



Tax Depreciation Report

Unit 606 /10 Third Avenue,
Palm Beach, QLD 4221

Andrew Melnik
58 Tahiti Avenue
PALM BEACH, QLD 4221

Issue Schedule	
Issue Date:	Issued by:
13 November 2020	Mark Kilroy Bsc (Hons) MRICS

Andrew Melnik
58 Tahiti Avenue
PALM BEACH, QLD 4221

November 2020
Job No: RES4221036

Tax Depreciation Report – Unit 606 /10 Third Avenue, Palm Beach, QLD 4221

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

13 November 2020

Purchaser

PB Investment Superfund

Property Address

Unit 606 /10 Third Avenue, Palm Beach, QLD 4221

Real Property Description

L606 SP288093

Property Type

Residential Unit

Date of Construction

1 January 2020

Date Available To Generate Income

28 February 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				
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				
<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) 				
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				
<ul style="list-style-type: none"> • 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
		Effective Life	Pooled Plant	Total Div 40	Capital Works	Total
1	28 February 20 to 30 June 20	3,998	3,358	7,356	2,160	9,516
2	1 July 20 to 30 June 21	7,434	5,635	13,069	6,429	19,498
3	1 July 21 to 30 June 22	6,223	3,522	9,746	6,429	16,175
4	1 July 22 to 30 June 23	5,026	2,467	7,492	6,429	13,921
5	1 July 23 to 30 June 24	4,121	1,908	6,029	6,429	12,458
6	1 July 24 to 30 June 25	3,198	1,867	5,065	6,429	11,494
7	1 July 25 to 30 June 26	2,621	1,496	4,117	6,429	10,546
8	1 July 26 to 30 June 27	2,147	1,274	3,421	6,429	9,850
9	1 July 27 to 30 June 28	1,705	1,129	2,834	6,429	9,263
10	1 July 28 to 30 June 29	1,516	705	2,221	6,429	8,650
11	1 July 29 to 30 June 30	1,353	441	1,793	6,429	8,222
12	1 July 30 to 30 June 31	1,211	276	1,487	6,429	7,916
13	1 July 31 to 30 June 32	925	479	1,404	6,429	7,833
14	1 July 32 to 30 June 33	851	299	1,150	6,429	7,579
15	1 July 33 to 30 June 34	783	187	970	6,429	7,399
16	1 July 34 to 30 June 35	598	466	1,063	6,429	7,492
17	1 July 35 to 30 June 36	558	291	849	6,429	7,278
18	1 July 36 to 30 June 37	520	182	702	6,429	7,131
19	1 July 37 to 30 June 38	486	114	599	6,429	7,028
20	1 July 38 to 30 June 39	453	71	524	6,429	6,953
21	1 July 39 to 30 June 40	423	44	468	6,429	6,897
22	1 July 40 to 30 June 41	395	28	423	6,429	6,852
23	1 July 41 to 30 June 42	369	17	386	6,429	6,815
24	1 July 42 to 30 June 43	344	11	355	6,429	6,784
25	1 July 43 to 30 June 44	321	7	328	6,429	6,757
26	1 July 44 to 30 June 45	300	4	304	6,429	6,733
27	1 July 45 to 30 June 46	280	3	282	6,429	6,711
28	1 July 46 to 30 June 47	261	2	263	6,429	6,692
29	1 July 47 to 30 June 48	244	1	245	6,429	6,674
30	1 July 48 to 30 June 49	227	1	228	6,429	6,657
31	1 July 49 to 30 June 50	212	0	213	6,429	6,642
32	1 July 50 to 30 June 51	198	0	198	6,429	6,627
33	1 July 51 to 30 June 52	185	0	185	6,429	6,614
34	1 July 52 to 30 June 53	173	0	173	6,429	6,602
35	1 July 53 to 30 June 54	161	0	161	6,429	6,590
36	1 July 54 to 30 June 55	150	0	150	6,429	6,579
37	1 July 55 to 30 June 56	140	0	140	6,429	6,569
38	1 July 56 to 30 June 57	131	0	131	6,429	6,560
39	1 July 57 to 30 June 58	122	0	122	6,429	6,551
40	2058+	1,711	0	1,711	9,664	11,375
Totals		52,076	26,283	78,359	256,126	334,485

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
		Effective Life	Pooled Plant	Total Div 40	Capital Works	Total
1	28 February 20 to 30 June 20	2,659	3,358	6,017	2,160	8,177
2	1 July 20 to 30 June 21	3,985	5,457	9,442	6,429	15,871
3	1 July 21 to 30 June 22	3,985	3,411	7,396	6,429	13,825
4	1 July 22 to 30 June 23	3,985	2,132	6,117	6,429	12,546
5	1 July 23 to 30 June 24	3,985	1,332	5,317	6,429	11,746
6	1 July 24 to 30 June 25	3,985	833	4,818	6,429	11,247
7	1 July 25 to 30 June 26	3,985	520	4,505	6,429	10,934
8	1 July 26 to 30 June 27	3,823	325	4,149	6,429	10,578
9	1 July 27 to 30 June 28	3,744	203	3,947	6,429	10,376
10	1 July 28 to 30 June 29	3,744	127	3,871	6,429	10,300
11	1 July 29 to 30 June 30	3,149	79	3,228	6,429	9,657
12	1 July 30 to 30 June 31	1,968	50	2,018	6,429	8,447
13	1 July 31 to 30 June 32	1,795	31	1,826	6,429	8,255
14	1 July 32 to 30 June 33	1,473	19	1,492	6,429	7,921
15	1 July 33 to 30 June 34	1,287	12	1,299	6,429	7,728
16	1 July 34 to 30 June 35	1,124	8	1,132	6,429	7,561
17	1 July 35 to 30 June 36	803	5	808	6,429	7,237
18	1 July 36 to 30 June 37	803	3	806	6,429	7,235
19	1 July 37 to 30 June 38	803	2	805	6,429	7,234
20	1 July 38 to 30 June 39	803	1	804	6,429	7,233
21	1 July 39 to 30 June 40	803	1	804	6,429	7,233
22	1 July 40 to 30 June 41	803	0	803	6,429	7,232
23	1 July 41 to 30 June 42	803	0	803	6,429	7,232
24	1 July 42 to 30 June 43	803	0	803	6,429	7,232
25	1 July 43 to 30 June 44	803	0	803	6,429	7,232
26	1 July 44 to 30 June 45	803	0	803	6,429	7,232
27	1 July 45 to 30 June 46	803	0	803	6,429	7,232
28	1 July 46 to 30 June 47	803	0	803	6,429	7,232
29	1 July 47 to 30 June 48	803	0	803	6,429	7,232
30	1 July 48 to 30 June 49	803	0	803	6,429	7,232
31	1 July 49 to 30 June 50	529	0	529	6,429	6,958
32	1 July 50 to 30 June 51	0	0	0	6,429	6,429
33	1 July 51 to 30 June 52	0	0	0	6,429	6,429
34	1 July 52 to 30 June 53	0	0	0	6,429	6,429
35	1 July 53 to 30 June 54	0	0	0	6,429	6,429
36	1 July 54 to 30 June 55	0	0	0	6,429	6,429
37	1 July 55 to 30 June 56	0	0	0	6,429	6,429
38	1 July 56 to 30 June 57	0	0	0	6,429	6,429
39	1 July 57 to 30 June 58	0	0	0	6,429	6,429
40	2058+	0	0	0	9,664	9,664
Totals		60,448	17,911	78,359	256,126	334,485

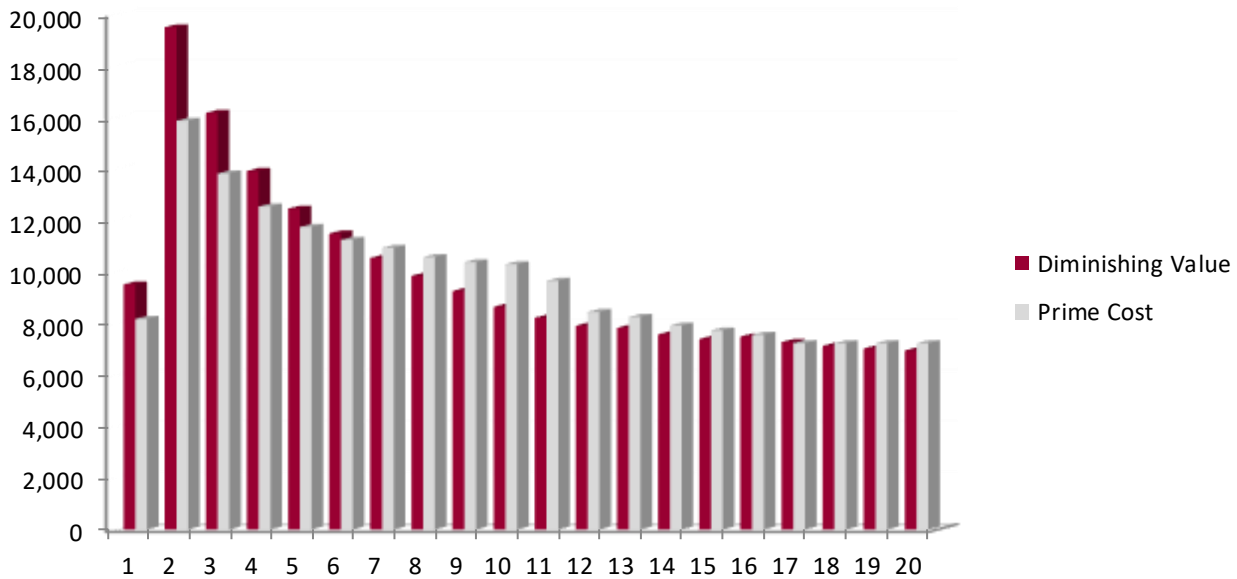
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

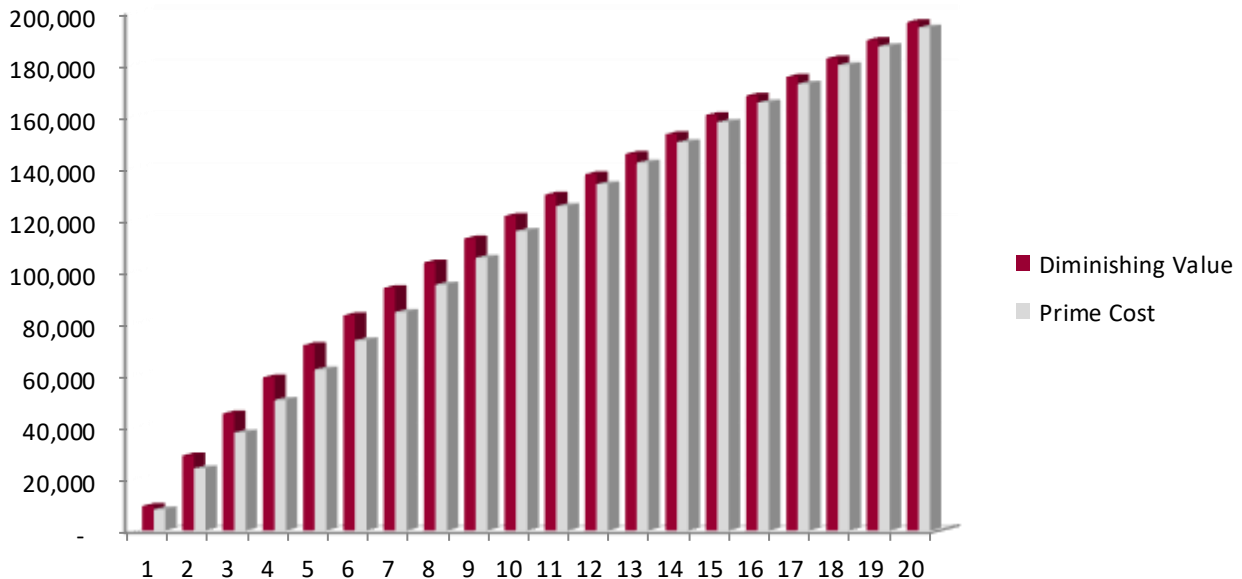
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	10 April 2018
Settlement Date	28 February 2020
Available To Generate Income	28 February 2020

Expenditure Analysed

Purchase Price	\$580,000
Stamp Duty	\$19,125
Legals	\$1,067
Post Expenditure	\$1,606
Total Expenditure Analysed	\$601,798

Historical Construction Details

Construction Start Date	1 August 2018
Construction Completion Date	1 January 2020
Historical Construction Cost (Estimated)*	\$303,193

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

Division 40 (Plant)**	\$78,359
Division 43	\$256,126
Land (Advised)	\$72,475
Balance of Capital Expenditure***	\$194,838
Total Expenditure Analysed	\$601,798

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	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	20.00%	28-Feb-20	10,197	685	1,902	1,522	1,218	974	779	623	499	399	319	
Bathroom assets														
Exhaust fans (including light/heating)	18.75%	28-Feb-20	2,524	473	769	481	300	188	117	73	46	29	18	
Ceiling Fans	18.75%	28-Feb-20	1,052	197	320	200	125	78	49	31	19	12	7	
Door closers	18.75%	28-Feb-20	550	103	168	105	65	41	26	16	10	6	4	
Fire control assets														
Detection & alarm systems, detectors	18.75%	28-Feb-20	1,157	217	352	220	138	86	54	34	21	13	8	
Detection & alarm systems, fire indicator panel	18.75%	28-Feb-20	848	159	258	162	101	63	39	25	15	10	6	
Emergency warning & intercommunication system	18.75%	28-Feb-20	979	183	298	186	116	73	45	28	18	11	7	
Floor coverings (removable without damage)														
Carpets	20.00%	28-Feb-20	4,532	305	845	676	541	433	346	277	222	332	208	
Floating timber	13.33%	28-Feb-20	7,217	323	919	797	690	598	519	449	389	338	293	
Furniture	15.00%	28-Feb-20	2,524	127	360	306	260	221	188	160	339	212	132	
Furniture	18.75%	28-Feb-20	2,953	554	900	562	352	220	137	86	54	34	21	
Gymnasium equipment														
Equipment	18.75%	28-Feb-20	509	95	155	97	61	38	24	15	9	6	4	
Hot water systems (excluding piping)														
Gas or electric	16.67%	28-Feb-20	1,832	103	288	240	200	167	313	195	122	76	48	
Kitchen assets														
Cooktops	16.67%	28-Feb-20	1,788	100	281	234	195	366	229	143	89	56	35	
Dishwashers	20.00%	28-Feb-20	2,524	170	471	377	301	241	362	226	141	88	55	
Ovens	16.67%	28-Feb-20	2,314	130	364	303	253	211	176	329	206	129	80	
Rangehoods	18.75%	28-Feb-20	946	177	288	180	113	70	44	28	17	11	7	
Lifts (including hydraulic & tractions lifts)	6.67%	28-Feb-20	24,086	540	1,570	1,465	1,367	1,276	1,191	1,112	1,038	968	904	
Lights														
Shades, removable	18.75%	28-Feb-20	3,464	650	1,056	660	412	258	161	101	63	39	25	
MATV - amplifiers & modulators	20.00%	28-Feb-20	509	34	178	111	70	43	27	17	11	7	4	
Security systems & equipment														
Electronic	30.00%	28-Feb-20	1,606	162	433	303	265	166	104	65	40	25	16	
Ventilating plant														
Ventilation plant - fans only	18.75%	28-Feb-20	1,323	248	403	252	157	98	62	38	24	15	9	
			Carried forward	75,433	5,736	12,580	9,440	7,301	5,909	4,991	4,070	3,392	2,815	2,210

Diminishing Value Depreciation Schedule (cont.)

Assets Generally	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	
Division 40 - Plant and Equipment														
			Brought forward	75,433	5,736	12,580	9,440	7,301	5,909	4,991	4,070	3,392	2,815	2,210
\$300 items	100.00%	28-Feb-20	1,320	1,320										
Additional Items (Post Expenditure)														
				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Blinds Residential	18.75%	28-Feb-20	1,606	301	489	306	191	119	75	47	29	18	11	
Pooled Plant Total				3,358	5,635	3,522	2,467	1,908	1,867	1,496	1,274	1,129	705	
Effective Life Plant Total				3,998	7,434	6,223	5,026	4,121	3,198	2,621	2,147	1,705	1,516	
Total Division 40			78,359	7,356	13,069	9,746	7,492	6,029	5,065	4,117	3,421	2,834	2,221	
Division 43 - Capital Works Allowance														
	Rate		Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Building Works - Completed 2020	2.50%	28-Feb-20	249,568	2,105	6,264	6,264	6,264	6,264	6,264	6,264	6,264	6,264	6,264	
Structural Improvements - Completed 2020	2.50%	28-Feb-20	6,558	55	165	165	165	165	165	165	165	165	165	
Total Division 43			256,126	2,160	6,429	6,429	6,429	6,429	6,429	6,429	6,429	6,429	6,429	

11. Prime Cost Depreciation Schedule

Assets Generally	Prime Cost												
Division 40 - Plant and Equipment	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	10.00%	28-Feb-20	10,197	343	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	28-Feb-20	2,524	473	769	481	300	188	117	73	46	29	18
Ceiling Fans	18.75%	28-Feb-20	1,052	197	320	200	125	78	49	31	19	12	7
Door closers	18.75%	28-Feb-20	550	103	168	105	65	41	26	16	10	6	4
Fire control assets													
Detection & alarm systems, detectors	18.75%	28-Feb-20	1,157	217	352	220	138	86	54	34	21	13	8
Detection & alarm systems, fire indicator panel	18.75%	28-Feb-20	848	159	258	162	101	63	39	25	15	10	6
Emergency warning & intercommunication system	18.75%	28-Feb-20	979	183	298	186	116	73	45	28	18	11	7
Floor coverings (removable without damage)													
Carpets	10.00%	28-Feb-20	4,532	152	453	453	453	453	453	453	453	453	453
Floating timber	6.67%	28-Feb-20	7,217	162	481	481	481	481	481	481	481	481	481
Furniture	7.50%	28-Feb-20	2,524	64	189	189	189	189	189	189	189	189	189
Furniture	18.75%	28-Feb-20	2,953	554	900	562	352	220	137	86	54	34	21
Gymnasium equipment													
Equipment	18.75%	28-Feb-20	509	95	155	97	61	38	24	15	9	6	4
Hot water systems (excluding piping)													
Gas or electric	8.33%	28-Feb-20	1,832	51	153	153	153	153	153	153	153	153	153
Kitchen assets													
Cooktops	8.33%	28-Feb-20	1,788	50	149	149	149	149	149	149	149	149	149
Dishwashers	10.00%	28-Feb-20	2,524	85	252	252	252	252	252	252	252	252	252
Ovens	8.33%	28-Feb-20	2,314	65	193	193	193	193	193	193	193	193	193
Rangehoods	18.75%	28-Feb-20	946	177	288	180	113	70	44	28	17	11	7
Lifts (including hydraulic & tractions lifts)	3.33%	28-Feb-20	24,086	270	803	803	803	803	803	803	803	803	803
Lights													
Shades, removable	18.75%	28-Feb-20	3,464	650	1,056	660	412	258	161	101	63	39	25
MATV - amplifiers & modulators	10.00%	28-Feb-20	509	17	51	51	51	51	51	51	51	51	51
Security systems & equipment													
Electronic	15.00%	28-Feb-20	1,606	81	241	241	241	241	241	241	79		
Ventilating plant													
Ventilation plant - fans only	18.75%	28-Feb-20	1,323	248	403	252	157	98	62	38	24	15	9
Carried forward			75,433	4,396	8,953	7,090	5,926	5,198	4,743	4,459	4,119	3,929	3,860

Prime Cost Depreciation Schedule (cont.)

Assets Generally		Prime Cost											
Division 40 - Plant and Equipment	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
Brought forward			75,433	4,396	8,953	7,090	5,926	5,198	4,743	4,459	4,119	3,929	3,860
\$300 items	100.00%	28-Feb-20	1,320	1,320									
Additional Items (Post Expenditure)				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Blinds Residential	18.75%	28-Feb-20	1,606	301	489	306	191	119	75	47	29	18	11
Pooled Plant Total				3,358	5,457	3,411	2,132	1,332	833	520	325	203	127
Effective Life Plant Total				2,659	3,985	3,985	3,985	3,985	3,985	3,985	3,823	3,744	3,744
Total Division 40			78,359	6,017	9,442	7,396	6,117	5,317	4,818	4,505	4,149	3,947	3,871
Division 43 - Capital Works Allowance				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Rate	Opening Value											
Building Works - Completed 2020	2.50%	28-Feb-20	249,568	2,105	6,264	6,264	6,264	6,264	6,264	6,264	6,264	6,264	6,264
Structural Improvements - Completed 2020	2.50%	28-Feb-20	6,558	55	165	165	165	165	165	165	165	165	165
Total Division 43			256,126	2,160	6,429	6,429	6,429	6,429	6,429	6,429	6,429	6,429	6,429

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 2020	1 Aug 18 to 1 Jan 20	250,563	2.50%	6,264	249,568
Sub-total		250,563		6,264	249,568

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2020	1 Aug 18 to 1 Jan 20	6,584	2.50%	165	6,558
Sub-total		6,584		165	6,558
Totals		257,147		6,429	256,126

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.