 11 Mar 19	10,562	2.50%	264	10,562
Sub-total		10,562		264	10,562
Totals		187,796		4,695	187,796

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.

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.