



## Tax Depreciation Report

20 Fig Tree Street,  
Calamvale, QLD, 4116

Yee Shan Huberta Poon  
10 Lexus Street  
RUNCORN, QLD 4113

Issue Schedule	
Issue Date:	Issued by:
14 December 2020	Mark Kilroy Bsc (Hons) MRICS

Yee Shan Huberta Poon  
10 Lexus Street  
RUNCORN, QLD 4113

December 2020  
Job No: RES4116014

**Tax Depreciation Report – 20 Fig Tree Street, Calamvale, QLD, 4116**

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

14 December 2020

### Purchaser

Yee Shan Huberta Poon

### Property Address

20 Fig Tree Street, Calamvale, QLD, 4116

### Real Property Description

L10 SP163171

### Property Type

Residential House

### Date of Construction

13 August 2007

### Date Available To Generate Income

14 January 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.

<b>Diminishing Value Method</b>					<b>Prime Cost Method</b>				
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.				
<b>Benefits</b>					<b>Benefits</b>				
<ul style="list-style-type: none"> <li>• Cash-flow during initial years of asset ownership</li> <li>• Ability to use Low Value Pool for assets less than \$1000 (Note: unable to write off these assets)</li> </ul>					<ul style="list-style-type: none"> <li>• Write off assets when they are demolished or disposed.</li> </ul>				
<b>Calculation Example</b>					<b>Calculation Example</b>				
Under Diminishing Value method, the effective life is dividing by 200.					Under Prime Cost method, the effective life is dividing by 100.				
<b>200 / 10 Years = 20% (Adjusted Value)</b>					<b>100 / 10 Years = 10% (Straight Line)</b>				
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	31 October 17 to 30 June 18	0	0	0	4,395	4,395	0	0
2	1 July 18 to 30 June 19	0	0	0	6,628	6,628	0	0
3	1 July 19 to 30 June 20	0	343	343	6,628	6,971	6,973	6,973
4	1 July 20 to 30 June 21	0	594	594	6,628	7,222	5,095	12,068
5	1 July 21 to 30 June 22	0	372	372	6,628	7,000	3,834	15,902
6	1 July 22 to 30 June 23	0	232	232	6,628	6,860	3,101	19,003
7	1 July 23 to 30 June 24	0	145	145	6,628	6,773	2,480	21,483
8	1 July 24 to 30 June 25	0	91	91	6,628	6,719	1,831	23,314
9	1 July 25 to 30 June 26	0	57	57	6,628	6,685	1,380	24,694
10	1 July 26 to 30 June 27	0	35	35	6,628	6,663	1,240	25,934
11	1 July 27 to 30 June 28	0	22	22	6,628	6,650	910	26,844
12	1 July 28 to 30 June 29	0	14	14	6,628	6,642	1,025	27,868
13	1 July 29 to 30 June 30	0	9	9	6,628	6,637	915	28,783
14	1 July 30 to 30 June 31	0	5	5	6,628	6,633	572	29,356
15	1 July 31 to 30 June 32	0	3	3	6,628	6,631	358	29,714
16	1 July 32 to 30 June 33	0	2	2	6,628	6,630	224	29,937
17	1 July 33 to 30 June 34	0	1	1	6,628	6,629	140	30,077
18	1 July 34 to 30 June 35	0	1	1	6,628	6,629	87	30,165
19	1 July 35 to 30 June 36	0	1	1	6,628	6,629	54	30,219
20	1 July 36 to 30 June 37	0	0	0	6,628	6,628	34	30,253
21	1 July 37 to 30 June 38	0	0	0	6,628	6,628	22	30,275
22	1 July 38 to 30 June 39	0	0	0	6,628	6,628	13	30,288
23	1 July 39 to 30 June 40	0	0	0	6,628	6,628	8	30,296
24	1 July 40 to 30 June 41	0	0	0	6,628	6,628	5	30,302
25	1 July 41 to 30 June 42	0	0	0	6,628	6,628	3	30,305
26	1 July 42 to 30 June 43	0	0	0	6,628	6,628	2	30,307
27	1 July 43 to 30 June 44	0	0	0	6,628	6,628	1	30,308
28	1 July 44 to 30 June 45	0	0	0	6,628	6,628	1	30,309
29	1 July 45 to 30 June 46	0	0	0	6,628	6,628	1	30,310
30	1 July 46 to 30 June 47	0	0	0	6,628	6,628	0	30,310
31	1 July 47 to 30 June 48	0	0	0	747	747	0	30,310
32	1 July 48 to 30 June 49	0	0	0	0	0	0	30,310
33	1 July 49 to 30 June 50	0	0	0	0	0	0	30,310
34	1 July 50 to 30 June 51	0	0	0	0	0	0	30,310
35	1 July 51 to 30 June 52	0	0	0	0	0	0	30,310
36	1 July 52 to 30 June 53	0	0	0	0	0	0	30,310
37	1 July 53 to 30 June 54	0	0	0	0	0	0	30,310
38	1 July 54 to 30 June 55	0	0	0	0	0	0	30,310
39	1 July 55 to 30 June 56	0	0	0	0	0	0	30,310
40	2056+	0	0	0	0	0	0	30,310
<b>Totals</b>		<b>0</b>	<b>1,927</b>	<b>1,927</b>	<b>197,354</b>	<b>199,281</b>	<b>30,310</b>	<b>30,310</b>

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	31 October 17 to 30 June 18	0	0	0	4,395	4,395	0	0
2	1 July 18 to 30 June 19	0	0	0	6,628	6,628	0	0
3	1 July 19 to 30 June 20	0	343	343	6,628	6,971	4,803	4,803
4	1 July 20 to 30 June 21	28	214	242	6,628	6,870	4,803	9,606
5	1 July 21 to 30 June 22	51	134	185	6,628	6,813	4,803	14,409
6	1 July 22 to 30 June 23	51	84	135	6,628	6,763	3,951	18,360
7	1 July 23 to 30 June 24	51	52	103	6,628	6,731	3,518	21,878
8	1 July 24 to 30 June 25	51	33	84	6,628	6,712	3,069	24,948
9	1 July 25 to 30 June 26	51	20	71	6,628	6,699	3,067	28,015
10	1 July 26 to 30 June 27	51	13	64	6,628	6,692	3,067	31,082
11	1 July 27 to 30 June 28	51	8	59	6,628	6,687	1,968	33,049
12	1 July 28 to 30 June 29	51	5	56	6,628	6,684	1,413	34,462
13	1 July 29 to 30 June 30	51	3	54	6,628	6,682	975	35,437
14	1 July 30 to 30 June 31	51	2	53	6,628	6,681	625	36,062
15	1 July 31 to 30 June 32	51	1	52	6,628	6,680	376	36,438
16	1 July 32 to 30 June 33	51	1	52	6,628	6,680	145	36,583
17	1 July 33 to 30 June 34	51	0	51	6,628	6,679	28	36,611
18	1 July 34 to 30 June 35	51	0	51	6,628	6,679	28	36,639
19	1 July 35 to 30 June 36	51	0	51	6,628	6,679	28	36,667
20	1 July 36 to 30 June 37	51	0	51	6,628	6,679	28	36,695
21	1 July 37 to 30 June 38	51	0	51	6,628	6,679	15	36,710
22	1 July 38 to 30 June 39	51	0	51	6,628	6,679	2	36,712
23	1 July 39 to 30 June 40	51	0	51	6,628	6,679	0	36,712
24	1 July 40 to 30 June 41	17	0	17	6,628	6,645	0	36,712
25	1 July 41 to 30 June 42	0	0	0	6,628	6,628	0	36,712
26	1 July 42 to 30 June 43	0	0	0	6,628	6,628	0	36,712
27	1 July 43 to 30 June 44	0	0	0	6,628	6,628	0	36,712
28	1 July 44 to 30 June 45	0	0	0	6,628	6,628	0	36,712
29	1 July 45 to 30 June 46	0	0	0	6,628	6,628	0	36,712
30	1 July 46 to 30 June 47	0	0	0	6,628	6,628	0	36,712
31	1 July 47 to 30 June 48	0	0	0	747	747	0	36,712
32	1 July 48 to 30 June 49	0	0	0	0	0	0	36,712
33	1 July 49 to 30 June 50	0	0	0	0	0	0	36,712
34	1 July 50 to 30 June 51	0	0	0	0	0	0	36,712
35	1 July 51 to 30 June 52	0	0	0	0	0	0	36,712
36	1 July 52 to 30 June 53	0	0	0	0	0	0	36,712
37	1 July 53 to 30 June 54	0	0	0	0	0	0	36,712
38	1 July 54 to 30 June 55	0	0	0	0	0	0	36,712
39	1 July 55 to 30 June 56	0	0	0	0	0	0	36,712
40	2056+	0	0	0	0	0	0	36,712
<b>Totals</b>		<b>1,015</b>	<b>913</b>	<b>1,928</b>	<b>197,354</b>	<b>199,282</b>	<b>36,712</b>	<b>36,712</b>

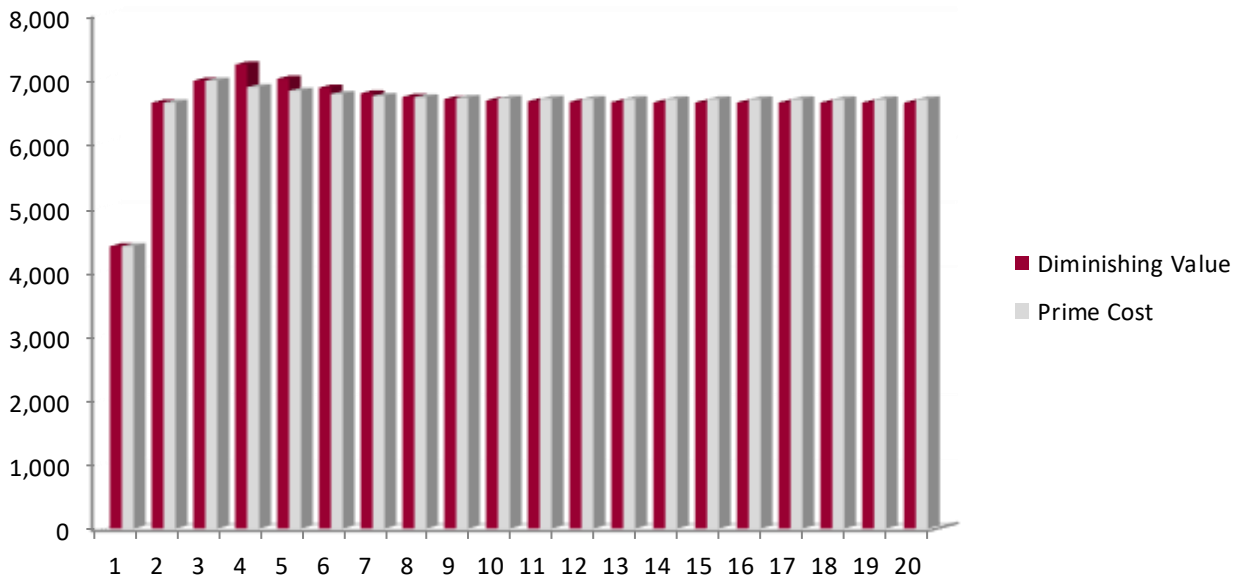
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

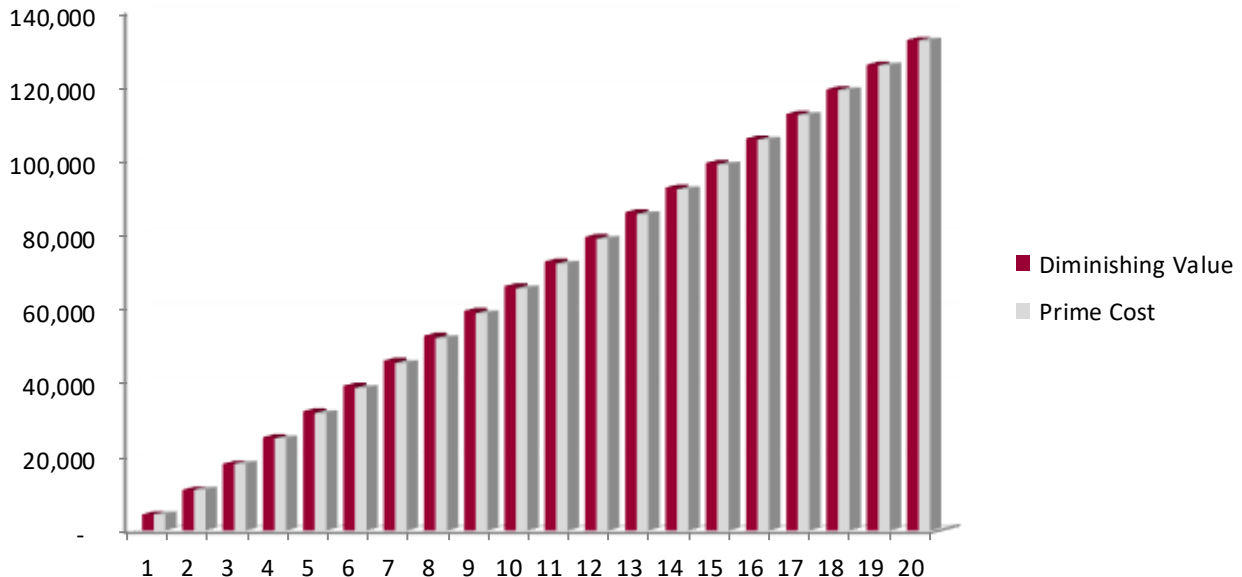
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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	1 October 2017
Settlement Date	31 October 2017
Available To Generate Income	14 January 2020

### Expenditure Analysed

Purchase Price	\$693,000
Stamp Duty	\$23,163
<b>Total Expenditure Analysed</b>	<b>\$718,090</b>

### Historical Construction Details

Construction Start Date	14 February 2007
Construction Completion Date	13 August 2007
Historical Construction Cost (Estimated)*	\$313,573

## 9. Reconciliation of Capital Expenditure

### Apportionment of cost relating to:

Division 40 (Plant)**	\$46,627
Division 43	\$197,354
Land (Advised)	\$403,035
Balance of Capital Expenditure***	\$71,074
<b>Total Expenditure Analysed</b>	<b>\$718,090</b>

### 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
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>														
Mini split system upto 20KW	NO	20.00%	31-Oct-17	8,833	1,171	1,532	1,226	981	785	628	502	402	321	257
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	NO	20.00%	31-Oct-17	999	132	173	260	162	102	63	40	25	15	10
<b>Blinds Residential</b>														
	NO	20.00%	31-Oct-17	3,287	436	570	456	365	292	234	350	219	137	86
<b>Ceiling Fans</b>														
	NO	40.00%	31-Oct-17	1,314	349	386	217	136	85	53	33	21	13	8
<b>Fire control assets</b>														
Detection & alarm systems, detectors	NO	10.00%	31-Oct-17	463	31	43	146	91	57	36	22	14	9	5
<b>Floor coverings ( removable without damage)</b>														
Floating timber	NO	13.33%	31-Oct-17	5,220	461	634	550	477	413	358	310	269	233	202
<b>Furniture</b>														
	NO	15.00%	31-Oct-17	4,985	496	673	572	487	414	351	299	254	216	183
<b>Garage doors, automatic</b>														
Controls	NO	40.00%	31-Oct-17	168	45	49	28	17	11	7	4	3	2	1
Motors	NO	20.00%	31-Oct-17	1,262	167	219	328	205	128	80	50	31	20	12
<b>Garbage disposal</b>														
Garbage bins	NO	30.00%	31-Oct-17	168	33	40	35	22	14	9	5	3	2	1
<b>Garden watering system</b>														
	NO	10.00%	31-Oct-17	105	7	10	33	21	13	8	5	3	2	1
<b>Garden sheds, freestanding</b>														
	NO	20.00%	31-Oct-17	526	70	91	137	86	53	33	21	13	8	5
<b>Hot water systems (excluding piping)</b>														
Gas or electric	NO	16.67%	31-Oct-17	4,172	461	618	515	429	358	298	249	207	173	324
<b>Kitchen assets</b>														
Cooktops	NO	16.67%	31-Oct-17	894	99	133	248	155	97	61	38	24	15	9
Dishwashers	NO	20.00%	31-Oct-17	1,262	167	219	328	205	128	80	50	31	20	12
Garbage disposal units	NO	20.00%	31-Oct-17	368	49	64	96	60	37	23	15	9	6	4
Ovens	NO	16.67%	31-Oct-17	2,313	256	343	286	238	198	372	233	145	91	57
Rangehoods	NO	16.67%	31-Oct-17	578	64	86	161	100	63	39	25	15	10	6
<b>Lights</b>														
Shades, removable	NO	40.00%	31-Oct-17	4,942	1,311	1,453	872	523	294	184	115	72	45	28
<b>Security systems &amp; equipment</b>														
Electronic	NO	30.00%	31-Oct-17	2,839	565	682	478	334	293	183	114	71	45	28
<b>Additional Items (Post Expenditure)</b>					<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
Carried forward			860,780	44,700	6,369	8,021	6,973	5,095	3,834	3,100	2,480	1,832	1,380	



## 11. Prime Cost Depreciation Schedule

Assets Generally	Eligibility	Prime Cost	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	For Depreciation	Rate												
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>														
Mini split system upto 20KW	NO	10.00%	31-Oct-17	8,833	586	883	883	883	883	883	883	883	883	883
<b>Bathroom assets</b>														
Exhaust fans (including light/heating)	NO	10.00%	31-Oct-17	999	66	100	100	100	100	100	100	100	100	100
<b>Blinds Residential</b>														
	NO	10.00%	31-Oct-17	3,287	218	329	329	329	329	329	329	329	329	329
<b>Ceiling Fans</b>														
	NO	20.00%	31-Oct-17	1,314	174	263	263	263	263	88				
<b>Fire control assets</b>														
Detection & alarm systems, detectors	NO	5.00%	31-Oct-17	463	15	23	23	23	23	23	23	23	23	23
<b>Floor coverings ( removable without damage)</b>														
Floating timber	NO	6.67%	31-Oct-17	5,220	231	348	348	348	348	348	348	348	348	348
<b>Furniture</b>														
	NO	7.50%	31-Oct-17	4,985	248	374	374	374	374	374	374	374	374	374
<b>Garage doors, automatic</b>														
Controls	NO	20.00%	31-Oct-17	168	22	34	34	34	34	10				
Motors	NO	10.00%	31-Oct-17	1,262	84	126	126	126	126	126	126	126	126	126
<b>Garbage disposal</b>														
Garbage bins	NO	15.00%	31-Oct-17	168	17	25	25	25	25	25	25	2		
<b>Garden watering system</b>														
	NO	5.00%	31-Oct-17	105	3	5	5	5	5	5	5	5	5	5
<b>Garden sheds, freestanding</b>														
	NO	10.00%	31-Oct-17	526	35	53	53	53	53	53	53	53	53	53
<b>Hot water systems (excluding piping)</b>														
Gas or electric	NO	8.33%	31-Oct-17	4,172	230	348	348	348	348	348	348	348	348	348
<b>Kitchen assets</b>														
Cooktops	NO	8.33%	31-Oct-17	894	49	74	74	74	74	74	74	74	74	74
Dishwashers	NO	10.00%	31-Oct-17	1,262	84	126	126	126	126	126	126	126	126	126
Garbage disposal units	NO	10.00%	31-Oct-17	368	24	37	37	37	37	37	37	37	37	37
Ovens	NO	8.33%	31-Oct-17	2,313	128	193	193	193	193	193	193	193	193	193
Rangehoods	NO	8.33%	31-Oct-17	578	32	48	48	48	48	48	48	48	48	48
<b>Lights</b>														
Shades, removable	NO	20.00%	31-Oct-17	4,942	655	988	988	988	988	335				
<b>Security systems &amp; equipment</b>														
Electronic	NO	15.00%	31-Oct-17	2,839	282	426	426	426	426	426	426	1		
<b>Additional Items (Post Expenditure)</b>														
					Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Carried forward			860,780	44,700	3,185	4,803	4,803	4,803	4,803	3,951	3,518	3,069	3,067

## Prime Cost Depreciation Schedule (cont.)

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
<b>Division 40 - Plant and Equipment</b>														
	Brought forward		860,780	44,700	3,185	4,803	4,803	4,803	4,803	3,951	3,518	3,069	3,067	
<b>Fire control assets</b>														
Detection & alarm systems, detectors	YES	5.00%	12-Dec-20	1,014				28	51	51	51	51	51	51
<b>Kitchen assets</b>														
Cooktops	YES	18.75%	20-May-20	479			180	112	70	44	27	17	11	7
Dishwashers	YES	18.75%	05-May-20	435			163	102	64	40	25	16	10	6
<b>Pooled Plant Total</b>							343	214	134	84	52	33	20	13
<b>Effective Life Plant Total</b>					3,185	4,803	4,803	4,831	4,854	4,002	3,569	3,120	3,118	3,118
<b>Total Division 40</b>				46,627	3,185	4,803	5,146	5,045	4,988	4,086	3,621	3,153	3,138	3,131
<b>Division 43 - Capital Works Allowance</b>														
		Rate	Opening Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
<b>Building Works - Completed 2007</b>				2.50%	31-Oct-17	178,321	3,971	5,989	5,989	5,989	5,989	5,989	5,989	5,989
<b>Structural Improvements - Completed 2007</b>				2.50%	31-Oct-17	19,033	424	639	639	639	639	639	639	639
<b>Total Division 43</b>					197,354	4,395	6,628	6,628	6,628	6,628	6,628	6,628	6,628	6,628
<b>Total Depreciation</b>				243,981	7,580	11,431	11,774	11,673	11,616	10,714	10,249	9,781	9,766	9,759



## 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 2007	14 Feb 07 to 13 Aug 07	239,555	2.50%	5,989	178,321
<b>Sub-total</b>		<b>239,555</b>		<b>5,989</b>	<b>178,321</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2007	14 Feb 07 to 13 Aug 07	25,569	2.50%	639	19,033
<b>Sub-total</b>		<b>25,569</b>		<b>639</b>	<b>19,033</b>
<b>Totals</b>		<b>265,124</b>		<b>6,628</b>	<b>197,354</b>

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

<b>Adjusted Value</b>	This is the value of an asset after a period of decline often referred to as the written down value or WDV.
<b>Balancing Adjustment</b>	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.
<b>Decline in Value</b>	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.
<b>Depreciating Assets</b>	Assets with limited effective life that are reasonably expected to decline in value.
<b>Diminishing Value Method</b>	This is the method of calculating the decline in value which uses the opening adjusted value as the basis for the calculation.
<b>Effective Life</b>	The effective life of a depreciating asset is how long it can be used by any entity for a taxable income producing purpose.
<b>Immediate WriteOff</b>	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.
<b>Installed Costs</b>	This is the total cost of installing the asset inclusive of fees and labour etc.
<b>Low Value Pool</b>	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.
<b>Low Cost Asset</b>	A depreciable asset with an installed cost of less than \$1000.
<b>Low Value Asset</b>	A depreciable asset that has an adjusted value of less than \$1000.
<b>Non Eligible</b>	This may include a proportion of the purchase price that is not claimable due to the age of the building or asset type.
<b>Prime Cost Method</b>	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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LEAD SURVEYOR 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](http://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.