



Tax Depreciation Report

4/18 Lenneberg Street,
Southport QLD 4215

Airbc Pty Ltd
463 Woollooware Road

BURRANEER, NSW 2230

Issue Schedule	
Issue Date:	Issued by:
04 October 2018	Mark Kilroy Bsc (Hons) MRICS

Airbc Pty Ltd
463 Woollooware Road
BURRANEER, NSW 2230

October 2018
Job No: RES4215080

Tax Depreciation Report – 4/18 Lenneberg Street, Southport QLD 4215

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

4 October 2018

Purchaser

Airbc Pty Ltd

Property Address

4/18 Lenneberg Street, Southport QLD 4215

Real Property Description

L4 SP264099

Property Type

Residential Townhouse

Date of Construction

19 July 2017

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				
Under Diminishing Value method, the effective life is dividing by 200.					Under Prime Cost method, the effective life is dividing by 100.				
200 / 10 Years = 20% (Adjusted Value)					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.					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	Original Assets **			Post Expenditure			Division 43	Totals
		Effective Life	Pooled Plant	Total Div 40	Effective Life	Pooled Plant	Total Div 40		
1	11 October 18 to 30 June 19	2,991	3,478	6,469	0	0	0	5,314	5,314
2	1 July 19 to 30 June 20	3,347	5,954	9,301	0	0	0	7,403	7,403
3	1 July 20 to 30 June 21	2,355	4,425	6,780	0	0	0	7,403	7,403
4	1 July 21 to 30 June 22	1,786	3,087	4,872	0	0	0	7,403	7,403
5	1 July 22 to 30 June 23	1,303	2,286	3,589	0	0	0	7,403	7,403
6	1 July 23 to 30 June 24	1,065	1,429	2,494	0	0	0	7,403	7,403
7	1 July 24 to 30 June 25	720	1,233	1,954	0	0	0	7,403	7,403
8	1 July 25 to 30 June 26	403	1,117	1,520	0	0	0	7,403	7,403
9	1 July 26 to 30 June 27	201	1,069	1,270	0	0	0	7,403	7,403
10	1 July 27 to 30 June 28	0	970	970	0	0	0	7,403	7,403
11	1 July 28 to 30 June 29	0	606	606	0	0	0	7,403	7,403
12	1 July 29 to 30 June 30	0	379	379	0	0	0	7,403	7,403
13	1 July 30 to 30 June 31	0	237	237	0	0	0	7,403	7,403
14	1 July 31 to 30 June 32	0	148	148	0	0	0	7,403	7,403
15	1 July 32 to 30 June 33	0	92	92	0	0	0	7,403	7,403
16	1 July 33 to 30 June 34	0	58	58	0	0	0	7,403	7,403
17	1 July 34 to 30 June 35	0	36	36	0	0	0	7,403	7,403
18	1 July 35 to 30 June 36	0	23	23	0	0	0	7,403	7,403
19	1 July 36 to 30 June 37	0	14	14	0	0	0	7,403	7,403
20	1 July 37 to 30 June 38	0	9	9	0	0	0	7,403	7,403
21	1 July 38 to 30 June 39	0	6	6	0	0	0	7,403	7,403
22	1 July 39 to 30 June 40	0	3	3	0	0	0	7,403	7,403
23	1 July 40 to 30 June 41	0	2	2	0	0	0	7,403	7,403
24	1 July 41 to 30 June 42	0	1	1	0	0	0	7,403	7,403
25	1 July 42 to 30 June 43	0	1	1	0	0	0	7,403	7,403
26	1 July 43 to 30 June 44	0	1	1	0	0	0	7,403	7,403
27	1 July 44 to 30 June 45	0	0	0	0	0	0	7,403	7,403
28	1 July 45 to 30 June 46	0	0	0	0	0	0	7,403	7,403
29	1 July 46 to 30 June 47	0	0	0	0	0	0	7,403	7,403
30	1 July 47 to 30 June 48	0	0	0	0	0	0	7,403	7,403
31	1 July 48 to 30 June 49	0	0	0	0	0	0	7,403	7,403
32	1 July 49 to 30 June 50	0	0	0	0	0	0	7,403	7,403
33	1 July 50 to 30 June 51	0	0	0	0	0	0	7,403	7,403
34	1 July 51 to 30 June 52	0	0	0	0	0	0	7,403	7,403
35	1 July 52 to 30 June 53	0	0	0	0	0	0	7,403	7,403
36	1 July 53 to 30 June 54	0	0	0	0	0	0	7,403	7,403
37	1 July 54 to 30 June 55	0	0	0	0	0	0	7,403	7,403
38	1 July 55 to 30 June 56	0	0	0	0	0	0	7,403	7,403
39	1 July 56 to 30 June 57	0	0	0	0	0	0	7,403	7,403
40	2057+	0	0	0	0	0	0	405	405
Totals		14,172	26,662	40,834	0	0	0	287,033	287,033

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	Original Assets **			Post Expenditure			Division 43	Totals
		Effective Life	Pooled Plant	Total Div 40	Effective Life	Pooled Plant	Total Div 40		
1	11 October 18 to 30 June 19	1,495	3,478	4,973	0	0	0	5,314	5,314
2	1 July 19 to 30 June 20	2,084	5,652	7,736	0	0	0	7,403	7,403
3	1 July 20 to 30 June 21	2,084	3,532	5,616	0	0	0	7,403	7,403
4	1 July 21 to 30 June 22	2,084	2,208	4,292	0	0	0	7,403	7,403
5	1 July 22 to 30 June 23	2,084	1,380	3,464	0	0	0	7,403	7,403
6	1 July 23 to 30 June 24	2,084	862	2,946	0	0	0	7,403	7,403
7	1 July 24 to 30 June 25	2,076	539	2,615	0	0	0	7,403	7,403
8	1 July 25 to 30 June 26	1,930	337	2,267	0	0	0	7,403	7,403
9	1 July 26 to 30 June 27	1,930	211	2,141	0	0	0	7,403	7,403
10	1 July 27 to 30 June 28	1,930	132	2,062	0	0	0	7,403	7,403
11	1 July 28 to 30 June 29	1,039	82	1,121	0	0	0	7,403	7,403
12	1 July 29 to 30 June 30	685	51	736	0	0	0	7,403	7,403
13	1 July 30 to 30 June 31	324	32	356	0	0	0	7,403	7,403
14	1 July 31 to 30 June 32	198	20	218	0	0	0	7,403	7,403
15	1 July 32 to 30 June 33	198	13	211	0	0	0	7,403	7,403
16	1 July 33 to 30 June 34	60	8	68	0	0	0	7,403	7,403
17	1 July 34 to 30 June 35	0	5	5	0	0	0	7,403	7,403
18	1 July 35 to 30 June 36	0	3	3	0	0	0	7,403	7,403
19	1 July 36 to 30 June 37	0	2	2	0	0	0	7,403	7,403
20	1 July 37 to 30 June 38	0	1	1	0	0	0	7,403	7,403
21	1 July 38 to 30 June 39	0	1	1	0	0	0	7,403	7,403
22	1 July 39 to 30 June 40	0	0	0	0	0	0	7,403	7,403
23	1 July 40 to 30 June 41	0	0	0	0	0	0	7,403	7,403
24	1 July 41 to 30 June 42	0	0	0	0	0	0	7,403	7,403
25	1 July 42 to 30 June 43	0	0	0	0	0	0	7,403	7,403
26	1 July 43 to 30 June 44	0	0	0	0	0	0	7,403	7,403
27	1 July 44 to 30 June 45	0	0	0	0	0	0	7,403	7,403
28	1 July 45 to 30 June 46	0	0	0	0	0	0	7,403	7,403
29	1 July 46 to 30 June 47	0	0	0	0	0	0	7,403	7,403
30	1 July 47 to 30 June 48	0	0	0	0	0	0	7,403	7,403
31	1 July 48 to 30 June 49	0	0	0	0	0	0	7,403	7,403
32	1 July 49 to 30 June 50	0	0	0	0	0	0	7,403	7,403
33	1 July 50 to 30 June 51	0	0	0	0	0	0	7,403	7,403
34	1 July 51 to 30 June 52	0	0	0	0	0	0	7,403	7,403
35	1 July 52 to 30 June 53	0	0	0	0	0	0	7,403	7,403
36	1 July 53 to 30 June 54	0	0	0	0	0	0	7,403	7,403
37	1 July 54 to 30 June 55	0	0	0	0	0	0	7,403	7,403
38	1 July 55 to 30 June 56	0	0	0	0	0	0	7,403	7,403
39	1 July 56 to 30 June 57	0	0	0	0	0	0	7,403	7,403
40	2057+	0	0	0	0	0	0	405	405
Totals		22,285	18,549	40,834	0	0	0	287,033	287,033

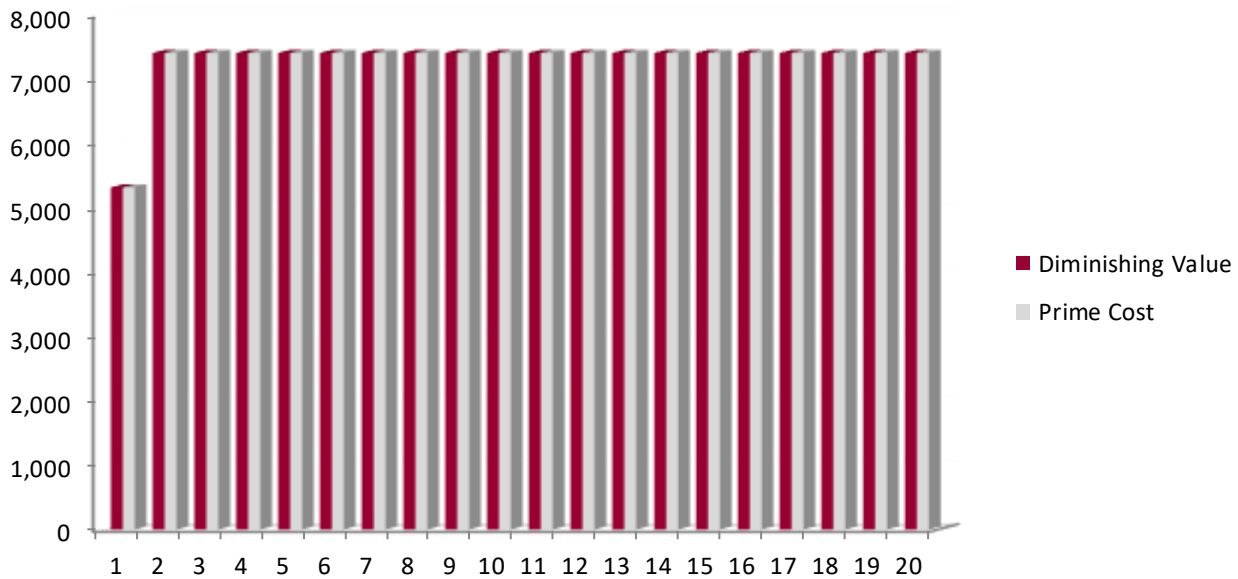
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

Example

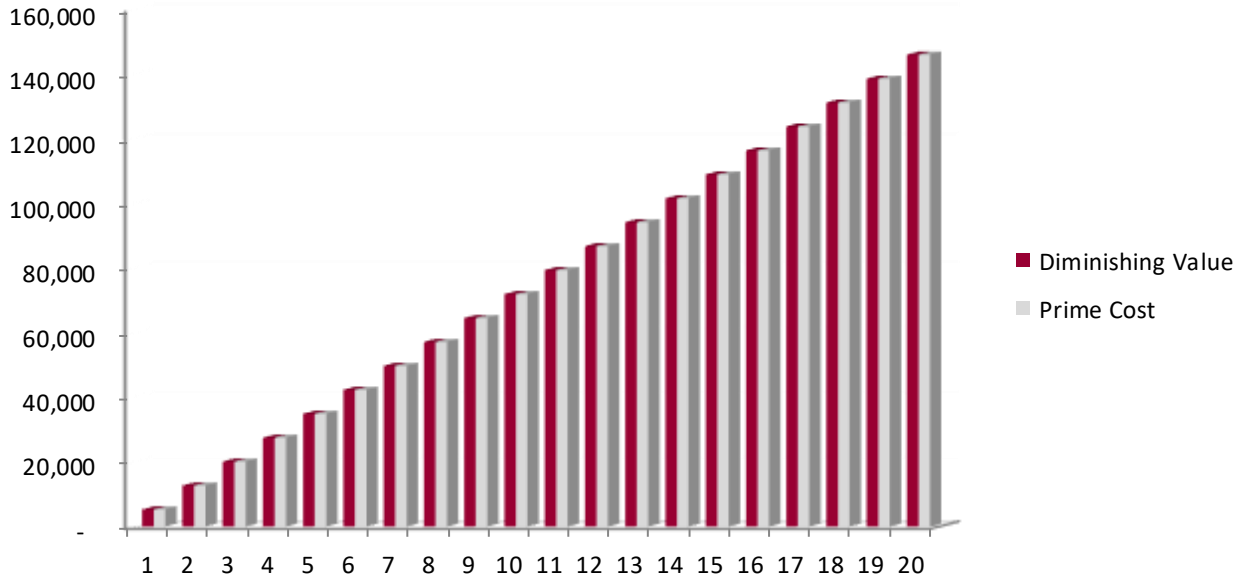
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

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 September 2018
Settlement Date	11 October 2018

Expenditure Analysed

Purchase Price	\$500,000
Legals	\$1,200
Post Expenditure	\$0
Total Expenditure Analysed	\$517,125

Historical Construction Details

Construction Start Date	1 October 2016
Construction Completion Date	19 July 2017
Historical Construction Cost (Estimated)*	\$339,753

9. Reconciliation of Capital Expenditure

Apportionment of cost relating to:

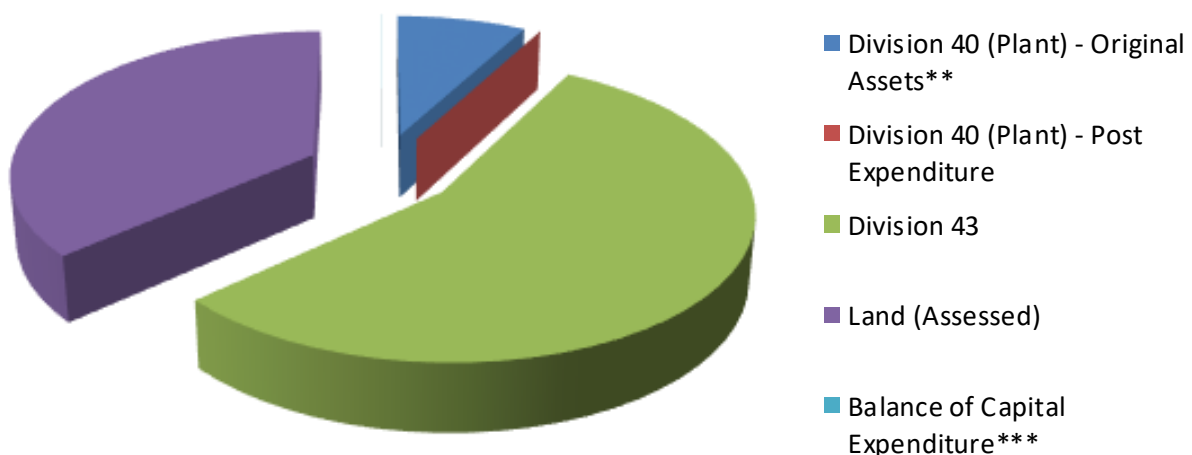
Division 40 (Plant) - Original Assets**	\$40,834
Division 40 (Plant) - Post Expenditure	\$0
Division 43	\$287,033
Land (Assessed)	\$189,173
Balance of Capital Expenditure***	\$86
Total Expenditure Analysed	\$517,126

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

** Division 40 (Plant) - Original Assets has been excluded as the property was purchased post 9 May 2017 or as the property was available for rent after 1 July 2017

*** 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	Install 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%	11-Oct-18	5,599	804	959	767	614	491	393	314	251	201	302
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	11-Oct-18	875	164	267	167	104	65	41	25	16	10	6
Blinds Residential	18.75%	11-Oct-18	4,983	934	1,518	949	593	371	232	145	90	57	35
Ceiling Fans	18.75%	11-Oct-18	1,458	273	444	278	174	108	68	42	26	17	10
Door closers	18.75%	11-Oct-18	840	157	256	160	100	62	39	24	15	10	6
Fire control assets													
Detection & alarm systems, detectors	18.75%	11-Oct-18	1,540	289	469	293	183	115	72	45	28	17	11
Floor coverings (removable without damage)													
Carpets	20.00%	11-Oct-18	4,112	590	704	564	451	361	289	231	346	216	135
Floating timber	13.33%	11-Oct-18	2,974	285	359	311	269	233	202	175	152	370	232
Furniture	18.75%	11-Oct-18	4,899	919	1,493	933	583	364	228	142	89	56	35
Garage doors, automatic													
Motors	20.00%	11-Oct-18	1,400	201	240	360	225	140	88	55	34	21	13
Garbage disposal													
Garbage bins	18.75%	11-Oct-18	187	35	57	36	22	14	9	5	3	2	1
Hot water systems (excluding piping)													
Gas or electric	16.67%	11-Oct-18	2,566	307	377	314	261	218	182	340	213	133	83
Kitchen assets													
Cooktops	16.67%	11-Oct-18	1,400	167	205	171	321	201	125	78	49	31	19
Dishwashers	20.00%	11-Oct-18	1,341	193	230	345	215	135	84	53	33	21	13
Ovens	16.67%	11-Oct-18	1,866	223	274	228	190	357	223	139	87	54	34
Rangehoods	18.75%	11-Oct-18	933	175	284	178	111	69	43	27	17	11	7
Laundry assets													
Clothes dryers	18.75%	11-Oct-18	525	98	160	100	62	39	24	15	10	6	4
Lights													
Shades, removable	18.75%	11-Oct-18	2,310	433	704	440	275	172	107	67	42	26	16
Security systems & equipment													
Electronic	30.00% #N/A	11-Oct-18	1,026	221	302	189	118	74	46	29	18	11	7
Pooled Plant Total				3,478	5,954	4,425	3,087	2,286	1,429	1,233	1,117	1,069	970
Effective Life Plant Total				2,991	3,347	2,355	1,786	1,303	1,065	720	403	201	
Total Division 40			40,834	6,469	9,301	6,780	4,872	3,589	2,494	1,954	1,520	1,270	970

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 2017	2.50%	11-Oct-18	282,485	5,230	7,286	7,286	7,286	7,286	7,286	7,286	7,286	7,286	7,286
Structural Improvements - Completed 2017	2.50%	11-Oct-18	4,548	84	117	117	117	117	117	117	117	117	117
Total Division 43			287,033	5,314	7,403	7,403	7,403	7,403	7,403	7,403	7,403	7,403	7,403
Total Depreciation			327,867	11,783	16,704	14,183	12,275	10,992	9,897	9,357	8,923	8,673	8,373

11. Prime Cost Depreciation Schedule

Assets Generally	Prime Cost												
Division 40 - Plant and Equipment	Rate	Install 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%	11-Oct-18	5,599	402	560	560	560	560	560	560	560	560	560
Bathroom assets													
Exhaust fans (including light/heating)	18.75%	11-Oct-18	875	164	267	167	104	65	41	25	16	10	6
Blinds Residential	18.75%	11-Oct-18	4,983	934	1,518	949	593	371	232	145	90	57	35
Ceiling Fans	18.75%	11-Oct-18	1,458	273	444	278	174	108	68	42	26	17	10
Door closers	18.75%	11-Oct-18	840	157	256	160	100	62	39	24	15	10	6
Fire control assets													
Detection & alarm systems, detectors	18.75%	11-Oct-18	1,540	289	469	293	183	115	72	45	28	17	11
Floor coverings (removable without damage)													
Carpets	10.00%	11-Oct-18	4,112	295	411	411	411	411	411	411	411	411	411
Floating timber	6.67%	11-Oct-18	2,974	142	198	198	198	198	198	198	198	198	198
Furniture	18.75%	11-Oct-18	4,899	919	1,493	933	583	364	228	142	89	56	35
Garage doors, automatic													
Motors	10.00%	11-Oct-18	1,400	100	140	140	140	140	140	140	140	140	140
Garbage disposal													
Garbage bins	18.75%	11-Oct-18	187	35	57	36	22	14	9	5	3	2	1
Hot water systems (excluding piping)													
Gas or electric	8.33%	11-Oct-18	2,566	154	214	214	214	214	214	214	214	214	214
Kitchen assets													
Cooktops	8.33%	11-Oct-18	1,400	84	117	117	117	117	117	117	117	117	117
Dishwashers	10.00%	11-Oct-18	1,341	96	134	134	134	134	134	134	134	134	134
Ovens	8.33%	11-Oct-18	1,866	112	156	156	156	156	156	156	156	156	156
Rangehoods	18.75%	11-Oct-18	933	175	284	178	111	69	43	27	17	11	7
Laundry assets													
Clothes dryers	18.75%	11-Oct-18	525	98	160	100	62	39	24	15	10	6	4
Lights													
Shades, removable	18.75%	11-Oct-18	2,310	433	704	440	275	172	107	67	42	26	16
Security systems & equipment													
Electronic	15.00%	11-Oct-18	1,026	111	154	154	154	154	154	146			
Pooled Plant Total				3,478	5,652	3,532	2,208	1,380	862	539	337	211	132
Effective Life Plant Total				1,495	2,084	2,084	2,084	2,084	2,084	2,076	1,930	1,930	1,930
Total Division 40			40,834	4,973	7,736	5,616	4,292	3,464	2,946	2,615	2,267	2,141	2,062

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 2017	2.50%	11-Oct-18	282,485	5,230	7,286	7,286	7,286	7,286	7,286	7,286	7,286	7,286	7,286
Structural Improvements - Completed 2017	2.50%	11-Oct-18	4,548	84	117	117	117	117	117	117	117	117	117
Total Division 43			287,033	5,314	7,403	7,403	7,403	7,403	7,403	7,403	7,403	7,403	7,403
Total Depreciation			327,867	10,287	15,139	13,019	11,695	10,867	10,349	10,018	9,670	9,544	9,465

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 2017	1 Oct 16 to 19 Jul 17	291,448	2.50%	7,286	282,485
Sub-total		291,448		7,286	282,485

Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2017	1 Oct 16 to 19 Jul 17	4,693	2.50%	117	4,548
Sub-total		4,693		117	4,548
Totals		296,140		7,403	287,033

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

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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.