



**Capital Allowance and  
Tax Depreciation Schedule**  
for

**Unit 1/16 Vantage Avenue  
Clyde North VIC 3168**

2-Mar-17

Lewloy Property 1 Pty Ltd  
PO Box 127  
Goodwood SA 5034

Dear Sir/Madam,

**Re: Unit 1/16 Vantage Avenue, Clyde North VIC 3168**

Please find enclosed a copy of the Capital Allowance and Tax Depreciation Schedule prepared for the above property.

This report is intended to be used by the name or names specified in this report for the sole purpose of tax depreciation claims, and should not be used for any other purpose.

Quanto Pty Ltd have based our assessment of depreciation on the Commissioner of Taxation's current rulings.

The content of this report does not provide tax advice. The taxpayer should liaise with their tax advisor before acting on the contents of this report.

This report becomes void if the property changes ownership. Future owners should contact this office to maximise their depreciation claim.

Quanto Pty Ltd does not accept any contractual, tortious or other form of liability for any loss, damages or consequences which may arise as a result of any other person acting upon or using this valuation.

**1.0 Introduction**

This report is intended to provide an independent analysis of the capital allowances available under the Income Tax Assessment Act 1997 (ITAA 1997).

Please refer to Appendix A when making your depreciation claim. These tables outline both the Diminishing Value Method and the Prime Cost Methods of depreciation available to the owner over a 20 year period from the settlement date. Please note that

only one of these methods may be used when calculating deductions, and once that method is chosen it cannot be changed. The difference between the two methods is graphically illustrated in the attached Appendix E.

The deductions calculated within this report are in accordance with Quanto Pty Ltd's interpretation of the ITAA 1997, and in particular, Division 40 (plant and equipment) and Division 43 (capital works).

It is assumed that the owner is not entitled to claim input tax credits and therefore GST is included to items where applicable.

Quanto Pty Ltd note that this report is based on estimated costs unless we have been advised of actual costs. All estimated costs are based on information provided to us by Prime Projects.

## **2.0 Property Details**

Property Owner:	Lewloy Property 1 Pty Ltd
Property Address:	Unit 1/16 Vantage Avenue, Clyde North VIC 3168
Property Type:	Residential
Building First Use:	21-Feb-17
Date Available for Income:	22-Feb-17

## **3.0 Division 40 – Depreciating Assets (Plant & Equipment)**

Division 40 of the ITAA 1997 allows for the taxpayer to claim a decline in value of a depreciating asset (plant & equipment item) over its effective life. This is calculated by using either of two methods – the Diminishing Value Method or the Prime Cost Method.

Please refer to Appendix B and C for details of the Division 40 calculations.

### **3.1 Effective Lives**

The effective lives of depreciating assets have been calculated in accordance with the legislation in force at the time of acquisition, as determined by the Tax Commissioner in TR2007/3 and subsequent addendums.

### **3.2 \$300 Immediate Deduction**

Depreciating assets which have a cost of less than \$300 at the time of acquisition qualify for an immediate 100% deduction under Division 40 of the ITAA 1997.

### **3.3 Low Value Pooling**

Using the Diminishing Value Method only, depreciating assets with a cost of less than \$1000 at the time of acquisition qualify for the low value pool. These assets are depreciated at 18.75% for the first year, and 37.5% for subsequent years. Low Value Pooling is only applicable after 1-Jul-00.

#### **3.3.1 Low Cost Assets**

Low cost assets are depreciating assets which have a cost of less than \$1000 at the time of acquisition.

#### **3.3.2 Low Value Assets**

Low value assets are depreciating assets which have an adjusted (or written down) value of less than \$1000 at the beginning of a tax year.

### **4.0 Division 43 - Capital Works Allowance**

Division 43 of the ITAA 1997 allows for the taxpayer to claim a deduction of 2.5% per year on all construction expenditure and structural improvements relating to the property that commenced after 16-Sep-87.

Please refer to Appendix D for details of the Division 43 calculations.

### **5.0 Exclusions**

The following items have been excluded from the schedule in accordance with ATO legislation:

- Demolition;
- Soft Landscaping; and
- Land acquisition costs.

## **6.0 Inclusions**

The following items have been included in the schedule in accordance with ATO legislation:

- Preliminaries;
- Contractors margin;
- Authority fees; and
- Consultants fees.

## **7.0 Disclaimer**

Quanto Pty Ltd note that the contents of this report should be treated as advice on construction costs and like matters, and not as legal, accounting or taxation advice. This report has been prepared by a suitably experienced and qualified Quantity Surveyor and Associate Member of the Australian Institute of Quantity Surveyors.

If you have any questions regarding the content of this report, please do not hesitate to contact our office.

Yours Faithfully,



Glenn Cartwright (AAIQS)

## Appendix A - 20 Year Summary

### Diminishing Value Method - 20 Year Summary

Yr	Tax Year	Capital Works (Division 43) Deductions \$	Plant & Equipment (Division 40) Deductions \$	Low Value Pooling (Division 40) Deductions \$	Total \$
1	2016 - 2017	1,988	2,218	1,794	6,000
2	2017 - 2018	5,668	4,387	2,915	12,970
3	2018 - 2019	5,668	3,593	1,824	11,085
4	2019 - 2020	5,668	2,947	1,137	9,752
5	2020 - 2021	5,668	2,259	1,018	8,945
6	2021 - 2022	5,668	1,715	970	8,353
7	2022 - 2023	5,668	1,416	606	7,690
8	2023 - 2024	5,668	1,000	701	7,369
9	2024 - 2025	5,668	668	814	7,150
10	2025 - 2026	5,668	560	507	6,735
11	2026 - 2027	5,668	471	317	6,456
12	2027 - 2028	5,668	397	198	6,263
13	2028 - 2029	5,668	167	442	6,277
14	2029 - 2030	5,668	150	277	6,095
15	2030 - 2031	5,668	135	173	5,976
16	2031 - 2032	5,668	121	111	5,901
17	2032 - 2033	5,668	109	68	5,845
18	2033 - 2034	5,668	0	411	6,079
19	2034 - 2035	5,668	0	256	5,924
20	2035 - 2036	5,668	0	160	5,828
21+	2036 +	117,041	0	266	117,307
<b>Total</b>		<b>226,721</b>	<b>22,313</b>	<b>14,965</b>	<b>264,000</b>

### Prime Cost Method - 20 Year Summary

Yr	Tax Year	Capital Works (Division 43) Deductions \$	Plant & Equipment (Division 40) Deductions \$	Low Value Pooling (Division 40) Deductions \$	Total \$
1	2016 - 2017	1,988	1,852	n/a	3,839
2	2017 - 2018	5,668	3,639	n/a	9,307
3	2018 - 2019	5,668	3,639	n/a	9,307
4	2019 - 2020	5,668	3,639	n/a	9,307
5	2020 - 2021	5,668	3,639	n/a	9,307
6	2021 - 2022	5,668	3,403	n/a	9,071
7	2022 - 2023	5,668	2,942	n/a	8,610
8	2023 - 2024	5,668	2,896	n/a	8,564
9	2024 - 2025	5,668	2,896	n/a	8,564
10	2025 - 2026	5,668	2,896	n/a	8,564
11	2026 - 2027	5,668	2,188	n/a	7,856
12	2027 - 2028	5,668	879	n/a	6,547
13	2028 - 2029	5,668	667	n/a	6,335
14	2029 - 2030	5,668	275	n/a	5,943
15	2030 - 2031	5,668	275	n/a	5,943
16	2031 - 2032	5,668	275	n/a	5,943
17	2032 - 2033	5,668	275	n/a	5,943
18	2033 - 2034	5,668	275	n/a	5,943
19	2034 - 2035	5,668	275	n/a	5,943
20	2035 - 2036	5,668	275	n/a	5,943
21+	2036 +	117,041	179	n/a	117,220
<b>Total</b>		<b>226,721</b>	<b>37,279</b>	<b>n/a</b>	<b>264,000</b>

Quanto Pty Ltd

PO Box 1818, Newcastle NSW 2300

Ref: 14690

Unit 1/16 Vantage Avenue, Clyde North

#### Disclaimer

Quanto Pty Ltd note that the contents of this report should be treated as advice on construction costs and like matters, and not as legal, accounting or taxation advice. This report has been prepared by a suitably experienced and qualified Quantity Surveyor and Associate Member of the Australian Institute of Quantity Surveyors.

## Appendix B - Diminishing Value Method

Assets with a Diminishing Value Rate indicated as "pool" have been allocated to the Low Value Pool. These assets are depreciated at 18.75% in the first year and 37.5% each year thereafter.

Assets with a Diminishing Value Rate indicated as 100% qualify for the immediate 100% deduction.

The Diminishing Value Method decreases the asset's value at a constant percentage of the written down value each year. This results in a progressively smaller decline in value each year.

For assets acquired prior to 10-May-06, the following formula is used to work out the Diminishing Value Rate of depreciation:

Base value  $\times$  (days held  $\div$  365)  $\times$  (150%  $\div$  asset's effective life)

For assets acquired after 10-May-06, the following formula is used to work out the Diminishing Value Rate of depreciation:

Base value  $\times$  (days held  $\div$  365)  $\times$  (200%  $\div$  asset's effective life)

### Depreciating Plant & Equipment Assets (Division 40) - Diminishing Value Method

Depreciating Assets	Total Cost @ 22/02/17	Effective Life	Diminishing Value Rate	Year 1 22/02/17 - 30/06/17	Opening Written Down Value @ 1/07/17
Items	\$	Years	%	\$	\$
Air Conditioner - Split Systems	3,542	10	20.0%	248	3,294
Automatic Garage Door - Controls	253	5	100.0%	253	0
Automatic Garage Door - Motors	759	10	pool	142	617
Bathroom Accessories - Freestanding	278	5	100.0%	278	0
Blinds	2,803	10	pool	526	2,277
Carpet	10,626	10	20.0%	745	9,881
Cooktops	985	12	pool	185	800
Dishwashers	1,708	10	20.0%	120	1,588
Door Closers	44	10	100.0%	44	0
Exhaust Fans	727	10	pool	136	591
Garden Watering Installations - Control Panel	753	5	pool	141	612
Heating - Gas - Ducted Central Unit	5,503	20	10.0%	193	5,310
Hot Water Systems	3,795	12	16.7%	222	3,573
Light Shades	2,606	5	pool	489	2,117
Ovens	1,961	12	16.7%	115	1,846
Rangehoods	506	12	pool	95	411
Smoke Alarms	429	6	pool	80	349
<b>Total Plant &amp; Equipment (Division 40)</b>	<b>37,279</b>			<b>4,012</b>	<b>33,266</b>

## Appendix C - Prime Cost Method

Assets with a Prime Cost Rate indicated as 100% qualify for the immediate 100% deduction.

The Prime Cost Method decreases the asset's value by an equal amount each year over its effective life.

The following formula is used to work out the Prime Cost Rate of depreciation:  $\text{Base Value} \times (\text{days held} \div 365) \times (100\% \div \text{asset's effective life})$

### Depreciating Plant & Equipment Assets (Division 40) - Prime Cost Method

Depreciating Assets	Total Cost @ 22/02/17	Effective Life	Prime Cost Rate	Year 1 22/02/17 - 30/06/17	Opening Written Down Value @ 1/07/17
Items	\$	Years	%	\$	\$
Air Conditioner - Split Systems	3,542	10	10.0%	124	3,418
Automatic Garage Door - Controls	253	5	100%	253	0
Automatic Garage Door - Motors	759	10	10.0%	27	732
Bathroom Accessories - Freestanding	278	5	100%	278	0
Blinds	2,803	10	10.0%	98	2,705
Carpet	10,626	10	10.0%	373	10,253
Cooktops	985	12	8.3%	29	957
Dishwashers	1,708	10	10.0%	60	1,648
Door Closers	44	10	100%	44	0
Exhaust Fans	727	10	10.0%	26	702
Garden Watering Installations - Control Panel	753	5	20.0%	53	700
Heating - Gas - Ducted Central Unit	5,503	20	5.0%	96	5,407
Hot Water Systems	3,795	12	8.3%	111	3,684
Light Shades	2,606	5	20.0%	183	2,423
Ovens	1,961	12	8.3%	57	1,903
Rangehoods	506	12	8.3%	15	491
Smoke Alarms	429	6	16.7%	25	404
<b>Total Plant &amp; Equipment (Division 40)</b>	<b>37,279</b>			<b>1,852</b>	<b>35,427</b>



## Appendix D - Division 43

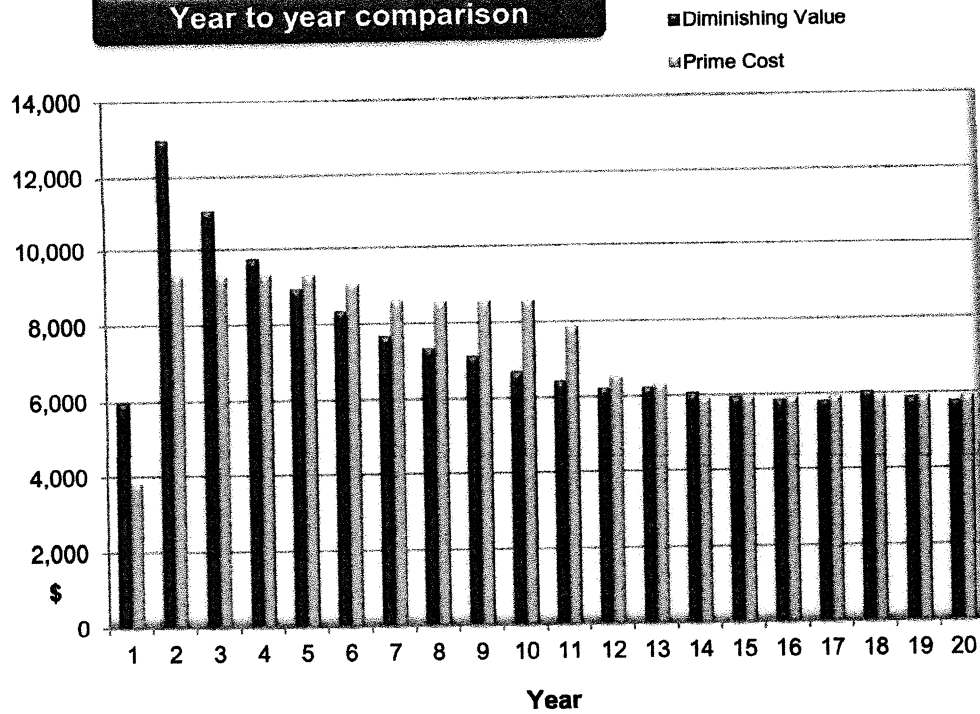
### Capital Works (Division 43) Allowances

#### Eligible Capital Works

Date Completed	Historical Cost	Building Use	Rate	Annual Claim
Feb-17	\$226,721	Residential	2.5%	\$5,668

## Appendix E - Diminishing Value v Prime Cost

Year to year comparison



Cumulative comparison

