



## Tax Depreciation Report

26 Werribee Crescent,  
Wollert VIC 3750

Xinjie Jiang  
113/1 Wilks Street  
CAULFIELD NORTH, VIC 3161

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

Xinjie Jiang  
113/1 Wilks Street  
CAULFIELD NORTH, VIC 3161

October 2018  
Job No: RES3750002

### **Tax Depreciation Report – 26 Werribee Crescent, Wollert VIC 3750**

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 October 2018

### Purchaser

Xinjie Jiang

### Property Address

26 Werribee Crescent, Wollert VIC 3750

### Real Property Description

LOT 339 PS738255

### Property Type

Residential House

### Date of Construction

27 November 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				
<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"> <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>				
Calculation Example					Calculation Example				
<p>Under Diminishing Value method, the effective life is dividing by 200.</p> <p><b>200 / 10 Years = 20% (Adjusted Value)</b></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><b>100 / 10 Years = 10% (Straight Line)</b></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	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	27 November 17 to 30 June 18	2,490	2,888	5,378	3,210	8,588
2	1 July 18 to 30 June 19	3,455	4,693	8,148	5,449	13,597
3	1 July 19 to 30 June 20	2,690	3,249	5,938	5,449	11,387
4	1 July 20 to 30 June 21	1,696	3,041	4,737	5,449	10,186
5	1 July 21 to 30 June 22	1,399	1,901	3,300	5,449	8,749
6	1 July 22 to 30 June 23	1,013	1,510	2,524	5,449	7,973
7	1 July 23 to 30 June 24	839	944	1,783	5,449	7,232
8	1 July 24 to 30 June 25	697	590	1,287	5,449	6,736
9	1 July 25 to 30 June 26	410	689	1,099	5,449	6,548
10	1 July 26 to 30 June 27	187	734	921	5,449	6,370
11	1 July 27 to 30 June 28	168	459	627	5,449	6,076
12	1 July 28 to 30 June 29	151	287	438	5,449	5,887
13	1 July 29 to 30 June 30	136	179	315	5,449	5,764
14	1 July 30 to 30 June 31	123	112	235	5,449	5,684
15	1 July 31 to 30 June 32	110	70	180	5,449	5,629
16	1 July 32 to 30 June 33	0	416	416	5,449	5,865
17	1 July 33 to 30 June 34	0	260	260	5,449	5,709
18	1 July 34 to 30 June 35	0	163	163	5,449	5,612
19	1 July 35 to 30 June 36	0	102	102	5,449	5,551
20	1 July 36 to 30 June 37	0	64	64	5,449	5,513
21	1 July 37 to 30 June 38	0	40	40	5,449	5,489
22	1 July 38 to 30 June 39	0	25	25	5,449	5,474
23	1 July 39 to 30 June 40	0	16	16	5,449	5,465
24	1 July 40 to 30 June 41	0	10	10	5,449	5,459
25	1 July 41 to 30 June 42	0	6	6	5,449	5,455
26	1 July 42 to 30 June 43	0	4	4	5,449	5,453
27	1 July 43 to 30 June 44	0	2	2	5,449	5,451
28	1 July 44 to 30 June 45	0	1	1	5,449	5,450
29	1 July 45 to 30 June 46	0	1	1	5,449	5,450
30	1 July 46 to 30 June 47	0	1	1	5,449	5,450
31	1 July 47 to 30 June 48	0	0	0	5,449	5,449
32	1 July 48 to 30 June 49	0	0	0	5,449	5,449
33	1 July 49 to 30 June 50	0	0	0	5,449	5,449
34	1 July 50 to 30 June 51	0	0	0	5,449	5,449
35	1 July 51 to 30 June 52	0	0	0	5,449	5,449
36	1 July 52 to 30 June 53	0	0	0	5,449	5,449
37	1 July 53 to 30 June 54	0	0	0	5,449	5,449
38	1 July 54 to 30 June 55	0	0	0	5,449	5,449
39	1 July 55 to 30 June 56	0	0	0	5,449	5,449
40	2056+	0	0	0	7,724	7,724
<b>Totals</b>		<b>15,564</b>	<b>22,456</b>	<b>38,020</b>	<b>217,996</b>	<b>256,016</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	Effective Life	Pooled Plant	Total Div 40	Division 43	Totals
1	27 November 17 to 30 June 18	1,350	2,888	4,238	3,210	7,448
2	1 July 18 to 30 June 19	1,933	4,693	6,626	5,449	12,075
3	1 July 19 to 30 June 20	1,933	2,933	4,866	5,449	10,315
4	1 July 20 to 30 June 21	1,933	1,833	3,766	5,449	9,215
5	1 July 21 to 30 June 22	1,933	1,146	3,079	5,449	8,528
6	1 July 22 to 30 June 23	1,933	716	2,649	5,449	8,098
7	1 July 23 to 30 June 24	1,933	448	2,381	5,449	7,830
8	1 July 24 to 30 June 25	1,933	280	2,213	5,449	7,662
9	1 July 25 to 30 June 26	1,933	175	2,108	5,449	7,557
10	1 July 26 to 30 June 27	1,933	109	2,042	5,449	7,491
11	1 July 27 to 30 June 28	1,166	68	1,235	5,449	6,684
12	1 July 28 to 30 June 29	610	43	653	5,449	6,102
13	1 July 29 to 30 June 30	387	27	414	5,449	5,863
14	1 July 30 to 30 June 31	231	17	248	5,449	5,697
15	1 July 31 to 30 June 32	231	10	241	5,449	5,690
16	1 July 32 to 30 June 33	231	7	238	5,449	5,687
17	1 July 33 to 30 June 34	231	4	235	5,449	5,684
18	1 July 34 to 30 June 35	231	3	234	5,449	5,683
19	1 July 35 to 30 June 36	231	2	233	5,449	5,682
20	1 July 36 to 30 June 37	231	1	232	5,449	5,681
21	1 July 37 to 30 June 38	89	1	90	5,449	5,539
22	1 July 38 to 30 June 39	0	0	0	5,449	5,449
23	1 July 39 to 30 June 40	0	0	0	5,449	5,449
24	1 July 40 to 30 June 41	0	0	0	5,449	5,449
25	1 July 41 to 30 June 42	0	0	0	5,449	5,449
26	1 July 42 to 30 June 43	0	0	0	5,449	5,449
27	1 July 43 to 30 June 44	0	0	0	5,449	5,449
28	1 July 44 to 30 June 45	0	0	0	5,449	5,449
29	1 July 45 to 30 June 46	0	0	0	5,449	5,449
30	1 July 46 to 30 June 47	0	0	0	5,449	5,449
31	1 July 47 to 30 June 48	0	0	0	5,449	5,449
32	1 July 48 to 30 June 49	0	0	0	5,449	5,449
33	1 July 49 to 30 June 50	0	0	0	5,449	5,449
34	1 July 50 to 30 June 51	0	0	0	5,449	5,449
35	1 July 51 to 30 June 52	0	0	0	5,449	5,449
36	1 July 52 to 30 June 53	0	0	0	5,449	5,449
37	1 July 53 to 30 June 54	0	0	0	5,449	5,449
38	1 July 54 to 30 June 55	0	0	0	5,449	5,449
39	1 July 55 to 30 June 56	0	0	0	5,449	5,449
40	2056+	0	0	0	7,724	7,724
<b>Totals</b>		<b>22,617</b>	<b>15,403</b>	<b>38,020</b>	<b>217,996</b>	<b>256,016</b>

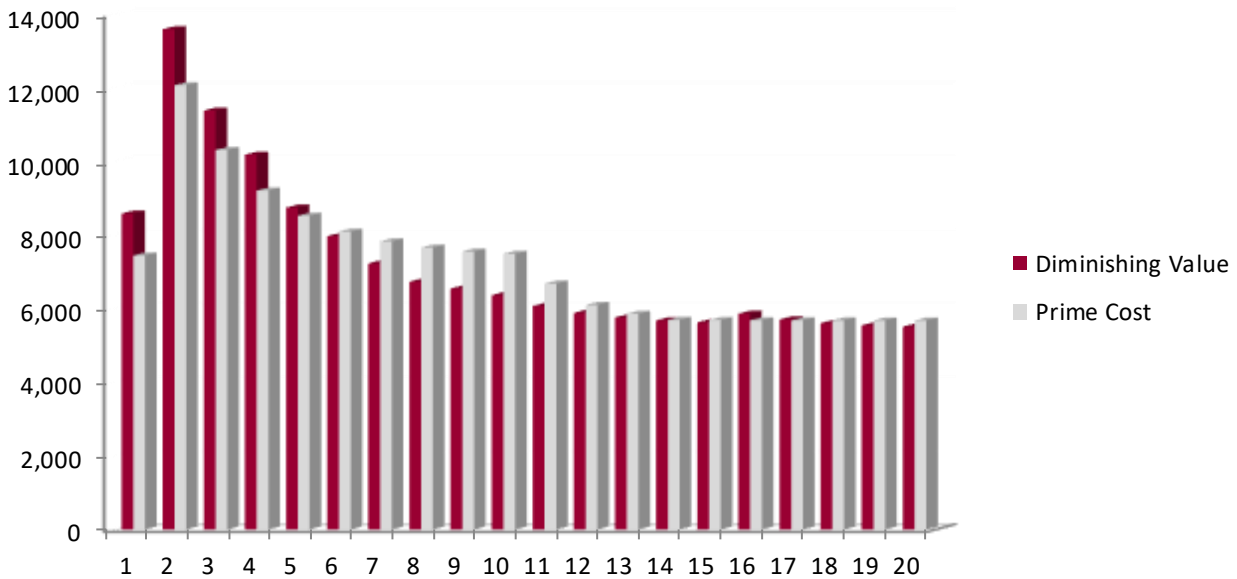
The prime cost method assumes that the item depreciates uniformly over its effective life. It is also known as straight line method and has a lower rate compared to diminishing value method. So the item depreciates at a constant rate until the written down value reaches zero.

### Example

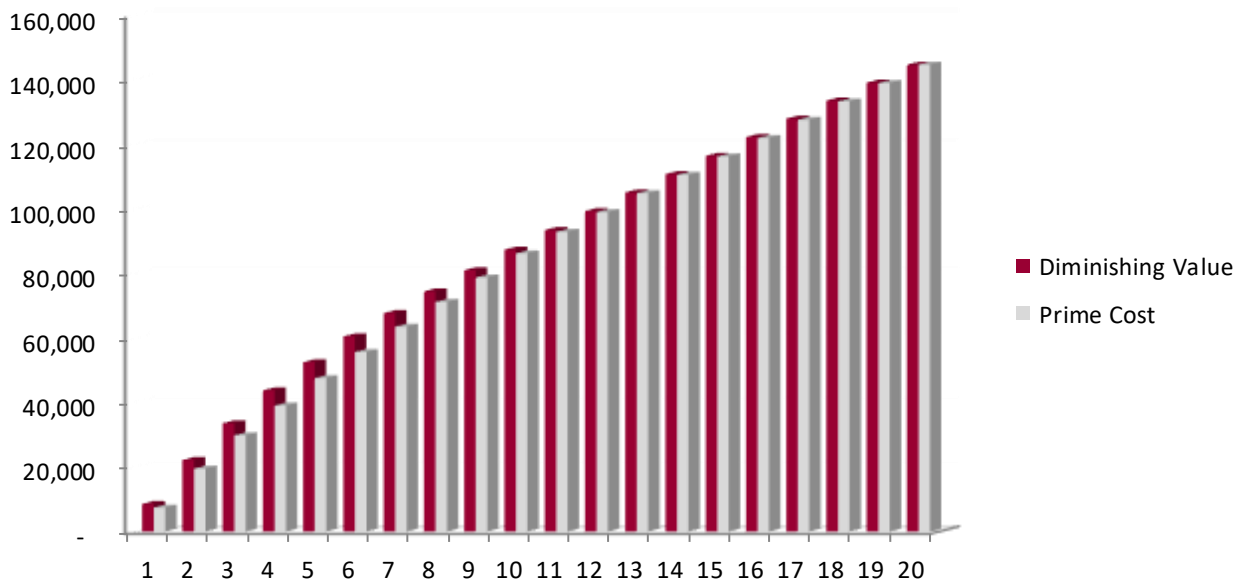
	PC Rate	Opening Value	Year 1	WDV	Year 2
Carpet	10%	\$1,000	\$100	\$900	\$100

## 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

### Construction Details

Contract Date	22 December 2016
Handover Date	27 November 2017

### Expenditure Analysed

Construction Cost	\$260,630
<b>Total Expenditure Analysed</b>	<b>\$260,630</b>

### Historical Construction Details

Construction Start Date	22 December 2016
Construction Completion Date	27 November 2017
Historical Construction Cost (Estimated)*	\$260,630

## 9. Reconciliation of Capital Expenditure

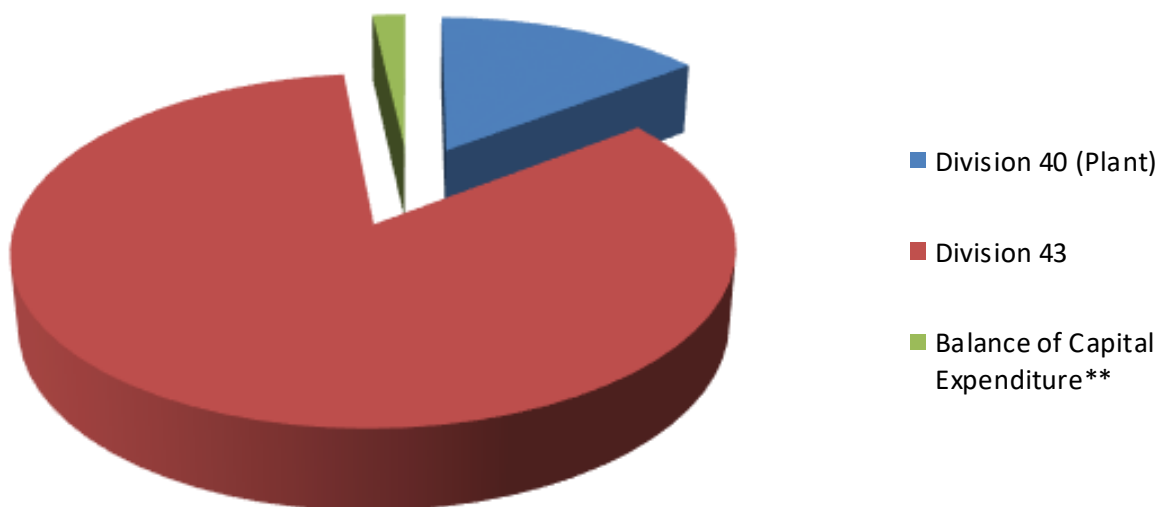
### Apportionment of cost relating to:

Division 40 (Plant)	\$38,020
Division 43	\$217,996
Balance of Capital Expenditure**	\$4,614
<b>Total Expenditure Analysed</b>	<b>\$260,630</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

\*\* 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	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
<b>Division 40 - Plant and Equipment</b>													
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Evaporative cooling	20.00%	27-Nov-17	4,614	544	814	651	521	417	333	267	213	320	200
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	27-Nov-17	659	124	201	126	78	49	31	19	12	7	5
<b>Blinds Residential</b>	18.75%	27-Nov-17	5,172	970	1,576	985	616	385	240	150	94	59	37
Door closers	18.75%	27-Nov-17	475	89	145	90	56	35	22	14	9	5	3
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	27-Nov-17	580	109	177	110	69	43	27	17	11	7	4
<b>Floor coverings ( removable without damage)</b>													
Carpets	20.00%	27-Nov-17	5,465	644	964	771	617	494	395	316	253	202	303
Furniture	18.75%	27-Nov-17	5,023	942	1,530	957	598	374	234	146	91	57	36
<b>Garage doors, automatic</b>													
Motors	20.00%	27-Nov-17	1,582	186	279	223	335	209	131	82	51	32	20
<b>Heating units</b>													
Gas ducted central heating	10.00%	27-Nov-17	4,614	272	434	391	352	317	285	256	231	208	187
<b>Hot water systems (excluding piping)</b>													
Gas or electric	16.67%	27-Nov-17	1,978	194	297	248	206	172	323	202	126	79	49
<b>Kitchen assets</b>													
Cooktops	16.67%	27-Nov-17	1,121	110	168	316	197	123	77	48	30	19	12
Dishwashers	20.00%	27-Nov-17	1,582	186	279	223	335	209	131	82	51	32	20
Ovens	16.67%	27-Nov-17	1,450	142	218	182	341	213	133	83	52	32	20
Rangehoods	18.75%	27-Nov-17	593	111	181	113	71	44	28	17	11	7	4
<b>Lights</b>													
Shades, removable	18.75%	27-Nov-17	2,900	544	884	552	345	216	135	84	53	33	21
<b>\$300 items</b>	100.00%	27-Nov-17	211	211									
<b>Pooled Plant Total</b>				<b>2,888</b>	<b>4,693</b>	<b>3,249</b>	<b>3,041</b>	<b>1,901</b>	<b>1,510</b>	<b>944</b>	<b>590</b>	<b>689</b>	<b>734</b>
<b>Effective Life Plant Total</b>				<b>2,490</b>	<b>3,455</b>	<b>2,690</b>	<b>1,696</b>	<b>1,399</b>	<b>1,013</b>	<b>839</b>	<b>697</b>	<b>410</b>	<b>187</b>
<b>Total Division 40</b>			<b>38,020</b>	<b>5,378</b>	<b>8,148</b>	<b>5,938</b>	<b>4,737</b>	<b>3,300</b>	<b>2,524</b>	<b>1,783</b>	<b>1,287</b>	<b>1,099</b>	<b>921</b>
<b>Division 43 - Capital Works Allowance</b>													
	Rate		Opening Value	Year 1	Year2	Year 3	Year4	Year5	Year6	Year7	Year8	Year9	Year10
<b>Building Works - Completed 2017</b>	2.50%	27-Nov-17	205,297	3,023	5,132	5,132	5,132	5,132	5,132	5,132	5,132	5,132	5,132
<b>Structural Improvements - Completed 2017</b>	2.50%	27-Nov-17	12,699	187	317	317	317	317	317	317	317	317	317
<b>Total Division 43</b>			<b>217,996</b>	<b>3,210</b>	<b>5,449</b>	<b>5,449</b>	<b>5,449</b>	<b>5,449</b>	<b>5,449</b>	<b>5,449</b>	<b>5,449</b>	<b>5,449</b>	<b>5,449</b>
<b>Total Depreciation</b>			<b>256,016</b>	<b>8,588</b>	<b>13,597</b>	<b>11,387</b>	<b>10,186</b>	<b>8,749</b>	<b>7,973</b>	<b>7,232</b>	<b>6,736</b>	<b>6,548</b>	<b>6,370</b>

## 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
<b>Air-conditioning assets (excl. ducting, pipes &amp; vents)</b>													
Evaporative cooling	10.00%	27-Nov-17	4,614	272	461	461	461	461	461	461	461	461	461
<b>Bathroom assets</b>													
Exhaust fans (including light/heating)	18.75%	27-Nov-17	659	124	201	126	78	49	31	19	12	7	5
<b>Blinds Residential</b>													
	18.75%	27-Nov-17	5,172	970	1,576	985	616	385	240	150	94	59	37
<b>Door closers</b>													
	18.75%	27-Nov-17	475	89	145	90	56	35	22	14	9	5	3
<b>Fire control assets</b>													
Detection & alarm systems, detectors	18.75%	27-Nov-17	580	109	177	110	69	43	27	17	11	7	4
<b>Floor coverings ( removable without damage)</b>													
Carpets	10.00%	27-Nov-17	5,465	322	546	546	546	546	546	546	546	546	546
<b>Furniture</b>													
	18.75%	27-Nov-17	5,023	942	1,530	957	598	374	234	146	91	57	36
<b>Garage doors, automatic</b>													
Motors	10.00%	27-Nov-17	1,582	93	158	158	158	158	158	158	158	158	158
<b>Heating units</b>													
Gas ducted central heating	5.00%	27-Nov-17	4,614	136	231	231	231	231	231	231	231	231	231
<b>Hot water systems (excluding piping)</b>													
Gas or electric	8.33%	27-Nov-17	1,978	97	165	165	165	165	165	165	165	165	165
<b>Kitchen assets</b>													
Cooktops	8.33%	27-Nov-17	1,121	55	93	93	93	93	93	93	93	93	93
Dishwashers	10.00%	27-Nov-17	1,582	93	158	158	158	158	158	158	158	158	158
Ovens	8.33%	27-Nov-17	1,450	71	121	121	121	121	121	121	121	121	121
Rangehoods	18.75%	27-Nov-17	593	111	181	113	71	44	28	17	11	7	4
<b>Lights</b>													
Shades, removable	18.75%	27-Nov-17	2,900	544	884	552	345	216	135	84	53	33	21
<b>\$300 items</b>													
	100.00%	27-Nov-17	211	211									
<b>Pooled Plant Total</b>				<b>2,888</b>	<b>4,693</b>	<b>2,933</b>	<b>1,833</b>	<b>1,146</b>	<b>716</b>	<b>448</b>	<b>280</b>	<b>175</b>	<b>109</b>
<b>Effective Life Plant Total</b>				<b>1,350</b>	<b>1,933</b>	<b>1,933</b>	<b>1,933</b>	<b>1,933</b>	<b>1,933</b>	<b>1,933</b>	<b>1,933</b>	<b>1,933</b>	<b>1,933</b>
<b>Total Division 40</b>			<b>38,020</b>	<b>4,238</b>	<b>6,626</b>	<b>4,866</b>	<b>3,766</b>	<b>3,079</b>	<b>2,649</b>	<b>2,381</b>	<b>2,213</b>	<b>2,108</b>	<b>2,042</b>
<b>Division 43 - Capital Works Allowance</b>													
	<b>Rate</b>		<b>Opening Value</b>	<b>Year 1</b>	<b>Year2</b>	<b>Year 3</b>	<b>Year4</b>	<b>Year5</b>	<b>Year6</b>	<b>Year7</b>	<b>Year8</b>	<b>Year9</b>	<b>Year10</b>
<b>Building Works - Completed 2017</b>				2.50%	27-Nov-17	205,297	3,023	5,132	5,132	5,132	5,132	5,132	5,132
<b>Structural Improvements - Completed 2017</b>				2.50%	27-Nov-17	12,699	187	317	317	317	317	317	317
<b>Total Division 43</b>			<b>217,996</b>	<b>3,210</b>	<b>5,449</b>	<b>5,449</b>	<b>5,449</b>	<b>5,449</b>	<b>5,449</b>	<b>5,449</b>	<b>5,449</b>	<b>5,449</b>	<b>5,449</b>
<b>Total Depreciation</b>			<b>256,016</b>	<b>7,448</b>	<b>12,075</b>	<b>10,315</b>	<b>9,215</b>	<b>8,528</b>	<b>8,098</b>	<b>7,830</b>	<b>7,662</b>	<b>7,557</b>	<b>7,491</b>

## 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	22 Dec 16 to 27 Nov 17	205,297	2.50%	5,132	205,297
<b>Sub-total</b>		<b>205,297</b>		<b>5,132</b>	<b>205,297</b>

### Qualifying Structural Improvements

Description	Start and Completion Dates	Historical Cost	Rate	Annual Claim	Opening Value
Structural Improvements - Completed 2017	22 Dec 16 to 27 Nov 17	12,699	2.50%	317	12,699
<b>Sub-total</b>		<b>12,699</b>		<b>317</b>	<b>12,699</b>
<b>Totals</b>		<b>217,995</b>		<b>5,449</b>	<b>217,996</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.