Tax Depreciation Report

39 Winchester Cres,
Pimpama QLD 4209

Umasuthan Nadanapatham
21 Dartford Road,
THORNLEIGH, NEW SOUTH WALES 2120

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

Umasuthan Nadanapatham
21 Dartford Road,
THORNLEIGH, NEW SOUTH WALES 2120

September 2020
Job No: RES4209048

Tax Depreciation Report – 39 Winchester Cres, Pimpama QLD 4209

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

23 September 2020

Purchaser

Umasuthan Nadanapatham & Ruwani Geethanjani Nadanapatham

Property Address

39 Winchester Cres, Pimpama QLD 4209

Real Property Description

L6 SP196360

Property Type

Residential House

Date of Construction

4 December 2012

Date Available To Generate Income

20 December 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 deprecating 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

Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.

Benefits

- 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)

Calculation Example

Under Diminishing Value method, the effective life is dividing by 200.

200 / 10 Years = 20% (Adjusted Value)

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
$2,000	$1,600	$1,280	$1,024	$819.20

Prime Cost Method

Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.

Benefits

- Write off assets when they are demolished or disposed.

Calculation Example

Under Prime Cost method, the effective life is dividing by 100.

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.

Year 1	Year 2	Year 3	Year 4	Year 5
$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	Eligible	Capital Loss - See Appendix A	
		Effective Life	Pooled Plant	Total Div 40	Capital Works	Total	Div 40 Yearly	Cumulative
1	20 December 19 to 30 June 20	0	0	0	2,058	**2,058**	3,184	3,184
2	1 July 20 to 30 June 21	0	0	0	3,903	**3,903**	5,119	8,304
3	1 July 21 to 30 June 22	0	0	0	3,903	**3,903**	3,654	11,958
4	1 July 22 to 30 June 23	0	0	0	3,903	**3,903**	2,621	14,579
5	1 July 23 to 30 June 24	0	0	0	3,903	**3,903**	1,824	16,402
6	1 July 24 to 30 June 25	0	0	0	3,903	**3,903**	1,358	17,761
7	1 July 25 to 30 June 26	0	0	0	3,903	**3,903**	849	18,610
8	1 July 26 to 30 June 27	0	0	0	3,903	**3,903**	531	19,140
9	1 July 27 to 30 June 28	0	0	0	3,903	**3,903**	332	19,472
10	1 July 28 to 30 June 29	0	0	0	3,903	**3,903**	207	19,679
11	1 July 29 to 30 June 30	0	0	0	3,903	**3,903**	130	19,809
12	1 July 30 to 30 June 31	0	0	0	3,903	**3,903**	81	19,890
13	1 July 31 to 30 June 32	0	0	0	3,903	**3,903**	51	19,940
14	1 July 32 to 30 June 33	0	0	0	3,903	**3,903**	32	19,972
15	1 July 33 to 30 June 34	0	0	0	3,903	**3,903**	20	19,992
16	1 July 34 to 30 June 35	0	0	0	3,903	**3,903**	12	20,004
17	1 July 35 to 30 June 36	0	0	0	3,903	**3,903**	8	20,012
18	1 July 36 to 30 June 37	0	0	0	3,903	**3,903**	5	20,016
19	1 July 37 to 30 June 38	0	0	0	3,903	**3,903**	3	20,019
20	1 July 38 to 30 June 39	0	0	0	3,903	**3,903**	2	20,021
21	1 July 39 to 30 June 40	0	0	0	3,903	**3,903**	1	20,022
22	1 July 40 to 30 June 41	0	0	0	3,903	**3,903**	1	20,023
23	1 July 41 to 30 June 42	0	0	0	3,903	**3,903**	0	20,024
24	1 July 42 to 30 June 43	0	0	0	3,903	**3,903**	0	20,024
25	1 July 43 to 30 June 44	0	0	0	3,903	**3,903**	0	20,024
26	1 July 44 to 30 June 45	0	0	0	3,903	**3,903**	0	20,024
27	1 July 45 to 30 June 46	0	0	0	3,903	**3,903**	0	20,024
28	1 July 46 to 30 June 47	0	0	0	3,903	**3,903**	0	20,024
29	1 July 47 to 30 June 48	0	0	0	3,903	**3,903**	0	20,024
30	1 July 48 to 30 June 49	0	0	0	3,903	**3,903**	0	20,024
31	1 July 49 to 30 June 50	0	0	0	3,903	**3,903**	0	20,024
32	1 July 50 to 30 June 51	0	0	0	3,903	**3,903**	0	20,024
33	1 July 51 to 30 June 52	0	0	0	3,903	**3,903**	0	20,024
34	1 July 52 to 30 June 53	0	0	0	1,655	**1,655**	0	20,024
35	1 July 53 to 30 June 54	0	0	0	0	**0**	0	20,024
36	1 July 54 to 30 June 55	0	0	0	0	**0**	0	20,024
37	1 July 55 to 30 June 56	0	0	0	0	**0**	0	20,024
38	1 July 56 to 30 June 57	0	0	0	0	**0**	0	20,024
39	1 July 57 to 30 June 58	0	0	0	0	**0**	0	20,024
40	2058+	0	0	0	0	**0**	0	20,024
	Totals	**0**	**0**	**0**	**128,609**	**128,609**	**20,024**	**20,024**

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	Eligible	Capital Loss - See Appendix A	
		Effective Life	Pooled Plant	Total Div 40	Capital Works	Total	Div 40 Yearly	Cumulative
1	20 December 19 to 30 June 20	0	0	0	2,058	**2,058**	2,744	2,744
2	1 July 20 to 30 June 21	0	0	0	3,903	**3,903**	4,366	7,110
3	1 July 21 to 30 June 22	0	0	0	3,903	**3,903**	3,042	10,152
4	1 July 22 to 30 June 23	0	0	0	3,903	**3,903**	2,214	12,365
5	1 July 23 to 30 June 24	0	0	0	3,903	**3,903**	1,696	14,062
6	1 July 24 to 30 June 25	0	0	0	3,903	**3,903**	1,360	15,422
7	1 July 25 to 30 June 26	0	0	0	3,903	**3,903**	1,143	16,565
8	1 July 26 to 30 June 27	0	0	0	3,903	**3,903**	1,017	17,581
9	1 July 27 to 30 June 28	0	0	0	3,903	**3,903**	792	18,373
10	1 July 28 to 30 June 29	0	0	0	3,903	**3,903**	619	18,992
11	1 July 29 to 30 June 30	0	0	0	3,903	**3,903**	414	19,407
12	1 July 30 to 30 June 31	0	0	0	3,903	**3,903**	229	19,636
13	1 July 31 to 30 June 32	0	0	0	3,903	**3,903**	160	19,796
14	1 July 32 to 30 June 33	0	0	0	3,903	**3,903**	92	19,888
15	1 July 33 to 30 June 34	0	0	0	3,903	**3,903**	87	19,974
16	1 July 34 to 30 June 35	0	0	0	3,903	**3,903**	42	20,016
17	1 July 35 to 30 June 36	0	0	0	3,903	**3,903**	3	20,019
18	1 July 36 to 30 June 37	0	0	0	3,903	**3,903**	2	20,021
19	1 July 37 to 30 June 38	0	0	0	3,903	**3,903**	1	20,022
20	1 July 38 to 30 June 39	0	0	0	3,903	**3,903**	1	20,023
21	1 July 39 to 30 June 40	0	0	0	3,903	**3,903**	0	20,024
22	1 July 40 to 30 June 41	0	0	0	3,903	**3,903**	0	20,024
23	1 July 41 to 30 June 42	0	0	0	3,903	**3,903**	0	20,024
24	1 July 42 to 30 June 43	0	0	0	3,903	**3,903**	0	20,024
25	1 July 43 to 30 June 44	0	0	0	3,903	**3,903**	0	20,024
26	1 July 44 to 30 June 45	0	0	0	3,903	**3,903**	0	20,024
27	1 July 45 to 30 June 46	0	0	0	3,903	**3,903**	0	20,024
28	1 July 46 to 30 June 47	0	0	0	3,903	**3,903**	0	20,024
29	1 July 47 to 30 June 48	0	0	0	3,903	**3,903**	0	20,024
30	1 July 48 to 30 June 49	0	0	0	3,903	**3,903**	0	20,024
31	1 July 49 to 30 June 50	0	0	0	3,903	**3,903**	0	20,024
32	1 July 50 to 30 June 51	0	0	0	3,903	**3,903**	0	20,024
33	1 July 51 to 30 June 52	0	0	0	3,903	**3,903**	0	20,024
34	1 July 52 to 30 June 53	0	0	0	1,655	**1,655**	0	20,024
35	1 July 53 to 30 June 54	0	0	0	0	**0**	0	20,024
36	1 July 54 to 30 June 55	0	0	0	0	**0**	0	20,024
37	1 July 55 to 30 June 56	0	0	0	0	**0**	0	20,024
38	1 July 56 to 30 June 57	0	0	0	0	**0**	0	20,024
39	1 July 57 to 30 June 58	0	0	0	0	**0**	0	20,024
40	2058+	0	0	0	0	**0**	0	20,024
	Totals	**0**	**0**	**0**	**128,609**	**128,609**	**20,024**	**20,024**

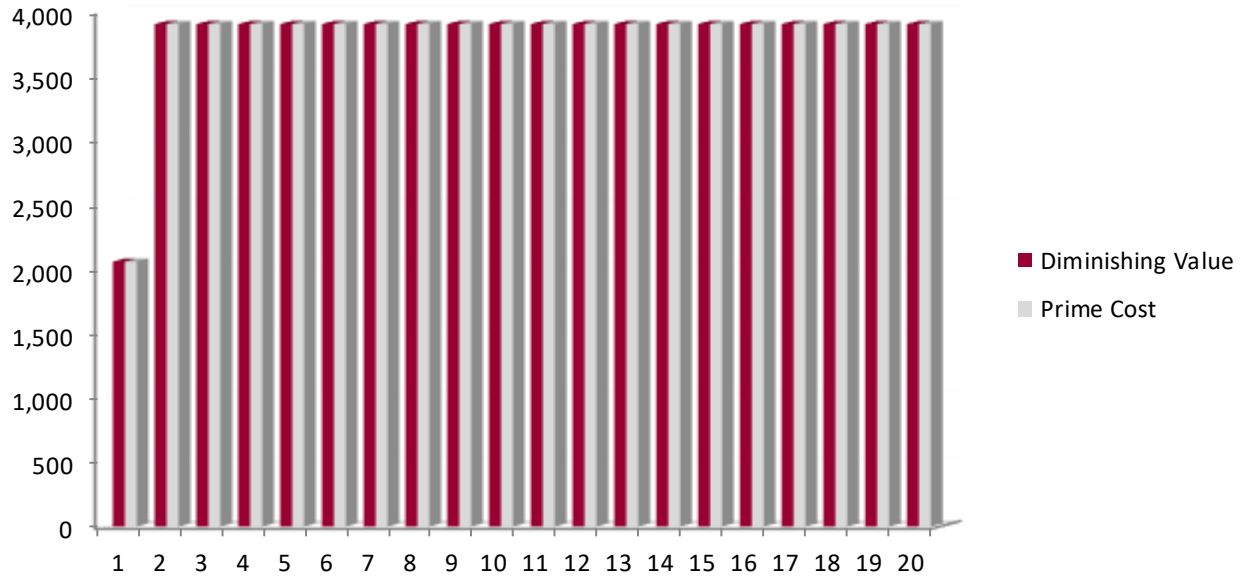
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

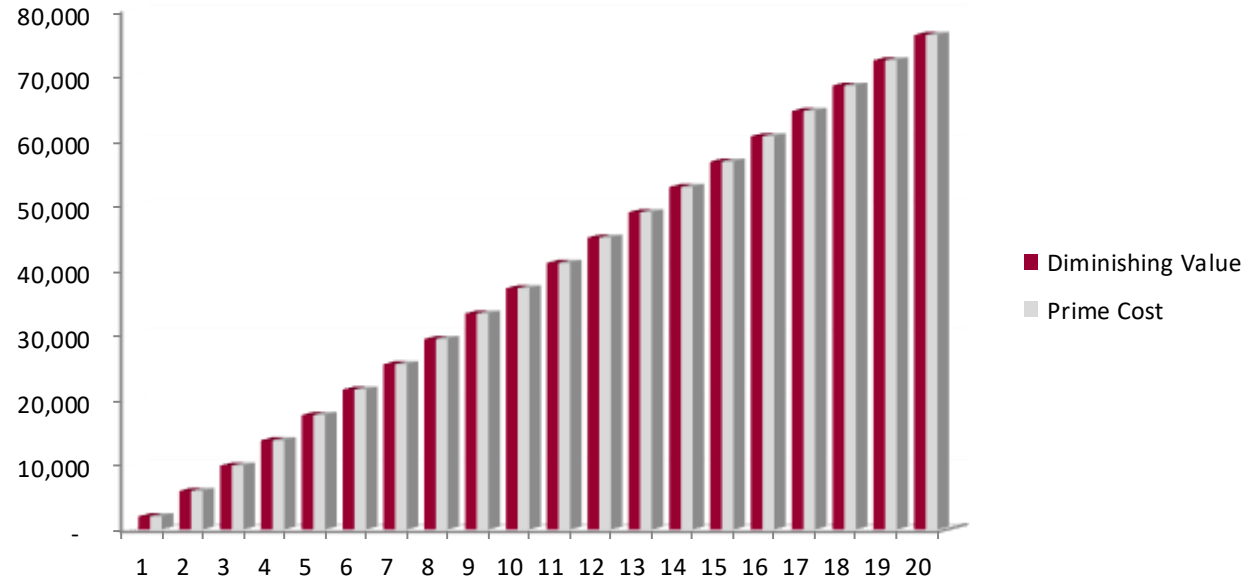
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	$1,000	$100	$900	$100

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	18 November 2019
Settlement Date	20 December 2019
Available To Generate Income	20 December 2019

Expenditure Analysed	
Purchase Price	$410,000
Stamp Duty	$12,775
Total Expenditure Analysed	**$422,775**

Historical Construction Details	
Construction Start Date	18 May 2012
Construction Completion Date	4 December 2012
Historical Construction Cost (Estimated)*	$176,264
Lot Entitlement	1
Overall Lot Entitlement	1

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:	
Division 40 (Plant)**	$20,024
Division 43	$128,609
Land (Estimated)	$211,388
Balance of Capital Expenditure***	$62,754
Total Expenditure Analysed	**$422,775**

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%	20-Dec-19	2,725	287	487	390	312	250	374	234	146	91	57
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	20-Dec-19	474	89	144	90	56	35	22	14	9	5	3
Blinds Residential	NO	18.75%	20-Dec-19	1,962	368	598	374	233	146	91	57	36	22	14
Ceiling Fans	NO	18.75%	20-Dec-19	1,279	240	390	244	152	95	59	37	23	15	9
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	20-Dec-19	355	67	108	68	42	26	17	10	6	4	3
Floor coverings (removable without damage)														
Carpets	NO	25.00%	20-Dec-19	2,148	283	466	350	262	295	184	115	72	45	28
Furniture	NO	18.75%	20-Dec-19	2,961	555	902	564	352	220	138	86	54	34	21
Garage doors, automatic														
Controls	NO	40.00%	20-Dec-19	142	30	42	26	16	10	6	4	3	2	1
Motors	NO	20.00%	20-Dec-19	681	72	228	143	89	56	35	22	14	9	5
Hot water systems (excluding piping)														
Gas or electric	NO	16.67%	20-Dec-19	1,421	125	216	180	338	211	132	82	52	32	20
Kitchen assets														
Cooktops	NO	18.75%	20-Dec-19	592	111	180	113	70	44	28	17	11	7	4
Dishwashers	NO	18.75%	20-Dec-19	888	167	271	169	106	66	41	26	16	10	6
Ovens	NO	18.75%	20-Dec-19	829	155	253	158	99	62	39	24	15	9	6
Rangehoods	NO	18.75%	20-Dec-19	355	67	108	68	42	26	17	10	6	4	3
Lights														
Shades, removable	NO	18.75%	20-Dec-19	1,540	289	469	293	183	115	72	45	28	17	11
Pumps	NO	18.75%	20-Dec-19	355	67	108	68	42	26	17	10	6	4	3
Rainwater tanks														
Polyethylene	NO	13.33%	20-Dec-19	1,185	83	147	358	224	140	87	55	34	21	13
$300 items	NO	100.00%	20-Dec-19	130	130									
Pooled Plant Total					**2,174**	**3,803**	**2,735**	**2,047**	**1,574**	**1,358**	**849**	**531**	**332**	**207**
Effective Life Plant Total					**1,010**	**1,317**	**920**	**574**	**250**					
Total Division 40				**20,024**	**3,184**	**5,119**	**3,654**	**2,621**	**1,824**	**1,358**	**849**	**531**	**332**	**207**

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 2012	2.50%	20-Dec-19	116,199	1,859	3,526	3,526	3,526	3,526	3,526	3,526	3,526	3,526	3,526
Structural Improvements - Completed 2012	2.50%	20-Dec-19	12,410	199	377	377	377	377	377	377	377	377	377
Total Division 43			**128,609**	**2,058**	**3,903**	**3,903**	**3,903**	**3,903**	**3,903**	**3,903**	**3,903**	**3,903**	**3,903**

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%	20-Dec-19	2,725	144	272	272	272	272	272	272	272	272	272
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	20-Dec-19	474	89	144	90	56	35	22	14	9	5	3
Blinds Residential	NO	18.75%	20-Dec-19	1,962	368	598	374	233	146	91	57	36	22	14
Ceiling Fans	NO	18.75%	20-Dec-19	1,279	240	390	244	152	95	59	37	23	15	9
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	20-Dec-19	355	67	108	68	42	26	17	10	6	4	3
Floor coverings (removable without damage)														
Carpets	NO	12.50%	20-Dec-19	2,148	142	269	269	269	269	269	269	269	124	
Furniture	NO	18.75%	20-Dec-19	2,961	555	902	564	352	220	138	86	54	34	21
Garage doors, automatic														
Controls	NO	20.00%	20-Dec-19	142	15	28	28	28	28	15				
Motors	NO	10.00%	20-Dec-19	681	36	68	68	68	68	68	68	68	68	68
Hot water systems (excluding piping)														
Gas or electric	NO	8.33%	20-Dec-19	1,421	62	118	118	118	118	118	118	118	118	118
Kitchen assets														
Cooktops	NO	18.75%	20-Dec-19	592	111	180	113	70	44	28	17	11	7	4
Dishwashers	NO	18.75%	20-Dec-19	888	167	271	169	106	66	41	26	16	10	6
Ovens	NO	18.75%	20-Dec-19	829	155	253	158	99	62	39	24	15	9	6
Rangehoods	NO	18.75%	20-Dec-19	355	67	108	68	42	26	17	10	6	4	3
Lights														
Shades, removable	NO	18.75%	20-Dec-19	1,540	289	469	293	183	115	72	45	28	17	11
Pumps	NO	18.75%	20-Dec-19	355	67	108	68	42	26	17	10	6	4	3
Rainwater tanks														
Polyethylene	NO	6.67%	20-Dec-19	1,185	42	79	79	79	79	79	79	79	79	79
$300 items	NO	100.00%	20-Dec-19	130	130									
Pooled Plant Total					**2,174**	**3,532**	**2,208**	**1,380**	**862**	**539**	**337**	**211**	**132**	**82**
Effective Life Plant Total					**570**	**834**	**834**	**834**	**834**	**821**	**806**	**806**	**661**	**537**
Total Division 40				**20,024**	**2,744**	**4,366**	**3,042**	**2,214**	**1,696**	**1,360**	**1,143**	**1,017**	**792**	**619**

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 2012	2.50%	20-Dec-19	116,199	1,859	3,526	3,526	3,526	3,526	3,526	3,526	3,526	3,526	3,526
Structural Improvements - Completed 2012	2.50%	20-Dec-19	12,410	199	377	377	377	377	377	377	377	377	377
Total Division 43			128,609	2,058	3,903	3,903	3,903	3,903	3,903	3,903	3,903	3,903	3,903

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 2012	18 May 12 to 4 Dec 12	141,047	2.50%	3,526	116,199
Sub-total		141,047		3,526	116,199

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2012	18 May 12 to 4 Dec 12	15,063	2.50%	377	12,410
Sub-total		15,063		377	12,410
Totals		156,110		3,903	128,609

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.

13. Definition of Terms

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

14. Contact Details

COMPANY DETAILS	
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15. Disclaimer

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

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

A1. Post 9 May 2017

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

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

A2. Capital Gain / Capital Loss

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

Further information regarding the legislation please refer to ATO website – www.ato.gov.au

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

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