



Tax Depreciation Report

12 Ringtail Close,
Botanic Ridge, VIC 3977

Sauvik Podder
13A Orley Avenue,
INGLE FARM , SA 5098

Issue Schedule	
Issue Date:	Issued by:
29 March 2021	Mark Kilroy Bsc (Hons) MRICS

Sauvik Podder
13A Orley Avenue,
INGLE FARM , SA 5098

March 2021
Job No: RES3977014

Tax Depreciation Report – 12 Ringtail Close, Botanic Ridge, VIC 3977

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

29 March 2021

Purchaser

Sauvik Podder

Property Address

12 Ringtail Close, Botanic Ridge, VIC 3977

Real Property Description

LOT 516 PS746207

Property Type

Residential House

Date of Construction

14 May 2018

Date Available To Generate Income

15 April 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				
<p>Diminishing value method is often the most popular form of depreciation due to the cash-flow benefits in the early years of asset ownership.</p>					<p>Prime Cost Method of Depreciation, often referred to as straight line depreciation is depreciated at a constant rate each year.</p>				
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	14 May 18 to 30 June 18	0	0	0	669	669	0	0
2	1 July 18 to 30 June 19	0	0	0	5,197	5,197	0	0
3	1 July 19 to 30 June 20	0	0	0	5,197	5,197	8,201	8,201
4	1 July 20 to 30 June 21	0	0	0	5,197	5,197	6,989	15,190
5	1 July 21 to 30 June 22	0	0	0	5,197	5,197	5,348	20,538
6	1 July 22 to 30 June 23	0	0	0	5,197	5,197	4,196	24,735
7	1 July 23 to 30 June 24	0	0	0	5,197	5,197	3,348	28,083
8	1 July 24 to 30 June 25	0	0	0	5,197	5,197	2,885	30,968
9	1 July 25 to 30 June 26	0	0	0	5,197	5,197	2,295	33,263
10	1 July 26 to 30 June 27	0	0	0	5,197	5,197	2,000	35,263
11	1 July 27 to 30 June 28	0	0	0	5,197	5,197	1,802	37,066
12	1 July 28 to 30 June 29	0	0	0	5,197	5,197	1,544	38,609
13	1 July 29 to 30 June 30	0	0	0	5,197	5,197	1,383	39,993
14	1 July 30 to 30 June 31	0	0	0	5,197	5,197	1,007	41,000
15	1 July 31 to 30 June 32	0	0	0	5,197	5,197	756	41,755
16	1 July 32 to 30 June 33	0	0	0	5,197	5,197	808	42,564
17	1 July 33 to 30 June 34	0	0	0	5,197	5,197	575	43,139
18	1 July 34 to 30 June 35	0	0	0	5,197	5,197	697	43,836
19	1 July 35 to 30 June 36	0	0	0	5,197	5,197	730	44,566
20	1 July 36 to 30 June 37	0	0	0	5,197	5,197	456	45,022
21	1 July 37 to 30 June 38	0	0	0	5,197	5,197	285	45,307
22	1 July 38 to 30 June 39	0	0	0	5,197	5,197	178	45,485
23	1 July 39 to 30 June 40	0	0	0	5,197	5,197	111	45,597
24	1 July 40 to 30 June 41	0	0	0	5,197	5,197	70	45,666
25	1 July 41 to 30 June 42	0	0	0	5,197	5,197	44	45,710
26	1 July 42 to 30 June 43	0	0	0	5,197	5,197	27	45,737
27	1 July 43 to 30 June 44	0	0	0	5,197	5,197	17	45,754
28	1 July 44 to 30 June 45	0	0	0	5,197	5,197	11	45,765
29	1 July 45 to 30 June 46	0	0	0	5,197	5,197	7	45,771
30	1 July 46 to 30 June 47	0	0	0	5,197	5,197	4	45,776
31	1 July 47 to 30 June 48	0	0	0	5,197	5,197	3	45,778
32	1 July 48 to 30 June 49	0	0	0	5,197	5,197	2	45,780
33	1 July 49 to 30 June 50	0	0	0	5,197	5,197	1	45,781
34	1 July 50 to 30 June 51	0	0	0	5,197	5,197	1	45,781
35	1 July 51 to 30 June 52	0	0	0	5,197	5,197	0	45,782
36	1 July 52 to 30 June 53	0	0	0	5,197	5,197	0	45,782
37	1 July 53 to 30 June 54	0	0	0	5,197	5,197	0	45,782
38	1 July 54 to 30 June 55	0	0	0	5,197	5,197	0	45,782
39	1 July 55 to 30 June 56	0	0	0	5,197	5,197	0	45,782
40	2056+	0	0	0	9,699	9,699	0	45,782
Totals		0	0	0	207,854	207,854	45,782	45,782

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	14 May 18 to 30 June 18	0	0	0	669	669	0	0
2	1 July 18 to 30 June 19	0	0	0	5,197	5,197	0	0
3	1 July 19 to 30 June 20	0	0	0	5,197	5,197	4,848	4,848
4	1 July 20 to 30 June 21	0	0	0	5,197	5,197	4,864	9,712
5	1 July 21 to 30 June 22	0	0	0	5,197	5,197	4,864	14,576
6	1 July 22 to 30 June 23	0	0	0	5,197	5,197	4,764	19,340
7	1 July 23 to 30 June 24	0	0	0	5,197	5,197	4,111	23,451
8	1 July 24 to 30 June 25	0	0	0	5,197	5,197	4,102	27,553
9	1 July 25 to 30 June 26	0	0	0	5,197	5,197	4,086	31,639
10	1 July 26 to 30 June 27	0	0	0	5,197	5,197	4,086	35,725
11	1 July 27 to 30 June 28	0	0	0	5,197	5,197	3,803	39,528
12	1 July 28 to 30 June 29	0	0	0	5,197	5,197	1,923	41,451
13	1 July 29 to 30 June 30	0	0	0	5,197	5,197	1,894	43,344
14	1 July 30 to 30 June 31	0	0	0	5,197	5,197	1,663	45,007
15	1 July 31 to 30 June 32	0	0	0	5,197	5,197	1,415	46,422
16	1 July 32 to 30 June 33	0	0	0	5,197	5,197	1,240	47,662
17	1 July 33 to 30 June 34	0	0	0	5,197	5,197	576	48,238
18	1 July 34 to 30 June 35	0	0	0	5,197	5,197	576	48,814
19	1 July 35 to 30 June 36	0	0	0	5,197	5,197	576	49,390
20	1 July 36 to 30 June 37	0	0	0	5,197	5,197	576	49,966
21	1 July 37 to 30 June 38	0	0	0	5,197	5,197	530	50,495
22	1 July 38 to 30 June 39	0	0	0	5,197	5,197	240	50,735
23	1 July 39 to 30 June 40	0	0	0	5,197	5,197	16	50,751
24	1 July 40 to 30 June 41	0	0	0	5,197	5,197	0	50,751
25	1 July 41 to 30 June 42	0	0	0	5,197	5,197	0	50,751
26	1 July 42 to 30 June 43	0	0	0	5,197	5,197	0	50,751
27	1 July 43 to 30 June 44	0	0	0	5,197	5,197	0	50,751
28	1 July 44 to 30 June 45	0	0	0	5,197	5,197	0	50,751
29	1 July 45 to 30 June 46	0	0	0	5,197	5,197	0	50,751
30	1 July 46 to 30 June 47	0	0	0	5,197	5,197	0	50,751
31	1 July 47 to 30 June 48	0	0	0	5,197	5,197	0	50,751
32	1 July 48 to 30 June 49	0	0	0	5,197	5,197	0	50,751
33	1 July 49 to 30 June 50	0	0	0	5,197	5,197	0	50,751
34	1 July 50 to 30 June 51	0	0	0	5,197	5,197	0	50,751
35	1 July 51 to 30 June 52	0	0	0	5,197	5,197	0	50,751
36	1 July 52 to 30 June 53	0	0	0	5,197	5,197	0	50,751
37	1 July 53 to 30 June 54	0	0	0	5,197	5,197	0	50,751
38	1 July 54 to 30 June 55	0	0	0	5,197	5,197	0	50,751
39	1 July 55 to 30 June 56	0	0	0	5,197	5,197	0	50,751
40	2056+	0	0	0	9,699	9,699	0	50,751
Totals		0	0	0	207,854	207,854	50,751	50,751

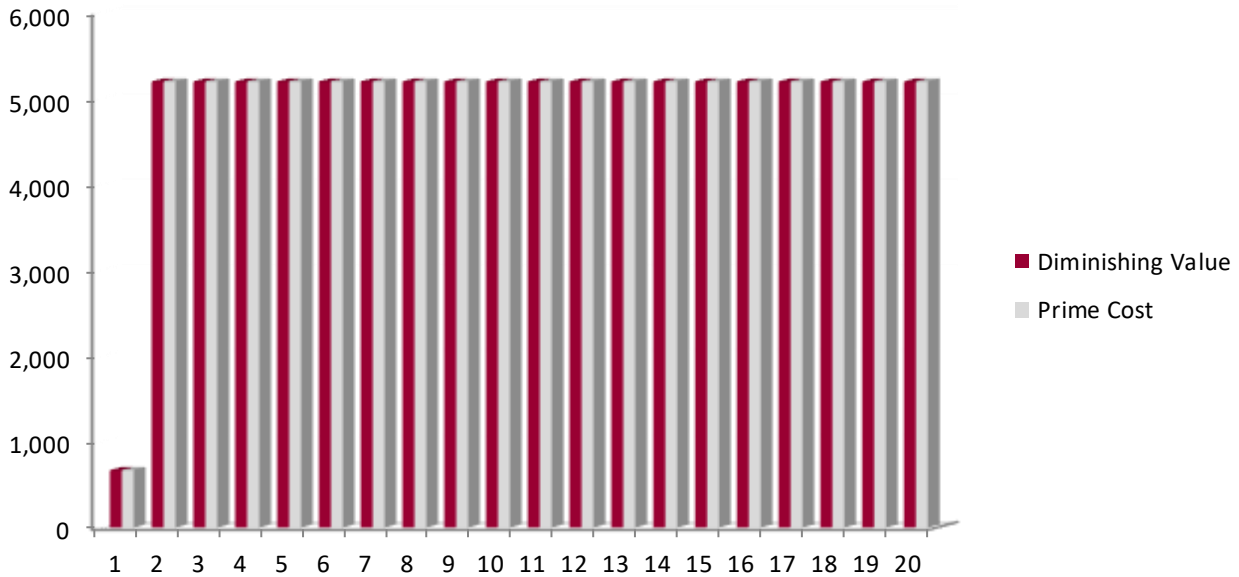
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

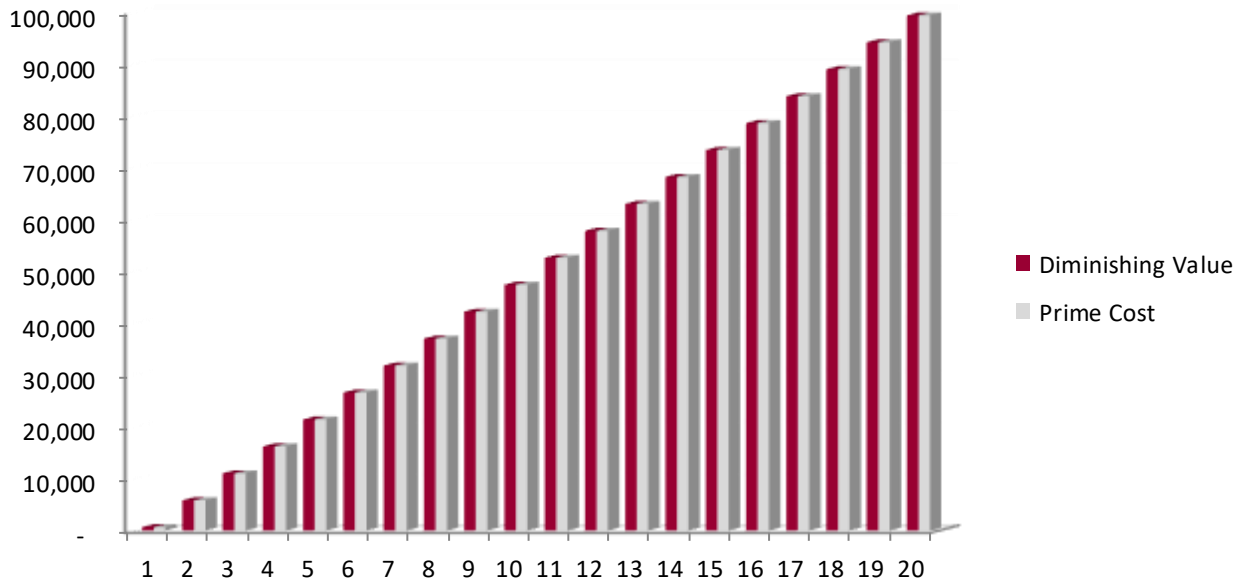
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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	19 December 2017
Settlement Date	14 May 2018
Available To Generate Income	15 April 2020

Expenditure Analysed

Purchase Price	\$560,000
Post Expenditure	\$4,800
Total Expenditure Analysed	\$564,800

Historical Construction Details

Construction Start Date	1 January 2018
Construction Completion Date	14 May 2018
Historical Construction Cost (Estimated)*	\$259,500

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

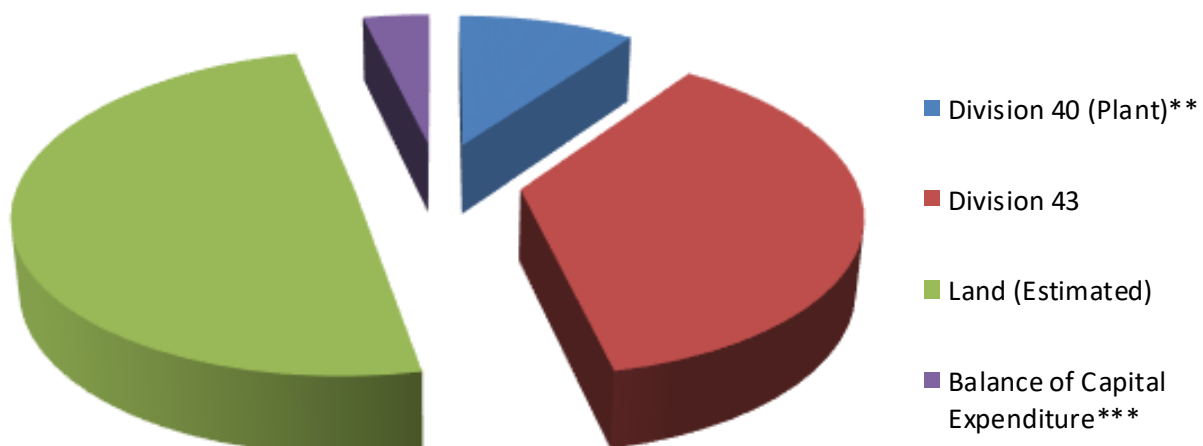
Division 40 (Plant)**	\$55,970
Division 43	\$207,854
Land (Estimated)	\$280,000
Balance of Capital Expenditure***	\$20,976
Total Expenditure Analysed	\$564,800

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%	14-May-18	3,905	101	761	609	487	390	312	249	374	234	146
Bathroom assets														
Exhaust fans (including light/heating)	NO	20.00%	14-May-18	976	25	190	285	178	111	70	44	27	17	11
Blinds Residential														
	NO	20.00%	14-May-18	4,979	128	970	776	621	497	397	318	254	203	305
Computer systems														
General	NO	40.00%	14-May-18	456	23	173	97	61	38	24	15	9	6	4
Fire control assets														
Detection & alarm systems, detectors	NO	10.00%	14-May-18	859	11	85	286	179	112	70	44	27	17	11
Floor coverings (removable without damage)														
Carpets	NO	20.00%	14-May-18	8,641	223	1,684	1,347	1,078	862	690	552	441	353	282
Floating timber	NO	13.33%	14-May-18	6,987	120	916	794	688	596	517	448	388	336	291
Furniture														
	NO	15.00%	14-May-18	4,231	82	622	529	450	382	325	276	235	199	170
Garage doors, automatic														
Controls	NO	40.00%	14-May-18	208	11	79	44	28	17	11	7	4	3	2
Motors	NO	20.00%	14-May-18	1,562	40	304	243	365	228	143	89	56	35	22
Garbage disposal														
Garbage bins	NO	30.00%	14-May-18	169	7	49	43	27	17	10	7	4	3	2
Heating units														
Gas ducted central heating	NO	10.00%	14-May-18	5,858	75	578	520	468	422	379	341	307	277	249
Hot water systems (excluding piping)														
Solar	NO	13.33%	14-May-18	4,556	78	597	517	448	389	337	292	253	219	190
Kitchen assets														
Cooktops	NO	16.67%	14-May-18	1,106	24	180	338	211	132	83	52	32	20	13
Dishwashers	NO	20.00%	14-May-18	1,562	40	304	243	365	228	143	89	56	35	22
Ovens	NO	16.67%	14-May-18	1,432	31	234	195	365	228	143	89	56	35	22
Rangehoods	NO	16.67%	14-May-18	586	13	96	179	112	70	44	27	17	11	7
Lights														
Shades, removable	NO	40.00%	14-May-18	3,098	160	1,175	705	423	238	149	93	58	36	23
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
Solar power generating system assets	NO	10.00%	24-Jul-19	4,800			449	435	392	352	317	286	257	231
Summary Totals														
Pooled Plant Total							1,273	1,891	1,420	888	555	721	450	587
Effective Life Plant Total					1,191	8,997	6,928	5,098	3,928	3,309	2,793	2,164	1,845	1,414
Total Division 40				55,970	1,191	8,997	8,201	6,989	5,348	4,196	3,348	2,885	2,295	2,000

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 2018	2.50%	14-May-18	199,342	642	4,984	4,984	4,984	4,984	4,984	4,984	4,984	4,984	4,984
Structural Improvements - Completed 2018	2.50%	14-May-18	8,512	27	213	213	213	213	213	213	213	213	213
Total Division 43			207,854	669	5,197	5,197	5,197	5,197	5,197	5,197	5,197	5,197	5,197

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%	14-May-18	3,905	50	391	391	391	391	391	391	391	391	391
Bathroom assets														
Exhaust fans (including light/heating)	NO	10.00%	14-May-18	976	13	98	98	98	98	98	98	98	98	98
Blinds Residential														
	NO	10.00%	14-May-18	4,979	64	498	498	498	498	498	498	498	498	498
Computer systems														
General	NO	20.00%	14-May-18	456	12	91	91	91	91	80				
Fire control assets														
Detection & alarm systems, detectors	NO	5.00%	14-May-18	859	6	43	43	43	43	43	43	43	43	43
Floor coverings (removable without damage)														
Carpets	NO	10.00%	14-May-18	8,641	111	864	864	864	864	864	864	864	864	864
Floating timber	NO	6.67%	14-May-18	6,987	60	466	466	466	466	466	466	466	466	466
Furniture														
	NO	7.50%	14-May-18	4,231	41	317	317	317	317	317	317	317	317	317
Garage doors, automatic														
Controls	NO	20.00%	14-May-18	208	5	42	42	42	42	35				
Motors	NO	10.00%	14-May-18	1,562	20	156	156	156	156	156	156	156	156	156
Garbage disposal														
Garbage bins	NO	15.00%	14-May-18	169	3	25	25	25	25	25	25	16		
Heating units														
Gas ducted central heating	NO	5.00%	14-May-18	5,858	38	293	293	293	293	293	293	293	293	293
Hot water systems (excluding piping)														
Solar	NO	6.67%	14-May-18	4,556	39	304	304	304	304	304	304	304	304	304
Kitchen assets														
Cooktops	NO	8.33%	14-May-18	1,106	12	92	92	92	92	92	92	92	92	92
Dishwashers	NO	10.00%	14-May-18	1,562	20	156	156	156	156	156	156	156	156	156
Ovens	NO	8.33%	14-May-18	1,432	15	119	119	119	119	119	119	119	119	119
Rangehoods	NO	8.33%	14-May-18	586	6	49	49	49	49	49	49	49	49	49
Lights														
Shades, removable	NO	20.00%	14-May-18	3,098	80	620	620	620	620	538				
Additional Items (Post Expenditure)														
					Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Solar power generating system assets	NO	5.00%	24-Jul-19	4,800			224	240	240	240	240	240	240	240
Pooled Plant Total														
Effective Life Plant Total					595	4,624	4,848	4,864	4,864	4,764	4,111	4,102	4,086	4,086
Total Division 40				55,970	595	4,624	4,848	4,864	4,864	4,764	4,111	4,102	4,086	4,086

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 2018	2.50%	14-May-18	199,342	642	4,984	4,984	4,984	4,984	4,984	4,984	4,984	4,984	4,984
Structural Improvements - Completed 2018	2.50%	14-May-18	8,512	27	213	213	213	213	213	213	213	213	213
Total Division 43			207,854	669	5,197	5,197	5,197	5,197	5,197	5,197	5,197	5,197	5,197

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 2018	1 Jan 18 to 14 May 18	199,342	2.50%	4,984	199,342
Sub-total		199,342		4,984	199,342

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2018	1 Jan 18 to 14 May 18	8,512	2.50%	213	8,512
Sub-total		8,512		213	8,512
Totals		207,854		5,197	207,854

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	
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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.

Appendix A: 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.

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.

Further information regarding the legislation please refer to Schedule 2 of Treasury Laws Amendment Act 2017 at <https://www.legislation.gov.au/Details/C2017A00126>