



Tax Depreciation Report

Unit 3/17 Perrett Ave,
St Albans VIC 3021, Australia

Minonette and Glenn Lapuz Zaballero
85 Capesthorne Drive
DERRIMUT, VIC 3026

Issue Schedule	
Issue Date:	Issued by:
16 October 2020	Mark Kilroy Bsc (Hons) MRICS

Minonette and Glenn Lapuz Zaballero
85 Capesthorpe Drive
DERRIMUT, VIC 3026

October 2020
Job No: RES3021014

Tax Depreciation Report – Unit 3/17 Perrett Ave, St Albans VIC 3021, Australia

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

16 October 2020

Purchaser

Minonette and Glenn Lapuz Zaballero

Property Address

Unit 3/17 Perrett Ave, St Albans VIC 3021, Australia

Real Property Description

LOT 3 PS645272

Property Type

Residential Townhouse

Date of Construction

21 July 2014

Date Available To Generate Income

9 March 2020

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								
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								
<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	9 March 20 to 30 June 20	0	0	0	1,406	1,406	4,034	4,034
2	1 July 20 to 30 June 21	185	0	185	4,554	4,739	8,666	12,700
3	1 July 21 to 30 June 22	182	0	182	4,554	4,736	5,458	18,158
4	1 July 22 to 30 June 23	155	0	155	4,554	4,709	4,363	22,521
5	1 July 23 to 30 June 24	0	329	329	4,554	4,883	3,173	25,694
6	1 July 24 to 30 June 25	0	206	206	4,554	4,760	2,551	28,244
7	1 July 25 to 30 June 26	0	129	129	4,554	4,683	1,893	30,137
8	1 July 26 to 30 June 27	0	80	80	4,554	4,634	1,609	31,746
9	1 July 27 to 30 June 28	0	50	50	4,554	4,604	1,196	32,941
10	1 July 28 to 30 June 29	0	31	31	4,554	4,585	914	33,856
11	1 July 29 to 30 June 30	0	20	20	4,554	4,574	718	34,573
12	1 July 30 to 30 June 31	0	12	12	4,554	4,566	578	35,151
13	1 July 31 to 30 June 32	0	8	8	4,554	4,562	474	35,626
14	1 July 32 to 30 June 33	0	5	5	4,554	4,559	396	36,022
15	1 July 33 to 30 June 34	0	3	3	4,554	4,557	336	36,358
16	1 July 34 to 30 June 35	0	2	2	4,554	4,556	287	36,645
17	1 July 35 to 30 June 36	0	2	2	4,554	4,556	514	37,159
18	1 July 36 to 30 June 37	0	1	1	4,554	4,555	572	37,731
19	1 July 37 to 30 June 38	0	0	0	4,554	4,554	358	38,089
20	1 July 38 to 30 June 39	0	0	0	4,554	4,554	224	38,312
21	1 July 39 to 30 June 40	0	0	0	4,554	4,554	140	38,452
22	1 July 40 to 30 June 41	0	0	0	4,554	4,554	87	38,540
23	1 July 41 to 30 June 42	0	0	0	4,554	4,554	55	38,594
24	1 July 42 to 30 June 43	0	0	0	4,554	4,554	34	38,628
25	1 July 43 to 30 June 44	0	0	0	4,554	4,554	21	38,650
26	1 July 44 to 30 June 45	0	0	0	4,554	4,554	13	38,663
27	1 July 45 to 30 June 46	0	0	0	4,554	4,554	8	38,671
28	1 July 46 to 30 June 47	0	0	0	4,554	4,554	5	38,677
29	1 July 47 to 30 June 48	0	0	0	4,554	4,554	3	38,680
30	1 July 48 to 30 June 49	0	0	0	4,554	4,554	2	38,682
31	1 July 49 to 30 June 50	0	0	0	4,554	4,554	1	38,683
32	1 July 50 to 30 June 51	0	0	0	4,554	4,554	1	38,684
33	1 July 51 to 30 June 52	0	0	0	4,554	4,554	0	38,684
34	1 July 52 to 30 June 53	0	0	0	4,554	4,554	0	38,685
35	1 July 53 to 30 June 54	0	0	0	4,554	4,554	0	38,685
36	1 July 54 to 30 June 55	0	0	0	262	262	0	38,685
37	1 July 55 to 30 June 56	0	0	0	0	0	0	38,685
38	1 July 56 to 30 June 57	0	0	0	0	0	0	38,685
39	1 July 57 to 30 June 58	0	0	0	0	0	0	38,685
40	2058+	0	0	0	0	0	0	38,685
Totals		522	878	1,400	156,504	157,904	38,685	38,685

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	9 March 20 to 30 June 20	0	0	0	1,406	1,406	3,394	3,394
2	1 July 20 to 30 June 21	92	0	92	4,554	4,646	6,958	10,352
3	1 July 21 to 30 June 22	105	0	105	4,554	4,659	4,203	14,555
4	1 July 22 to 30 June 23	105	0	105	4,554	4,659	3,372	17,927
5	1 July 23 to 30 June 24	105	0	105	4,554	4,659	2,852	20,779
6	1 July 24 to 30 June 25	105	0	105	4,554	4,659	2,459	23,238
7	1 July 25 to 30 June 26	105	0	105	4,554	4,659	2,106	25,344
8	1 July 26 to 30 June 27	105	0	105	4,554	4,659	1,979	27,324
9	1 July 27 to 30 June 28	105	0	105	4,554	4,659	1,900	29,224
10	1 July 28 to 30 June 29	105	0	105	4,554	4,659	1,851	31,074
11	1 July 29 to 30 June 30	105	0	105	4,554	4,659	1,652	32,726
12	1 July 30 to 30 June 31	105	0	105	4,554	4,659	1,265	33,991
13	1 July 31 to 30 June 32	105	0	105	4,554	4,659	1,134	35,126
14	1 July 32 to 30 June 33	105	0	105	4,554	4,659	873	35,998
15	1 July 33 to 30 June 34	48	0	48	4,554	4,602	868	36,866
16	1 July 34 to 30 June 35	0	0	0	4,554	4,554	670	37,536
17	1 July 35 to 30 June 36	0	0	0	4,554	4,554	246	37,782
18	1 July 36 to 30 June 37	0	0	0	4,554	4,554	245	38,027
19	1 July 37 to 30 June 38	0	0	0	4,554	4,554	244	38,271
20	1 July 38 to 30 June 39	0	0	0	4,554	4,554	244	38,515
21	1 July 39 to 30 June 40	0	0	0	4,554	4,554	169	38,684
22	1 July 40 to 30 June 41	0	0	0	4,554	4,554	0	38,685
23	1 July 41 to 30 June 42	0	0	0	4,554	4,554	0	38,685
24	1 July 42 to 30 June 43	0	0	0	4,554	4,554	0	38,685
25	1 July 43 to 30 June 44	0	0	0	4,554	4,554	0	38,685
26	1 July 44 to 30 June 45	0	0	0	4,554	4,554	0	38,685
27	1 July 45 to 30 June 46	0	0	0	4,554	4,554	0	38,685
28	1 July 46 to 30 June 47	0	0	0	4,554	4,554	0	38,685
29	1 July 47 to 30 June 48	0	0	0	4,554	4,554	0	38,685
30	1 July 48 to 30 June 49	0	0	0	4,554	4,554	0	38,685
31	1 July 49 to 30 June 50	0	0	0	4,554	4,554	0	38,685
32	1 July 50 to 30 June 51	0	0	0	4,554	4,554	0	38,685
33	1 July 51 to 30 June 52	0	0	0	4,554	4,554	0	38,685
34	1 July 52 to 30 June 53	0	0	0	4,554	4,554	0	38,685
35	1 July 53 to 30 June 54	0	0	0	4,554	4,554	0	38,685
36	1 July 54 to 30 June 55	0	0	0	262	262	0	38,685
37	1 July 55 to 30 June 56	0	0	0	0	0	0	38,685
38	1 July 56 to 30 June 57	0	0	0	0	0	0	38,685
39	1 July 57 to 30 June 58	0	0	0	0	0	0	38,685
40	2058+	0	0	0	0	0	0	38,685
Totals		1,400	0	1,400	156,504	157,904	38,685	38,685

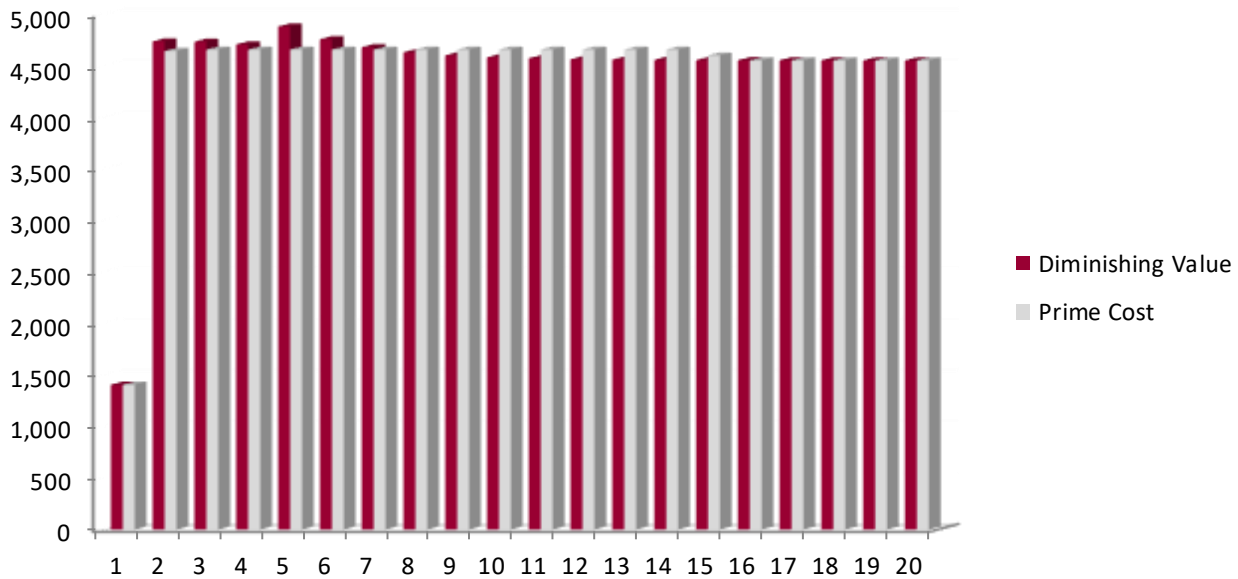
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

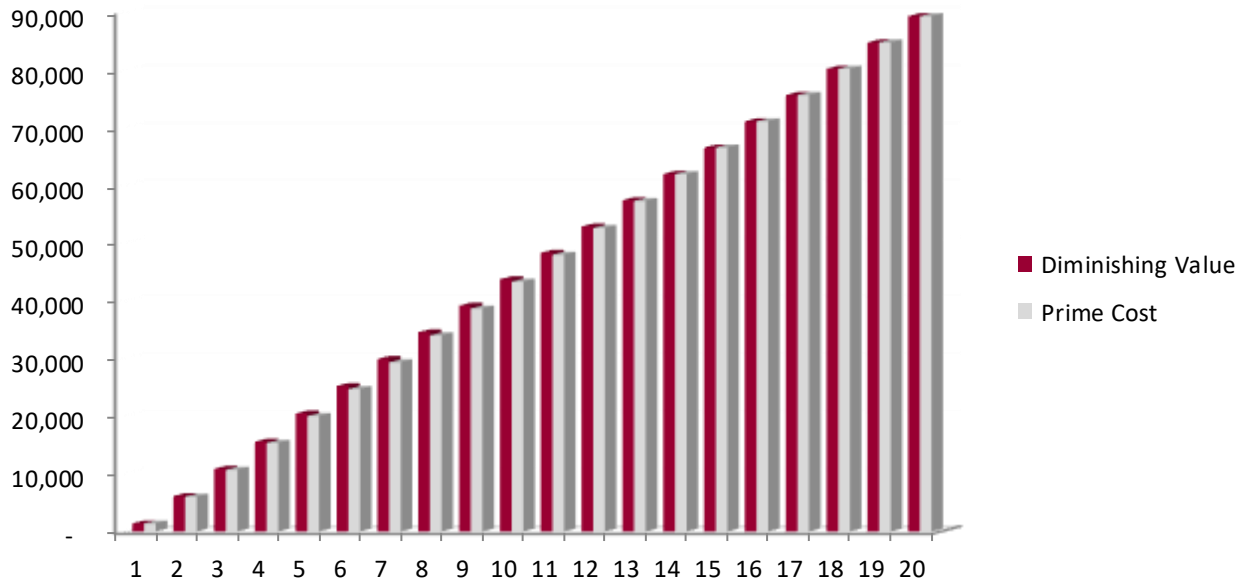
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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 January 2020
Settlement Date	9 March 2020
Available To Generate Income	9 March 2020

Expenditure Analysed

Purchase Price	\$460,000
Stamp Duty	\$22,670
Legals	\$770
Post Expenditure	\$1,400
Total Expenditure Analysed	\$484,840

Historical Construction Details

Construction Start Date	7 April 2013
Construction Completion Date	21 July 2014
Historical Construction Cost (Estimated)*	\$210,455

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

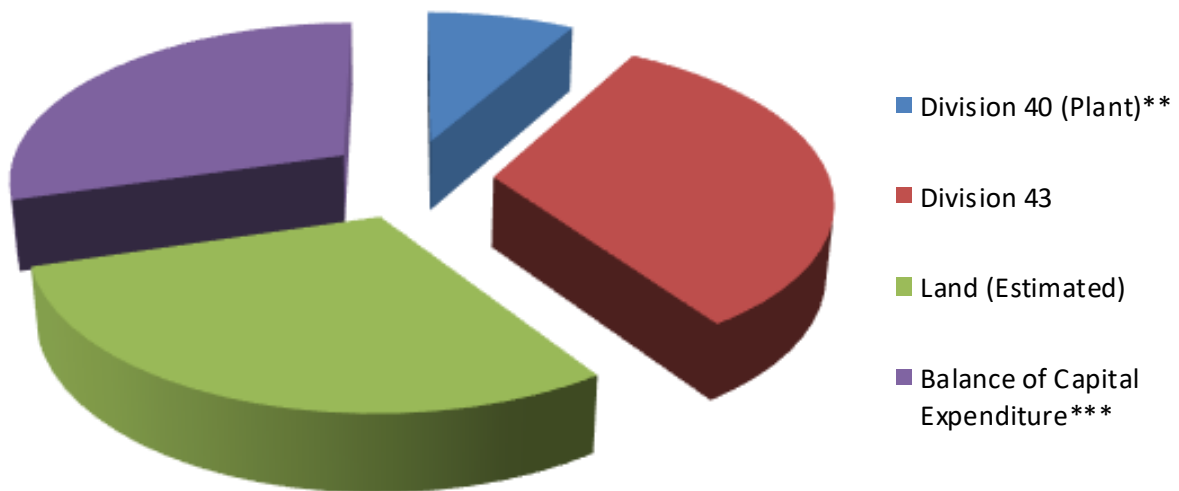
Division 40 (Plant)**	\$40,085
Division 43	\$156,504
Land (Estimated)	\$144,801
Balance of Capital Expenditure***	\$143,450
Total Expenditure Analysed	\$484,840

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%	9-Mar-20	3,889	240	730	584	467	374	299	239	359	224	140
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	9-Mar-20	972	182	296	185	116	72	45	28	18	11	7
Blinds Residential														
	NO	18.75%	9-Mar-20	2,287	429	697	435	272	170	106	66	42	26	16
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	9-Mar-20	856	160	261	163	102	64	40	25	16	10	6
Floor coverings (removable without damage)														
Artificial grass	NO	40.00%	9-Mar-20	1,089	134	358	224	140	87	55	34	21	13	8
Floating timber	NO	13.33%	9-Mar-20	9,250	381	1,183	1,025	888	770	667	578	501	434	376
Furniture														
Furniture	NO	18.75%	9-Mar-20	4,612	865	1,405	878	549	343	214	134	84	52	33
Furniture	NO	15.00%	9-Mar-20	1,167	54	1,113								
Furniture	NO	18.75%	9-Mar-20	350	66	284								
Garage doors, automatic														
Motors	NO	20.00%	9-Mar-20	1,458	90	274	219	328	205	128	80	50	31	20
Heating units														
Gas ducted central heating	NO	10.00%	9-Mar-20	4,861	150	471	424	382	343	309	278	250	225	203
Hot water systems (excluding piping)														
Gas or electric	NO	16.67%	9-Mar-20	1,944	100	307	256	213	178	334	208	130	81	51
Kitchen assets														
Cooktops	NO	16.67%	9-Mar-20	1,458	75	231	192	360	225	141	88	55	34	21
Ovens	NO	16.67%	9-Mar-20	1,069	55	169	317	198	124	77	48	30	19	12
Rangehoods	NO	18.75%	9-Mar-20	486	91	148	93	58	36	23	14	9	6	3
Lights														
Shades, removable	NO	18.75%	9-Mar-20	2,431	456	741	463	289	181	113	71	44	28	17
\$300 items														
	NO	100.00%	9-Mar-20	506	506									
Additional Items (Post Expenditure)														
Furniture	YES	15.00%	13-Aug-20	1,400		185	182	155	329	206	129	80	50	31
Pooled Plant Total					2,249	4,190	2,758	2,412	1,837	1,482	926	937	586	366
Effective Life Plant Total					1,785	4,661	2,882	2,105	1,665	1,275	1,096	751	660	579
Total Division 40				40,085	4,034	8,851	5,640	4,518	3,502	2,757	2,022	1,689	1,246	945

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 2014	2.50%	09-Mar-20	149,341	1,342	4,346	4,346	4,346	4,346	4,346	4,346	4,346	4,346	4,346
Structural Improvements - Completed 2014	2.50%	09-Mar-20	7,163	64	208	208	208	208	208	208	208	208	208
Total Division 43			156,504	1,406	4,554	4,554	4,554	4,554	4,554	4,554	4,554	4,554	4,554

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%	09-Mar-20	3,889	120	389	389	389	389	389	389	389	389	389
Bathroom assets														
Exhaust fans (including light/heating)	NO	18.75%	09-Mar-20	972	182	296	185	116	72	45	28	18	11	7
Blinds Residential														
	NO	18.75%	09-Mar-20	2,287	429	697	435	272	170	106	66	42	26	16
Fire control assets														
Detection & alarm systems, detectors	NO	18.75%	09-Mar-20	856	160	261	163	102	64	40	25	16	10	6
Floor coverings (removable without damage)														
Artificial grass	NO	20.00%	09-Mar-20	1,089	67	218	218	218	218	150				
Floating timber	NO	6.67%	09-Mar-20	9,250	190	617	617	617	617	617	617	617	617	617
Furniture														
Furniture	NO	18.75%	09-Mar-20	4,612	865	1,405	878	549	343	214	134	84	52	33
Furniture	NO	7.50%	09-Mar-20	1,167	27	1,140								
Furniture	NO	18.75%	09-Mar-20	350	66	284								
Garage doors, automatic														
Motors	NO	10.00%	09-Mar-20	1,458	45	146	146	146	146	146	146	146	146	146
Heating units														
Gas ducted central heating	NO	5.00%	09-Mar-20	4,861	75	243	243	243	243	243	243	243	243	243
Hot water systems (excluding piping)														
Gas or electric	NO	8.33%	09-Mar-20	1,944	50	162	162	162	162	162	162	162	162	162
Kitchen assets														
Cooktops	NO	8.33%	09-Mar-20	1,458	38	122	122	122	122	122	122	122	122	122
Ovens	NO	8.33%	09-Mar-20	1,069	28	89	89	89	89	89	89	89	89	89
Rangehoods	NO	18.75%	09-Mar-20	486	91	148	93	58	36	23	14	9	6	3
Lights														
Shades, removable	NO	18.75%	09-Mar-20	2,431	456	741	463	289	181	113	71	44	28	17
\$300 items														
	NO	100.00%	09-Mar-20	506	506									
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	YES	7.50%	13-Aug-20	1,400		92	105	105	105	105	105	105	105	105
Pooled Plant Total					2,249	3,832	2,217	1,386	866	541	338	211	132	83
Effective Life Plant Total					1,145	3,218	2,091	2,091	2,091	2,023	1,873	1,873	1,873	1,873
Total Division 40				40,085	3,394	7,050	4,308	3,477	2,957	2,564	2,211	2,084	2,005	1,956

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 2014	2.50%	09-Mar-20	149,341	1,342	4,346	4,346	4,346	4,346	4,346	4,346	4,346	4,346	4,346
Structural Improvements - Completed 2014	2.50%	09-Mar-20	7,163	64	208	208	208	208	208	208	208	208	208
Total Division 43			156,504	1,406	4,554	4,554	4,554	4,554	4,554	4,554	4,554	4,554	4,554

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 2014	7 Apr 13 to 21 Jul 14	173,846	2.50%	4,346	149,341
Sub-total		173,846		4,346	149,341

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2014	7 Apr 13 to 21 Jul 14	8,338	2.50%	208	7,163
Sub-total		8,338		208	7,163
Totals		182,184		4,554	156,504

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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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.