

BMT Tax Depreciation
QUANTITY SURVEYORS

Capital Allowance & Tax Depreciation Schedule

Maximising the cash return from investment properties

Vinita Super Fund1 Pty Ltd
9 Neumann Road
CAPALABA QLD 4157

BMT Tax Depreciation

QUANTITY SURVEYORS

15 May 2018

Vinita Super Fund1 Pty Ltd
4 Charlotte Court
ORMISTON QLD 4160

Dear Sir/Madam,

Thank you for selecting BMT Tax Depreciation to complete your Capital Allowance and Tax Depreciation Schedule.

This document outlines the relevant information, legislation and methodology used in the assessment of the potential depreciation deductions for 9 Neumann Road, CAPALABA QLD 4157.

For your convenience we have included an explanation and summary of the calculations used in this schedule.

We trust our service and the deductions outlined in the following schedules will exceed your expectations. BMT strive for excellence and appreciate any feedback you may have.

Our commitment to the continuous development of our service ensures you receive the maximum depreciation deductions you're entitled to.

We invite you to register for our online portal MyBMT. MyBMT allows you to view and update your schedule, access and download existing schedules, upload property files including photos and receipts, add members of your investment team and share your schedule with your Accountant or Tax Adviser all in one convenient location. For more information and to register visit www.mybmt.bmtqs.com.au.

To learn more about property depreciation visit www.bmtqs.com.au. We have a range of free tools and resources to assist you on your property investing journey.

Should you require any further information or clarification, please contact one of our depreciation experts or our Chief Executive Officer, Mr Bradley Beer.

Once again, thank you for choosing BMT Tax Depreciation and we look forward to working with you in the future.

Yours sincerely,

BMT Tax Depreciation

BMT Tax Depreciation Pty Ltd
Quantity Surveyors
AIQS, RICS, AVAA, Tax Agent: 53712009

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BMT Capital Allowance and Tax Depreciation Schedule overview

The following is a summary of the information used by BMT Tax Depreciation when preparing this Capital Allowance and Tax Depreciation Schedule. The ownership details and structure play a significant part in the methodology that is used and subsequently changes the results of the schedule and the calculations used within it. Any changes to the ownership entity or structure may make this schedule inaccurate.

To update your details please contact the expert team at BMT Tax Depreciation on 1300 728 726 or log in to MyBMT at www.mybmt.bmtqs.com.au.

Schedule prepared for: Vinita Super Fund1 Pty Ltd
Property address: 9 Neumann Road, CAPALABA QLD 4157
Ownership interest: Lessor - 100 per cent

Co-owners must divide the income and expenses for the rental property in line with their 'interest' in the property. The two co-owner structures are:

- Joint tenants - each holds an equal interest in the property, or
- Tenants in common - may hold unequal interests in the property, for example, one may hold a 20 percent interest and the other an 80 per cent interest

Co-owned depreciating assets, as outlined in section 40-35 of the Income Tax Assessment Act 1997, are able to be calculated and deducted based on each owner's interest in the asset, and not the whole asset. For example, joint tenants with an equal 50 per cent share can claim an immediate write-off for items under \$200 as each co-owner's share is less than \$100 each. When an owner's share of an asset valued at less than \$1,000 it can also be added to a low-value pool.

Property type: Commercial
Purchase price: \$1,620,000
Reporting year start: 1 July
Settlement date: 4 March 2016
Construction completion date: 26 November 1986
Schedule start date: 5 March 2016

Methodology

The Capital Allowance and Tax Depreciation Schedule prepared for Vinita Super Fund1 Pty Ltd for the property located at 9 Neumann Road, CAPALABA QLD 4157 has been prepared and calculated in accordance with the legislation in force at the time the asset was acquired and the date this document was produced.

The Capital Allowance and Tax Depreciation Schedule is based on our understanding of the applicable legislative provisions, the Commissioner of Taxation's intent and interpretation of the legislation as outlined in tax rulings and supportive documents. The following is a non-exhaustive list of reference material that is relevant to the information contained in this schedule:

- The Income Tax Assessment Act 1997 (Cth) (ITAA 1997) and the Income Tax Assessment Act 1936 (Cth) (ITAA 1936), in particular:
 - Division 40 of the ITAA 1997;
 - Division 43 of the ITAA 1997; and
 - Subdivision 328D of the ITAA 1997
- Taxation Rulings and public guidance issued by the Australian Taxation Office (ATO), in particular:
 - IT 2197 titled "Income tax: installation costs of plant and equipment";
 - Taxation Ruling TR 2017/2 titled "Income Tax: Effective Life of Depreciating Assets"; and
 - publicly available guidance in relation to market valuations for tax purposes
- The Ralph Review of Business Taxation of 21 September 1999
- Documentation and procedures defined in the Australian Accounting Standards, in particular:
 - AASB 116 Property, Plant and Equipment; and
 - AASB 13 Fair Value Measurement

It is a requirement to advise BMT Tax Depreciation when any actual costs in whole or part thereof are available prior to the preparation of the Capital Allowance and Tax Depreciation Schedule. Where costs have been provided, they have been used and noted accordingly in this schedule. In the event that costs are not available, BMT Tax Depreciation use estimating procedures and methodology to adjust estimates to that on the historical date in which the actual construction or installation took place.

The construction expenditure has been determined on the basis of the estimated cost incurred in relation to the construction of a building including fixed elements, extensions, alterations and structural improvements.

Construction expenditure calculated includes:

- Preliminary expenses such as professional Architect, Engineer and Surveyor's fees and the cost of foundation excavations
- Builder's or Contractor's margin
- Allowance for contingencies
- All plant and equipment

The construction expenditure calculated excludes:

- Site clearance, earthworks that are permanent, can be economically maintained and are not integral to the installation or construction of a structure
- Demolition of existing structures
- Soft landscaping
- Cost of acquiring land
- Developer's profit and overheads

The following additional information has been used in the preparation of the Capital Allowance and Tax Depreciation Schedule:

- Written and verbal information provided by Vinita Super Fund1 Pty Ltd
- Verbal information provided by Redland City Council
- Site inspection conducted by BMT Tax Depreciation on 12 April 2018

The following assumptions have been made in the preparation of the Capital Allowance and Tax Depreciation Schedule.

- That all items of plant and equipment listed in the schedule are owned by the commercial property owner or Tenant
- That you are entitled to input tax credits and therefore GST is excluded from the appropriate items within the schedule
- That no schedule of depreciation allowances existed or formed a condition of the purchase documentation
- Qualifying expenditure and depreciation rates have been calculated with the understanding that the property is used for the production of assessable income
- No additional actual costs in whole or part thereof are available at this time

Owners are advised to discuss and confirm the above assumptions with their Tax Adviser prior to using this Capital Allowance and Tax Depreciation Schedule.

Disclaimer

The contents of this page and the totality of this document are subject to this disclaimer. The information contained within this document has been prepared by BMT Tax Depreciation Pty Ltd on the basis of estimated costs and information provided to BMT Tax Depreciation Pty Ltd. This document is intended for use by the client only. No information in this document may be interpreted as legal, accounting or taxation advice. Individuals should consult with their legal, accounting or taxation advisers before relying on any part of this document. This document is prepared in accordance with legislation in force at the time the asset was acquired and the date this document was produced.

Should the client not elect to use the pooling system, then the total cost figure can be used and the applicable depreciation rates applied. All pooled items have been depreciated at 18.75 per cent in the year of acquisition and 37.5 per cent each year thereafter.

BMT Tax Depreciation Pty Ltd is not responsible for the result of any actions taken on the basis of the information provided in this document or any error in or omission from this document. BMT Tax Depreciation Pty Ltd does not accept any liability, in any form, for any consequences, loss, or damage as a result of any person acting upon or relying upon the information contained in this document. This document has been prepared for depreciation purposes only and it is not suitable for any other purpose. Neither the whole nor any part of this document may be provided to any party without the express prior written approval of BMT Tax Depreciation Pty Ltd.

Experience and qualifications

Quantity Surveyors are recognised by the Commissioner of Taxation to have appropriate construction costing skills to estimate building costs for the purpose of determining your capital works and tax depreciation deductions (see Tax Ruling 97/25).

Please find below BMT Tax Depreciation's relevant qualifications and associations with governing bodies:

- **AIQS - Australian Institute of Quantity Surveyors**

As a member of the AIQS, a professional standards body, BMT Tax Depreciation upholds its professionalism and standards to the highest level. The institute plays an important role by ensuring that industry standards and information are continuously updated.

- **RICS - Royal Institute of Chartered Surveyors**

BMT Tax Depreciation are proud members of RICS, allowing us access to the latest methodology used by Surveyors across Australia and the world.

- **AVAA - Auctioneers & Valuers Association of Australia**

BMT Tax Depreciation is also a member of the AVAA. The AVAA works to elevate and maintain the standards of professional knowledge and sound practice relating to accurately valuing a variety of plant and equipment.

- **PIPA - Property Investment Professionals of Australia**

As a member of PIPA, BMT Tax Depreciation are committed to maintaining high levels of professional standards through their work in educating property investors on the benefits of tax depreciation.

- **Registered Tax Agent**

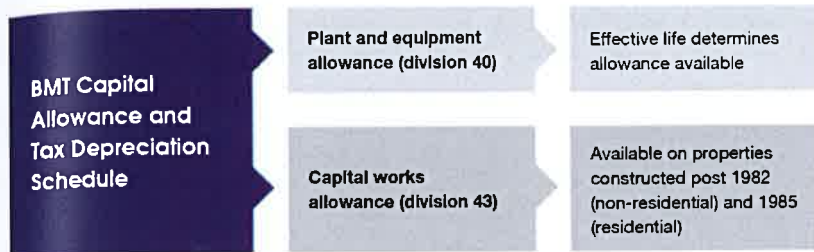
BMT Tax Depreciation are registered Tax Agents qualified to prepare depreciation schedules for any rental, commercial or investment property under the Tax Agents Services Act 2009. Our Tax Agents number is 53712009.

- **UDIA - Urban Development Institute of Australia**

BMT Tax Depreciation are members of UDIA and use their information to keep up to date on statistics and current issues which impact property and urban development.

Summary of capital expenditure

Purchase price	\$1,620,000
Expenditure after purchase: (renovations/additional works)	\$25,682
Total expenditure	\$1,645,682



Division 40 - plant and equipment	\$25,149
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The calculations for plant and equipment assets have been prepared in accordance with the relevant Taxation Ruling in place at the time of preparing this report. This ruling discusses the methodology outlined by the Commissioner of Taxation to determine the effective life of depreciating assets under Section 40-100 ITAA 1997.

Division 43 - capital works allowance	\$23,007
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Division 43, as outlined in ITAA 1997, allows a deduction for capital expenditure incurred in the construction of any capital works. The deduction claimed as a capital works allowance depends on the type of construction and the date construction started. See the definition of division 43 and the table under this heading within the glossary of key terms for further clarification of the qualifying dates for capital works deductions. The deductible amount for division 43 excludes both division 40 above and any non-qualifying balance of capital expenditure.

Balance of capital expenditure	\$1,597,526
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This represents all items that do not qualify for capital works deductions or decline in value and any capital works deductions which are already exhausted.

Construction expenditure that cannot be claimed (as per ATO guidelines) include:

- Land
- Expenditure on clearing the land prior to construction
- Earthworks that are permanent, and are not integral to the construction
- Expenditure on soft landscaping
- Demolition

Total capital expenditure	\$1,645,682
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Capital Allowance and Tax Depreciation Schedule summary

Total deductions - 40 year forecast

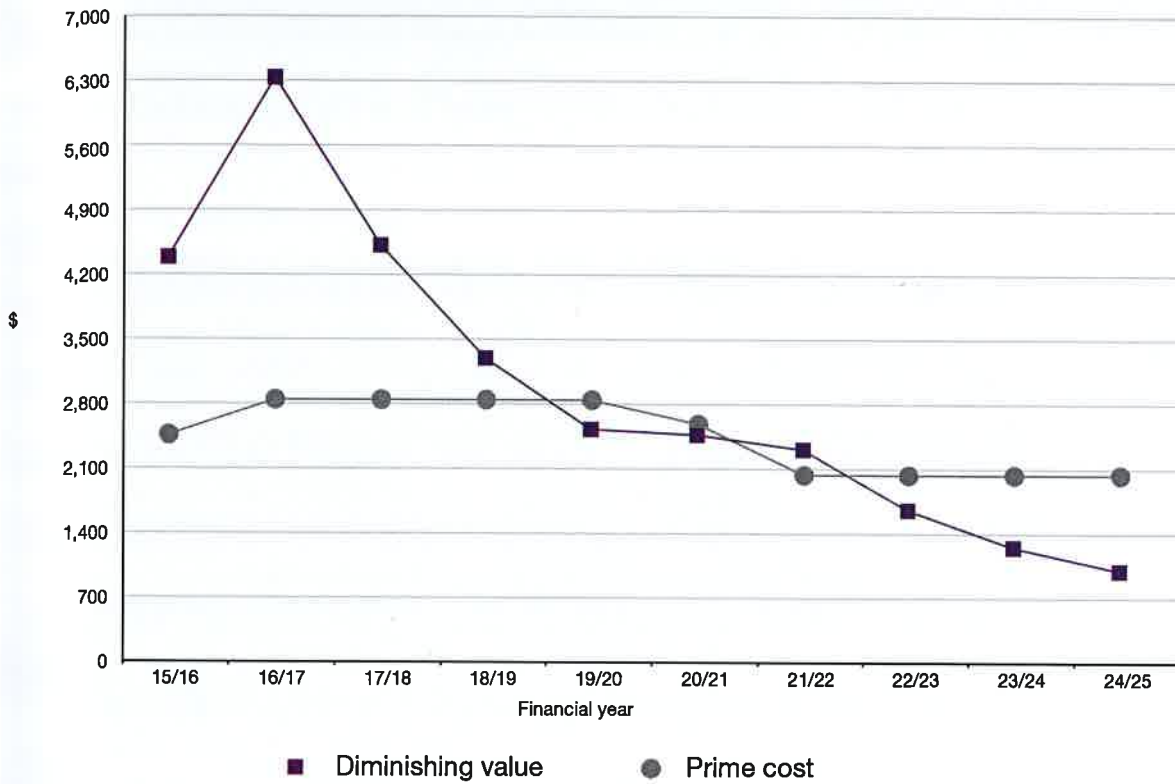
The forty year projection summary outlines the total yearly deductions available over the lifetime of the property. These totals include the division 43 and division 40 components as a total yearly deduction. Both the diminishing value (DV) and prime cost (PC) method values are shown for easy comparison.

Years 1-21			Years 22-41		
Period	Total deductions		Period	Total deductions	
	DV (\$)	PC (\$)		DV (\$)	PC (\$)
5-Mar-16 to 30-Jun-16	4,388	2,462	1-Jul-36 to 30-Jun-37	576	575
1-Jul-16 to 30-Jun-17	6,334	2,846	1-Jul-37 to 30-Jun-38	576	575
1-Jul-17 to 30-Jun-18	4,519	2,846	1-Jul-38 to 30-Jun-39	575	575
1-Jul-18 to 30-Jun-19	3,300	2,846	1-Jul-39 to 30-Jun-40	575	575
1-Jul-19 to 30-Jun-20	2,533	2,846	1-Jul-40 to 30-Jun-41	575	575
1-Jul-20 to 30-Jun-21	2,474	2,586	1-Jul-41 to 30-Jun-42	575	575
1-Jul-21 to 30-Jun-22	2,316	2,037	1-Jul-42 to 30-Jun-43	575	575
1-Jul-22 to 30-Jun-23	1,662	2,037	1-Jul-43 to 30-Jun-44	575	575
1-Jul-23 to 30-Jun-24	1,255	2,037	1-Jul-44 to 30-Jun-45	575	575
1-Jul-24 to 30-Jun-25	1,001	2,037	1-Jul-45 to 30-Jun-46	575	575
1-Jul-25 to 30-Jun-26	840	1,766	1-Jul-46 to 30-Jun-47	575	575
1-Jul-26 to 30-Jun-27	742	1,209	1-Jul-47 to 30-Jun-48	575	575
1-Jul-27 to 30-Jun-28	680	1,209	1-Jul-48 to 30-Jun-49	575	575
1-Jul-28 to 30-Jun-29	640	1,209	1-Jul-49 to 30-Jun-50	575	575
1-Jul-29 to 30-Jun-30	616	1,209	1-Jul-50 to 30-Jun-51	575	575
1-Jul-30 to 30-Jun-31	600	1,124	1-Jul-51 to 30-Jun-52	575	575
1-Jul-31 to 30-Jun-32	591	925	1-Jul-52 to 30-Jun-53	575	575
1-Jul-32 to 30-Jun-33	585	925	1-Jul-53 to 30-Jun-54	575	575
1-Jul-33 to 30-Jun-34	580	925	1-Jul-54 to 30-Jun-55	575	575
1-Jul-34 to 30-Jun-35	578	925	1-Jul-55 to 30-Jun-56	417	417
1-Jul-35 to 30-Jun-36	578	808	Total	48,156	48,156

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10 year forecast comparison graph

The below graphical representation of the diminishing value method and prime cost method compares the yearly claims from both methods. The graph demonstrates the diminishing value method's increased deductions over the initial years and the prime cost method's greater deductions in later years.



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Division 43 – capital works allowance

The table below outlines the division 43 building write-off allowance available to be claimed over forty years from the construction completion date. The depreciation calculated has been deemed to be on structural elements only completed after the legislated dates.

Works	Date	Rate	Original cost (\$)
Original works	26-Nov-86	4.0 %	220,382
Additional works	18-Mar-16	2.5 %	23,007

Calculation for write-off provision:

Period	Original division 43 (\$)
5-Mar-16 to 30-Jun-16	165
1-Jul-16 to 30-Jun-17	575
1-Jul-17 to 30-Jun-18	575
1-Jul-18 to 30-Jun-19	575
1-Jul-19 to 30-Jun-20	575
1-Jul-20 to 30-Jun-21	575
1-Jul-21 to 30-Jun-22	575
1-Jul-22 to 30-Jun-23	575
1-Jul-23 to 30-Jun-24	575
1-Jul-24 to 30-Jun-25	575

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Diminishing value method summary

Date	Effective life	Pooled plant	Division 40	Division 43	Total
5-Mar-16 to 30-Jun-16	2,779	1,444	4,223	165	4,388
1-Jul-16 to 30-Jun-17	3,412	2,347	5,759	575	6,334
1-Jul-17 to 30-Jun-18	2,478	1,466	3,944	575	4,519
1-Jul-18 to 30-Jun-19	1,332	1,393	2,725	575	3,300
1-Jul-19 to 30-Jun-20	1,088	870	1,958	575	2,533
1-Jul-20 to 30-Jun-21	634	1,265	1,899	575	2,474
1-Jul-21 to 30-Jun-22	0	1,741	1,741	575	2,316
1-Jul-22 to 30-Jun-23	0	1,087	1,087	575	1,662
1-Jul-23 to 30-Jun-24	0	680	680	575	1,255
1-Jul-24 to 30-Jun-25	0	426	426	575	1,001
1-Jul-25 to 30-Jun-26	0	265	265	575	840
1-Jul-26 to 30-Jun-27	0	167	167	575	742
1-Jul-27 to 30-Jun-28	0	105	105	575	680
1-Jul-28 to 30-Jun-29	0	65	65	575	640
1-Jul-29 to 30-Jun-30	0	41	41	575	616
1-Jul-30 to 30-Jun-31	0	25	25	575	600
1-Jul-31 to 30-Jun-32	0	16	16	575	591
1-Jul-32 to 30-Jun-33	0	10	10	575	585
1-Jul-33 to 30-Jun-34	0	5	5	575	580
1-Jul-34 to 30-Jun-35	0	3	3	575	578
1-Jul-35 to 30-Jun-36	0	3	3	575	578
1-Jul-36 to 30-Jun-37	0	1	1	575	576
1-Jul-37 to 30-Jun-38	0	1	1	575	576
1-Jul-38 to 30-Jun-39	0	0	0	575	575
1-Jul-39 to 30-Jun-40	0	0	0	575	575
1-Jul-40 to 30-Jun-41	0	0	0	575	575
1-Jul-41 to 30-Jun-42	0	0	0	575	575
1-Jul-42 to 30-Jun-43	0	0	0	575	575
1-Jul-43 to 30-Jun-44	0	0	0	575	575
1-Jul-44 to 30-Jun-45	0	0	0	575	575
1-Jul-45 to 30-Jun-46	0	0	0	575	575
1-Jul-46 to 30-Jun-47	0	0	0	575	575
1-Jul-47 to 30-Jun-48	0	0	0	575	575
1-Jul-48 to 30-Jun-49	0	0	0	575	575
1-Jul-49 to 30-Jun-50	0	0	0	575	575
1-Jul-50 to 30-Jun-51	0	0	0	575	575
1-Jul-51 to 30-Jun-52	0	0	0	575	575
1-Jul-52 to 30-Jun-53	0	0	0	575	575
1-Jul-53 to 30-Jun-54	0	0	0	575	575
1-Jul-54 to 30-Jun-55	0	0	0	575	575
1-Jul-55 to 30-Jun-56	0	0	0	417	417
Total	11,723	13,426	25,149	23,007	48,156

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Prime cost method summary

Date	Effective life plant	Division 43	Total
5-Mar-16 to 30-Jun-16	2,297	165	2,462
1-Jul-16 to 30-Jun-17	2,271	575	2,846
1-Jul-17 to 30-Jun-18	2,271	575	2,846
1-Jul-18 to 30-Jun-19	2,271	575	2,846
1-Jul-19 to 30-Jun-20	2,271	575	2,846
1-Jul-20 to 30-Jun-21	2,011	575	2,586
1-Jul-21 to 30-Jun-22	1,462	575	2,037
1-Jul-22 to 30-Jun-23	1,462	575	2,037
1-Jul-23 to 30-Jun-24	1,462	575	2,037
1-Jul-24 to 30-Jun-25	1,462	575	2,037
1-Jul-25 to 30-Jun-26	1,191	575	1,766
1-Jul-26 to 30-Jun-27	634	575	1,209
1-Jul-27 to 30-Jun-28	634	575	1,209
1-Jul-28 to 30-Jun-29	634	575	1,209
1-Jul-29 to 30-Jun-30	634	575	1,209
1-Jul-30 to 30-Jun-31	549	575	1,124
1-Jul-31 to 30-Jun-32	350	575	925
1-Jul-32 to 30-Jun-33	350	575	925
1-Jul-33 to 30-Jun-34	350	575	925
1-Jul-34 to 30-Jun-35	350	575	925
1-Jul-35 to 30-Jun-36	233	575	808
1-Jul-36 to 30-Jun-37	0	575	575
1-Jul-37 to 30-Jun-38	0	575	575
1-Jul-38 to 30-Jun-39	0	575	575
1-Jul-39 to 30-Jun-40	0	575	575
1-Jul-40 to 30-Jun-41	0	575	575
1-Jul-41 to 30-Jun-42	0	575	575
1-Jul-42 to 30-Jun-43	0	575	575
1-Jul-43 to 30-Jun-44	0	575	575
1-Jul-44 to 30-Jun-45	0	575	575
1-Jul-45 to 30-Jun-46	0	575	575
1-Jul-46 to 30-Jun-47	0	575	575
1-Jul-47 to 30-Jun-48	0	575	575
1-Jul-48 to 30-Jun-49	0	575	575
1-Jul-49 to 30-Jun-50	0	575	575
1-Jul-50 to 30-Jun-51	0	575	575
1-Jul-51 to 30-Jun-52	0	575	575
1-Jul-52 to 30-Jun-53	0	575	575
1-Jul-53 to 30-Jun-54	0	575	575
1-Jul-54 to 30-Jun-55	0	575	575
1-Jul-55 to 30-Jun-56	0	417	417
Total	25,149	23,007	48,156

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Diminishing value method schedule (years 1 - 5)

Tax grouping	Total cost @ 5-Mar-16 (\$)	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-20 (\$)
				5-Mar-16 30-Jun-16 Year 1 (\$)	1-Jul-16 30-Jun-17 Year 2 (\$)	1-Jul-17 30-Jun-18 Year 3 (\$)	1-Jul-18 30-Jun-19 Year 4 (\$)	1-Jul-19 30-Jun-20 Year 5 (\$)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air-conditioning assets - split systems	8,276	10	20.0 %	534	1,548	1,239	991	793	3,171
Automatic Garage Door - Motors & Controls	4,046	5	40.0 %	522	1,410	846	0*	0	495
Bathroom Accessories	1,570	1	100.0 %	1,570	0	0	0	0	0
Fire control and alarm assets - Extinguishers	711	15	37.5 %	0*	0	0	0	0	88
Hot Water Installations	3,555	15	13.3 %	153	454	393	341	295	1,919
Light Fittings & Shades	4,316	20	37.5 %	0*	0	0	0	0	535
Subtotal	22,474			2,779	3,412	2,478	1,332	1,088	6,208
Additional unit specific									
Light Fittings & Shades (18-Mar-16)	2,675	20	37.5 %	0*	0	0	0	0	332
Subtotal	2,675			0	0	0	0	0	332
Total division 40 - effective life rate	17,447			2,779	3,412	2,478	1,332	1,088	3,171
Total division 40 - pooled (Page 20)	7,702			1,444	2,347	1,466	1,393	870	3,369
Total division 40	25,149			4,223	5,759	3,944	2,725	1,958	6,540
Division 43 - capital works allowance									
Total division 43 (Page 13)	23,007			165	575	575	575	575	20,542
Total depreciation	48,156			4,388	6,334	4,519	3,300	2,533	27,082

*Low cost assets and low value assets have been allocated to the low value pooling table.

Diminishing value method schedule (years 6 - 10)

Tax grouping	Total cost @ 1-Jul-20 (\$)	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-25 (\$)
				1-Jul-20 30-Jun-21 Year 6 (\$)	1-Jul-21 30-Jun-22 Year 7 (\$)	1-Jul-22 30-Jun-23 Year 8 (\$)	1-Jul-23 30-Jun-24 Year 9 (\$)	1-Jul-24 30-Jun-25 Year 10 (\$)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air-conditioning assets - split systems	3,171	10	20.0 %	634	0*	0	0	0	387
Automatic Garage Door - Motors & Controls	495	5	37.5 %	0	0	0	0	0	47
Bathroom Accessories	0	1	100.0 %	0	0	0	0	0	0
Fire control and alarm assets - Extinguishers	88	15	37.5 %	0	0	0	0	0	8
Hot Water Installations	1,919	15	37.5 %	0*	0	0	0	0	182
Light Fittings & Shades	535	20	37.5 %	0	0	0	0	0	51
Subtotal	6,208			634	0	0	0	0	675
Additional unit specific									
Light Fittings & Shades (18-Mar-16)	332	20	37.5 %	0	0	0	0	0	32
Subtotal	332			0	0	0	0	0	32
Total division 40 - effective life rate	3,171			634	0	0	0	0	0
Total division 40 - pooled (Page 21)	3,369			1,265	1,741	1,087	680	426	707
Total division 40	6,540			1,699	1,741	1,087	680	426	707
Division 43 - capital works allowance									
Total division 43 (Page 13)	20,542			575	575	575	575	575	17,667
Total depreciation	27,082			2,474	2,316	1,662	1,255	1,001	18,374

*Low cost assets and low value assets have been allocated to the low value pooling table.

Diminishing value method schedule (years 11 - 15)

Tax grouping	Total cost @ 1-Jul-25 (\$)	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-30 (\$)
				1-Jul-25 30-Jun-26 Year 11 (\$)	1-Jul-26 30-Jun-27 Year 12 (\$)	1-Jul-27 30-Jun-28 Year 13 (\$)	1-Jul-28 30-Jun-29 Year 14 (\$)	1-Jul-29 30-Jun-30 Year 15 (\$)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air-conditioning assets - split systems	387	10	37.5 %	0	0	0	0	0	37
Automatic Garage Door - Motors & Controls	47	5	37.5 %	0	0	0	0	0	4
Bathroom Accessories	0	1	100.0 %	0	0	0	0	0	0
Fire control and alarm assets - Extinguishers	8	15	37.5 %	0	0	0	0	0	0
Hot Water Installations	182	15	37.5 %	0	0	0	0	0	17
Light Fittings & Shades	51	20	37.5 %	0	0	0	0	0	4
Subtotal	675			0	0	0	0	0	62
Additional unit specific									
Light Fittings & Shades (18-Mar-16)	32	20	37.5 %	0	0	0	0	0	2
Subtotal	32			0	0	0	0	0	2
Total division 40 - effective life rate	0			0	0	0	0	0	0
Total division 40 - pooled (Page 22)	707			265	167	105	65	41	64
Total division 40	707			265	167	105	65	41	64
Division 43 - capital works allowance									
Total division 43 (Page 13)	17,667			575	575	575	575	575	14,792
Total depreciation	18,374			840	742	680	640	616	14,856

*Low cost assets and low value assets have been allocated to the low value pooling table.

Diminishing value method schedule (years 16 - 20)

Tax grouping	Total cost @ 1-Jul-30 (\$)	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-35 (\$)
				1-Jul-30 30-Jun-31 Year 16 (\$)	1-Jul-31 30-Jun-32 Year 17 (\$)	1-Jul-32 30-Jun-33 Year 18 (\$)	1-Jul-33 30-Jun-34 Year 19 (\$)	1-Jul-34 30-Jun-35 Year 20 (\$)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air-conditioning assets - split systems	37	10	37.5 %	0	0	0	0	0	4
Automatic Garage Door - Motors & Controls	4	5	37.5 %	0	0	0	0	0	0
Bathroom Accessories	0	1	100.0 %	0	0	0	0	0	0
Fire control and alarm assets - Extinguishers	0	15	37.5 %	0	0	0	0	0	0
Hot Water Installations	17	15	37.5 %	0	0	0	0	0	1
Light Fittings & Shades	4	20	37.5 %	0	0	0	0	0	0
Subtotal	62			0	0	0	0	0	5
Additional unit specific									
Light Fittings & Shades (18-Mar-16)	2	20	37.5 %	0	0	0	0	0	0
Subtotal	2			0	0	0	0	0	0
Total division 40 - effective life rate	0			0	0	0	0	0	0
Total division 40 - pooled (Page 23)	64			25	16	10	5	3	5
Total division 40	64			25	16	10	5	3	5
Division 43 - capital works allowance									
Total division 43 (Page 13)	14,792			575	575	575	575	575	11,917
Total depreciation	14,856			600	591	585	580	578	11,922

*Low cost assets and low value assets have been allocated to the low value pooling table.

Diminishing value method pooling schedule (years 1 - 5)

Tax grouping	Total cost @ Pooling start (\$)	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-20 (\$)
				5-Mar-16 30-Jun-16 Year 1 (\$)	1-Jul-16 30-Jun-17 Year 2 (\$)	1-Jul-17 30-Jun-18 Year 3 (\$)	1-Jul-18 30-Jun-19 Year 4 (\$)	1-Jul-19 30-Jun-20 Year 5 (\$)	
Division 40 - plant & equipment (Pooling rates)									
Existing unit specific									
Air-conditioning assets - split systems	*2,537	10	0.0 %	0	0	0	0	0	0
Automatic Garage Door - Motors & Controls	*1,268	5	37.5 %	0	0	0	476	297	495
Bathroom Accessories	0	1	0.0 %	0	0	0	0	0	0
Fire control and alarm assets - Extinguishers	711	15	37.5 %	133	217	135	85	53	88
Hot Water Installations	*1,919	15	0.0 %	0	0	0	0	0	1,919
Light Fittings & Shades	4,316	20	37.5 %	809	1,315	822	514	321	535
Subtotal	5,027			942	1,532	957	1,075	871	3,037
Additional unit specific									
Light Fittings & Shades (18-Mar-16)	2,675	20	37.5 %	502	815	509	318	199	332
Subtotal	2,675			502	815	509	318	199	332
Total - pooled items	7,702			1,444	2,347	1,466	1,393	870	3,369

Items marked by an * are allocated to the low-value pool in later years.

Diminishing value method pooling schedule (years 6 - 10)

Tax grouping	Total cost @ Pooling start (\$)	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-25 (\$)
				1-Jul-20 30-Jun-21 Year 6 (\$)	1-Jul-21 30-Jun-22 Year 7 (\$)	1-Jul-22 30-Jun-23 Year 8 (\$)	1-Jul-23 30-Jun-24 Year 9 (\$)	1-Jul-24 30-Jun-25 Year 10 (\$)	
Division 40 - plant & equipment (Pooling rates)									
Existing unit specific									
Air-conditioning assets - split systems	*2,537	10	37.5 %	0	951	595	372	232	387
Automatic Garage Door - Motors & Controls	495	5	37.5 %	186	116	72	45	29	47
Bathroom Accessories	0	1	0.0 %	0	0	0	0	0	0
Fire control and alarm assets - Extinguishers	88	15	37.5 %	33	21	13	8	5	8
Hot Water Installations	1,919	15	37.5 %	720	450	281	176	110	182
Light Fittings & Shades	535	20	37.5 %	201	125	78	49	31	51
Subtotal	3,037			1,140	1,663	1,039	650	407	675
Additional unit specific									
Light Fittings & Shades (18-Mar-16)	332	20	37.5 %	125	78	48	30	19	32
Subtotal	332			125	78	48	30	19	32
Total - pooled items	3,369			1,265	1,741	1,087	680	426	707

Items marked by an * are allocated to the low-value pool in later years.

Diminishing value method pooling schedule (years 11 - 15)

Tax grouping	Total cost @ Pooling start (\$)	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-30 (\$)
				1-Jul-25 30-Jun-26 Year 11 (\$)	1-Jul-26 30-Jun-27 Year 12 (\$)	1-Jul-27 30-Jun-28 Year 13 (\$)	1-Jul-28 30-Jun-29 Year 14 (\$)	1-Jul-29 30-Jun-30 Year 15 (\$)	
Division 40 - plant & equipment (Pooling rates)									
Existing unit specific									
Air-conditioning assets - split systems	387	10	37.5 %	145	91	57	35	22	37
Automatic Garage Door - Motors & Controls	47	5	37.5 %	18	11	7	4	3	4
Bathroom Accessories	0	1	0.0 %	0	0	0	0	0	0
Fire control and alarm assets - Extinguishers	8	15	37.5 %	3	2	1	1	1	0
Hot Water Installations	182	15	37.5 %	68	43	27	17	10	17
Light Fittings & Shades	51	20	37.5 %	19	12	8	5	3	4
Subtotal	675			253	159	100	62	39	62
Additional unit specific									
Light Fittings & Shades (18-Mar-16)	32	20	37.5 %	12	8	5	3	2	2
Subtotal	32			12	8	5	3	2	2
Total - pooled items	707			265	167	105	65	41	64

Items marked by an * are allocated to the low-value pool in later years.

Diminishing value method pooling schedule (years 16 - 20)

Tax grouping	Total cost @ Pooling start (\$)	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-35 (\$)
				1-Jul-30 30-Jun-31 Year 16 (\$)	1-Jul-31 30-Jun-32 Year 17 (\$)	1-Jul-32 30-Jun-33 Year 18 (\$)	1-Jul-33 30-Jun-34 Year 19 (\$)	1-Jul-34 30-Jun-35 Year 20 (\$)	
Division 40 - plant & equipment (Pooling rates)									
Existing unit specific									
Air-conditioning assets - split systems	37	10	37.5 %	14	9	5	3	2	4
Automatic Garage Door - Motors & Controls	4	5	37.5 %	2	1	1	0	0	0
Bathroom Accessories	0	1	0.0 %	0	0	0	0	0	0
Fire control and alarm assets - Extinguishers	0	15	0.0 %	0	0	0	0	0	0
Hot Water Installations	17	15	37.5 %	6	4	3	2	1	1
Light Fittings & Shades	4	20	37.5 %	2	1	1	0	0	0
Subtotal	62			24	15	10	5	3	5
Additional unit specific									
Light Fittings & Shades (18-Mar-16)	2	20	37.5 %	1	1	0	0	0	0
Subtotal	2			1	1	0	0	0	0
Total - pooled items	64			25	16	10	5	3	5

Items marked by an * are allocated to the low-value pool in later years.

Prime cost method schedule (years 1 - 5)

Tax grouping	Total cost @ 5-Mar-16 (\$)	Effective life (Years)	Basic rate (PC)	Depreciation allowance					TWDV @ 1-Jul-20 (\$)
				5-Mar-16 30-Jun-16 Year 1 (\$)	1-Jul-16 30-Jun-17 Year 2 (\$)	1-Jul-17 30-Jun-18 Year 3 (\$)	1-Jul-18 30-Jun-19 Year 4 (\$)	1-Jul-19 30-Jun-20 Year 5 (\$)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air-conditioning assets - split systems	8,276	10	10.0 %	267	828	828	828	828	4,697
Automatic Garage Door - Motors & Controls	4,046	5	20.0 %	261	809	809	809	809	549
Bathroom Accessories	1,570	1	100.0 %	1,570	0	0	0	0	0
Fire control and alarm assets - Extinguishers	711	15	6.7 %	15	47	47	47	47	508
Hot Water Installations	3,555	15	6.7 %	76	237	237	237	237	2,531
Light Fittings & Shades	4,316	20	5.0 %	70	216	216	216	216	3,382
Subtotal	22,474			2,259	2,137	2,137	2,137	2,137	11,667
Additional unit specific									
Light Fittings & Shades (18-Mar-16)	2,675	20	5.0 %	38	134	134	134	134	2,101
Subtotal	2,675			38	134	134	134	134	2,101
Total division 40 - effective life rate	25,149			2,297	2,271	2,271	2,271	2,271	13,768
Division 43 - capital works allowance									
Total division 43 (Page 13)	23,007			165	575	575	575	575	20,542
Total depreciation	48,156			2,462	2,846	2,846	2,846	2,846	34,310

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Prime cost method schedule (years 6 - 10)

Tax grouping	Total cost @ 1-Jul-20 (\$)	Effective life (Years)	Basic rate (PC)	Depreciation allowance					TWDV @ 1-Jul-25 (\$)
				1-Jul-20 30-Jun-21 Year 6 (\$)	1-Jul-21 30-Jun-22 Year 7 (\$)	1-Jul-22 30-Jun-23 Year 8 (\$)	1-Jul-23 30-Jun-24 Year 9 (\$)	1-Jul-24 30-Jun-25 Year 10 (\$)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air-conditioning assets - split systems	4,697	10	10.0 %	828	828	828	828	828	557
Automatic Garage Door - Motors & Controls	549	5	20.0 %	549	0	0	0	0	0
Bathroom Accessories	0	1	100.0 %	0	0	0	0	0	0
Fire control and alarm assets - Extinguishers	508	15	6.7 %	47	47	47	47	47	273
Hot Water Installations	2,531	15	6.7 %	237	237	237	237	237	1,346
Light Fittings & Shades	3,382	20	5.0 %	216	216	216	216	216	2,302
Subtotal	11,687			1,877	1,328	1,328	1,328	1,328	4,478
Additional unit specific									
Light Fittings & Shades (18-Mar-16)	2,101	20	5.0 %	134	134	134	134	134	1,431
Subtotal	2,101			134	134	134	134	134	1,431
Total division 40 - effective life rate	13,788			2,011	1,462	1,462	1,462	1,462	5,909
Division 43 - capital works allowance									
Total division 43 (Page 13)	20,542			575	575	575	575	575	17,667
Total depreciation	34,310			2,586	2,037	2,037	2,037	2,037	23,576

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Prime cost method schedule (years 11 - 15)

Tax grouping	Total cost @ 1-Jul-25 (\$)	Effective life (Years)	Basic rate (PC)	Depreciation allowance					TWDV @ 1-Jul-30 (\$)
				1-Jul-25 30-Jun-26 Year 11 (\$)	1-Jul-26 30-Jun-27 Year 12 (\$)	1-Jul-27 30-Jun-28 Year 13 (\$)	1-Jul-28 30-Jun-29 Year 14 (\$)	1-Jul-29 30-Jun-30 Year 15 (\$)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air-conditioning assets - split systems	557	10	10.0 %	557	0	0	0	0	0
Automatic Garage Door - Motors & Controls	0	5	20.0 %	0	0	0	0	0	0
Bathroom Accessories	0	1	100.0 %	0	0	0	0	0	0
Fire control and alarm assets - Extinguishers	273	15	6.7 %	47	47	47	47	47	38
Hot Water Installations	1,346	15	6.7 %	237	237	237	237	237	161
Light Fittings & Shades	2,302	20	5.0 %	216	216	216	216	216	1,222
Subtotal	4,478			1,057	500	500	500	500	1,421
Additional unit specific									
Light Fittings & Shades (18-Mar-16)	1,431	20	5.0 %	134	134	134	134	134	761
Subtotal	1,431			134	134	134	134	134	761
Total division 40 - effective life rate	5,909			1,191	634	634	634	634	2,182
Division 43 - capital works allowance									
Total division 43 (Page 13)	17,667			575	575	575	575	575	14,792
Total depreciation	23,576			1,766	1,209	1,209	1,209	1,209	16,974

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Prime cost method schedule (years 16 - 20)

Tax grouping	Total cost @ 1-Jul-30 (\$)	Effective life (Years)	Basic rate (PC)	Depreciation allowance					TWDV @ 1-Jul-35 (\$)
				1-Jul-30 30-Jun-31 Year 16 (\$)	1-Jul-31 30-Jun-32 Year 17 (\$)	1-Jul-32 30-Jun-33 Year 18 (\$)	1-Jul-33 30-Jun-34 Year 19 (\$)	1-Jul-34 30-Jun-35 Year 20 (\$)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air-conditioning assets - split systems	0	10	10.0 %	0	0	0	0	0	0
Automatic Garage Door - Motors & Controls	0	5	20.0 %	0	0	0	0	0	0
Bathroom Accessories	0	1	100.0 %	0	0	0	0	0	0
Fire control and alarm assets - Extinguishers	38	15	6.7 %	38	0	0	0	0	0
Hot Water Installations	161	15	6.7 %	161	0	0	0	0	0
Light Fittings & Shades	1,222	20	5.0 %	216	216	216	216	216	142
Subtotal	1,421			415	216	216	216	216	142
Additional unit specific									
Light Fittings & Shades (18-Mar-16)	761	20	5.0 %	134	134	134	134	134	91
Subtotal	761			134	134	134	134	134	91
Total division 40 - effective life rate	2,182			549	350	350	350	350	233
Division 43 - capital works allowance									
Total division 43 (Page 13)	14,792			575	575	575	575	575	11,917
Total depreciation	16,974			1,124	925	925	925	925	12,150

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Glossary of terms

Building first use

Properties generally depreciate for forty years from their construction completion date. When a purchaser becomes the first owner of a brand new investment property, they are entitled to claim both the capital works deduction and depreciation of plant and equipment assets as long as they own the property and it is being used to produce income for a taxable purpose.

Building price indices

The building price index is a statistical based method of measuring building price movements over time. It is a composite index with weighted factors on an industry-wide basis.

Division 40 - plant and equipment

Division 40 refers to the plant and equipment assets contained within the property. These assets are deemed to be mechanical or easily removed from the property as opposed to items that are permanently fixed to the structure of the building. These are assets which are also listed as recognised plant and equipment assets by the ATO. Unlike deductions available for division 43, depreciation of plant and equipment is not limited by age. It is the condition and quality of each item as well as the individual effective life of the asset as set by the ATO which contributes to the depreciable amount. Examples of plant and equipment assets found in commercial properties include carpet, blinds, air conditioners and security systems as well as industry specific assets such as hospitality, medical or manufacturing equipment.

For commercial buildings, it is important to note that both commercial property owners as lessee's and commercial property renters as tenants are entitled to claim deductions relating to depreciable assets. It is the responsibility of the commercial property owner or tenant to seek additional advice from an Accountant or Tax Adviser to ensure they claim deductions correctly for any assets contained in a commercial property.

BMT Tax Depreciation's app BMT Rate Finder provides an easy way to search for depreciable plant and equipment for all industries. BMT Resi Rates can be used for residential properties. These apps are free on the App Store™ and Google Play™.

Division 43

Division 43 refers to a deduction available for the structural element of a building and assets that are fixed to the building. This is commonly referred to as a capital works deduction. A deduction can be claimed for the building, structural improvements and fixed assets of a property at a rate of either 2.5 per cent or 4 per cent each year depending on the classification of the property's use and the property's construction commencement date as demonstrated in the table below.

Capital works qualifying dates:

Residential	18 July 1985	15-16 Sept 1987		
Structural Improvements				26-27 Feb 1992
Non-Residential	20 July 1982	21-22 Aug 1984	15-16 Sept 1987	
Traveller Accommodation	21 Aug 1979	21-22 Aug 1984	15-16 Sept 1987	26-27 Feb 1992
Manufacturing	20 July 1982	21-22 Aug 1984	15-16 Sept 1987	26-27 Feb 1992

Key: 2.5% 4%

Current legislation enforced by the ATO states that a non-residential commercial property owner is eligible to claim a deduction for the division 43 on income producing properties that commenced construction between 20 of July 1982 and the present time. An exception occurs for commercial properties used as traveller accommodation, in which division 43 can be claimed on properties in which construction commenced after 21 August 1979. The capital works deduction can only be claimed for a maximum of forty years after the construction completion date. Examples of assets that will qualify for division 43 include walls, the roof, tiles, cabinets, mezzanines, fixed bathroom fittings and vanities.

Property owners may also be able to claim building write-off for renovations that have been completed to a property, even if these renovations were completed by a previous owner of the property.

For commercial buildings, it is important to note that both commercial property owners as lessee's and commercial property renters as tenants are entitled to claim deductions relating to capital works. This is because tenants are also entitled to claim deductions for any structural items installed during a fit out of a commercial property. It is the responsibility of the commercial property owner or tenant to seek additional advice from an Accountant or Tax Adviser to ensure they claim deductions correctly for any structures contained in a commercial property.

Refer to the glossary of terms for the definition of a fit out.

Diminishing value method

The diminishing value method is one of two methods used to claim depreciation for plant and equipment assets. Under the diminishing value method the decline in value is calculated using the asset's base value. The base value of an asset is, broadly, its cost plus any costs incurred on the asset since you first held it less the decline in value of the asset up to the end of the prior year.

The formulas for the diminishing value method are:

Diminishing value method				
For depreciating assets you started to hold on or after 10th May 2006				
Base value*	X	Days held	X	200 per cent
		-----		-----
		365		asset's effective life
For depreciating assets you started to hold prior to 10th May 2006				
Base value*	X	Days held	X	150 per cent
		-----		-----
		365		asset's effective life

* For the income year in which an asset is first used or installed ready for use for any purpose, the base value is the asset's cost. For a later income year, the base value is the asset's opening adjustable value plus any amounts included in the asset's second element of cost for that year.

This method assumes that the decline in value each year is a constant proportion of the amount not yet written off and produces a progressively smaller decline in value over time.

This method results in a higher rate of depreciation deductions in the first five to ten years of owning the property.

Once a method has been chosen, this cannot be changed. For this reason, it is recommended that the commercial property owners and their tenants consult with an Accountant or a Financial Adviser for advice on which method will best suit their individual investment strategy and to ensure the best results are obtained.

Effective life

The effective life of depreciable assets is set by the Tax Commissioner and is used to show how long an asset is likely to last and be effective. Legislation in place at the time this schedule is completed provides an effective life for each individual asset claimable as plant and equipment. The value of depreciation is determined based upon this effective life.

Fit out

The fit out of a commercial property generally involves completing capital works or installing plant and equipment assets into a building to make it fit for the purpose of carrying on a business. Examples of a fit out include desks, blinds, partitioning, security systems, shelving, carpets, computers, office furniture and industry specific assets such as hospitality, medical or manufacturing equipment.

Both commercial property owners as lessee's and commercial property renters as tenants carry out fit outs to commercial properties. It is the responsibility of each party to adequately inform BMT Tax Depreciation about the ownership of any capital works or plant and equipment assets installed during an office fit out when requesting a Capital Allowance and Tax Depreciation Schedule.

If a fit out is installed by the lessee's, depreciation deductions should be claimed as either division 43 capital works or division 40 plant and equipment deductions as defined accordingly.

Commercial property tenants are entitled to claim depreciation for fit out they add to the property once their lease starts. If lease conditions mandate a commercial property tenant returns the property to its original condition, the tenant could be entitled to claim the remaining depreciable value using a process known as scrapping as an immediate write-off in the year the item is removed from the property.

Commercial property lessee's are also entitled to claim deductions for any assets installed by their tenant if left behind after the lease expires and the tenant vacates.

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The following graphic provides a summary to help further explain this process:



It is important to seek adequate advice from an Accountant or Tax Adviser when claiming depreciable structures or assets installed during the fit out of a commercial property.

Immediate write-off

For commercial business owners with an aggregated turnover over \$10 million, individual assets within a property which cost \$100 or less can usually be written off as an immediate deduction in the year of their acquisition. This means an investor can claim 100 per cent of the value of an asset in the same financial year as its purchase so long as the asset meets certain criteria as set by the ATO.

To be eligible for the \$100 immediate write-off, an asset must be used for the purpose of producing assessable income in a commercial business. The asset cannot be part of a set of assets acquired in the income year that together cost more than \$100. The cost of individual assets that have been acquired after 1 July 2001 that are the same asset type (or are considered to be identical or substantially identical in accordance with legislation enforced by the ATO) must be added together when applying the \$100 threshold. If their combined total cost is more than \$100, they cannot be written off in the year of purchase (unless there are multiple owners and their interest in the asset is less than \$100). Alternatively, you may be able to allocate the asset to a low-value pool.

Additional deductions apply to commercial business owners classified as a small business with an aggregated turnover of less than \$10 million. If your commercial business fits within the definition of a small business, please contact BMT Tax Depreciation regarding organising a Capital Allowance and Tax Depreciation Schedule for Small Business Enterprises. It is recommended that you seek additional advice from your Accountant or Tax Adviser to help determine the correct legislation regarding immediate write-off for your business.

See the definitions for low-value pooling and small business also provided within this glossary of terms.

Low-value pooling

From 1 July 2000, an optional low-value pooling arrangement for plant items was introduced. This applied to certain plant and equipment items costing less than \$1,000 or having an un-deducted cost of less than \$1,000.

Under the Uniform Capital Allowance (UCA) rules, you can allocate low-cost assets and low value assets to a low-value pool. Assets which are placed into a low-value pool are able to be claimed by the property owner at an accelerated rate of 18.75 per cent in the year of purchase and 37.5 per cent every year thereafter.

Where an asset is held by partners carrying on a rental property business the ATO advises you must divide the net rental income or loss according to the partnership agreement. This must be done whether or not the legal interest in the rental property is different to the partners' entitlements to profits and losses under the partnership agreement. If you do not have a partnership agreement, you should divide your net rental income or loss between partners equally.

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BMT Tax Depreciation can calculate the decline in value for assets based on any percentage of interest as outlined in a business partnership agreement. This means that if a partner's interest in an asset or the opening adjustable value of a partner's interest is less than \$1,000, you can allocate your interest in the asset to the low-value pool.

Once you choose to create a low-value pool and allocate a low-cost asset to it, you must pool all other low-cost assets you start to hold in that income year and in later income years. However, this rule does not apply to low-value assets. You can decide whether to allocate low-value assets to the pool on an asset-by-asset basis.

If your business is classified as a small business (see the definition of small business within the glossary of terms) generally you will not use the uniform capital allowance rules for low-value pooling. Instead, simplified depreciation rules for small business entities should be applied. Commercial property owners and tenants should seek advice from their Accountant if they qualify for deductions as a small business entity. If they qualify, it is the commercial property owner or tenant's responsibility to notify BMT Tax Depreciation. BMT can provide a Capital Allowance and Tax Depreciation Schedule which utilises simplified depreciation rules for small businesses on a request basis. BMT Tax Depreciation take no responsibility for incorrect information provided or the results of the actions taken on the basis of information provided in this schedule.

Low-cost assets

A low-cost asset is a depreciable asset that has an opening value of less than \$1,000 in the year of acquisition.

Low-value assets

A low-value asset is a depreciable asset that has a written down value of less than \$1,000. That is, the value of the asset may have been greater than \$1,000 in the year of acquisition however the value remaining after a previous year's depreciation deduction is less than \$1,000.

Non-depreciable components

Examples of non-depreciable components include land value, market premiums, rates, taxes, holding costs and assets which have not been deemed to be depreciable according to current legislation, for example soft landscaping.

Preliminaries

Construction preliminaries refers to the associated expenses or costs that contractors incur in the completion of a project, for example a site office or heating of a site office, rather than the actual building working materials like the bricks and mortar.

Prime cost method

The prime cost method is one of two methods used to claim depreciation for plant and equipment. Under the prime cost method the decline in value is generally calculated as a constant percentage of the asset's cost and reflects a uniform decline in value over time. The formula is:

Prime cost method				
Asset's cost	X	Days held	X	100 per cent
		-----		-----
		365		asset's effective life

The cost of an asset includes both the amount you pay for it as well as any additional amounts you spend on transporting it and installing it. Cost also includes amounts you spend on improving the asset.

Once a method has been chosen, this cannot be changed. For this reason, it is recommended that the property owner consult with an Accountant or a Financial Adviser for advice on which method will best suit their individual investment strategy and to ensure the best results are obtained.

pro-rata calculations

Pro-rata calculations are used to show a portion of a total quantity. When an investment property is rented partway through a year, depreciation claims are required to be based on a pro-rata calculation of the time that the property (or asset acquired and installed within the property) was income producing.

Small business entity

A small business entity is an individual, partnership, company or trust that carries on a business activity and has an aggregated turnover less than \$10 million. The business must have operated for all or part of an income year. Generally, aggregated turnover is your annual turnover plus the annual turnover of any business you are connected with or that is your affiliate.

Businesses which fit within the definition of a small business entity are entitled to a range of tax concessions. It is recommended to seek advice from an Accountant if you qualify for small business concessions available. BMT Tax Depreciation can complete a Capital Allowance and Tax Depreciation Schedule for Small Business Enterprises which outlines deductions available including small business concessions. If your company fits within this definition, please contact BMT immediately to update your depreciation schedule.

Split schedule

Ownership structures influence how depreciation deductions are calculated. Commercial properties with multiple owners can create a complex tax situation.

Co-owners must divide the income and expenses for the rental property in line with their 'interest' in the property. The two co-owner structures are:

- Joint tenants - each holds an equal interest in the property, or
- Tenants in common - may hold unequal interests in the property, for example, one may hold a 20 percent interest and the other an 80 per cent interest

Co-owned depreciating assets, as outlined in section 40-35 of the Income Tax Assessment Act 1997, are able to be calculated and deducted based on each owner's interest in the asset, and not the whole asset.

For example, joint tenants with an equal 50 per cent share can claim an immediate write-off for items under \$200 as each co-owner's share is less than \$100 each. When an owner's share of an asset valued at less than \$1,000 it can also be added to a low-value pool.

According to the ATO, when you are carrying on a rental property business in partnership with others, you must divide the net rental income or loss according to the partnership agreement. This must be done whether or not the legal interest in the rental property is different to the partners' entitlements to profits and losses under the partnership agreement. If you do not have a partnership agreement, you should divide your net rental income or loss between partners equally.

A BMT Tax Depreciation Schedule makes the process easier for Accountants by splitting depreciation deductions to ensure the owners' claims are maximised. BMT Tax Depreciation can take into account any number of partners from two owners at 60:40 or even four owners at 70:15:10:5. A BMT Tax Depreciation Schedule can also take into consideration the portion of ownership for plant and equipment assets installed during an office fit out.

Tax Receipt

Job No: 579718

To: Vinita Super Fund1 Pty Ltd
4 Charlotte Court ORMISTON QLD 4160

Date	Description	Amount
29/03/2018	Capital Allowance & Tax Depreciation Report for 9 Neumann Road CAPALABA, QLD 4157	\$1,400.00
	Goods and Services Tax	\$140.00
	Amount Paid	\$1,540.00

If you have additional investment properties that you would like a free opinion on, please contact us today.

Invoice Paid in Full - Thank you.

Yours Sincerely,

BMT Tax Depreciation

BMT Tax Depreciation Pty Ltd
Quantity Surveyors

BMT Tax Depreciation

QUANTITY SURVEYORS

15 May 2018

Vinita Super Fund1 Pty Ltd
4 Charlotte Court
ORMISTON QLD 4160

Continuous Improvement Program

Dear Sir/Madam,

BMT Tax Depreciation would like to thank you for ordering your report. In an effort to improve our services, we have a continuous improvement program which gives us an insight from you, our valued client.

BMT strive to exceed our clients expectations, with your feedback we can continue to improve our services. We have attached a feedback form which should only take a moment of your time to complete and add any comments you may have.

Should you have any queries or require further clarification please do not hesitate to contact your local office or email info@bmtqs.com.au.

We thank you for your time and assistance with this program.

Yours Sincerely,



BMT Tax Depreciation Pty Ltd
Quantity Surveyors

FACSIMILE/MEMO:

Company: BMT Tax Depreciation Pty Ltd
Attention: The Quality Assurance Manager
From: Vinita Super Fund1 Pty Ltd
Fax Number: 1300 728 721
Project Address: 9 Neumann Road
CAPALABA QLD 4157
Subject: Continuous Improvement Program

Job Reference Number: 579718

Thank you for selecting BMT Tax Depreciation to complete your report. As a valued client we appreciate your feedback.

Please rate BMT's performance for each question on a scale from 1-10

How would you rate your overall experience with BMT? (1 = Poor, 10 = Excellent)

1 2 3 4 5 6 7 8 9 10

How would you rate BMT's customer service? (1 = Poor, 10 = Excellent)

1 2 3 4 5 6 7 8 9 10

How would you rate BMT's level of communication with you? (1 = Poor, 10 = Excellent)

1 2 3 4 5 6 7 8 9 10

Was the report clear and easy to follow? (1 = Unclear, 10 = Very Clear)

1 2 3 4 5 6 7 8 9 10

How likely would you be to refer BMT to your family and friends? (1 = Very Unlikely, 10 = Definitely)

1 2 3 4 5 6 7 8 9 10

Do you have any other investment properties that we can assist you with? Yes / No

If we can assist anyone you may know with our services, please provide contact details below.

Any further comments or suggestions for improvement?

Please note that this facsimile transmission is private and confidential to the intended recipient. The copy or distribution of this communication or any of the information contained within it by anyone other than the addressed is prohibited. If you receive it by mistake please contact BMT Tax Depreciation immediately on 1300 728 726.