



SUMMIT
Quantity Surveyors



**TAX DEPRECIATION &
CAPITAL WORKS ALLOWANCE REPORT**

60/36 Cox Road, Pimpama

27 June 2020

JPTALA Property Pty Ltd atf Talaapitaga Property Holding Trust for The Talaapitaga Family Super Fund
5 Hampshire Close
HIGHLAND PARK QLD 4211

Dear Sir/Madam,

60/36 COX ROAD, PIMPAMA

Thank-you for engaging Summit Quantity Surveyors to prepare your Tax Depreciation & Capital Works Allowance Report.

We attach our assessment of the available depreciation deductions based upon your ownership of the aforementioned investment property and note that we have based our calculations on the Diminishing Value Method of Depreciation.

We note that this report has been prepared under the auspices of the Treasury Laws Amendment (Housing Tax Integrity) Bill 2017 and the Income Tax Assessment Act of 1997.

Please refer to page five (5) of the report for the annual available depreciation deductions.

The General Notes section of this report highlights all the particulars relevant to this property.

In accordance with the Tax Agent Services Act 2009, this report has been prepared by a registered Tax Agent and a fully qualified and certified Quantity Surveyor.

Please also note that the contents of this report should not be treated as tax advice and we recommend that you consult with your Accountant before relying upon it.

We look forward to hearing from you again should you purchase another investment property or decide to complete renovations and/or capital improvements to this one.

Yours Sincerely,



**SUMMIT QUANTITY SURVEYORS
TAX DEPRECIATION SPECIALISTS**

Contents

General Notes & Assumptions:.....	3
Investment Property Information:.....	4
Capital Works & Tax Depreciation Financial Year Summary:	5
Depreciation Entitlements Graphical Summary:.....	6
Tax Depreciation Workings (Div. 40) & Capital Allowance Workings (Div. 43):	7
Tax Depreciation Terminology & Methodology:	8

General Notes & Assumptions:

The following are notes specifically relating to the preparation of your report. Should you wish to discuss any of the following points please do not hesitate to call us.

- This Tax Depreciation and Capital Works Allowance Report is based upon the assumption that the property was bought for income producing purposes.
- The Capital Works Write-Off Allowance (Div. 43) is based upon the historical construction cost of the property and not the current day construction cost and/or current day market value.
- Items of plant and equipment with an individual value of less than \$300 have been written off in the first year of purchase (depreciated at 100%).
- Items of plant and equipment with a value of \$301 - \$1,000 have been depreciated under the rules applicable to a Low Value Pool (LVP) which allows an item to be depreciated at 37.5% per year after an initial depreciation rate of 18.75% in the first year.
- For strata developments, all applicable common property (CP) items have been included in accordance with the applicable interest entitlement of the property. We have also assumed that ownership of all common property items is vested in the proprietors & not by the Strata Title Body as Trustee.
- The Total Depreciable Value of all Division 40 items and the Total Analysed Cost noted in this report is specifically inclusive of all allowable builder's preliminaries, consultant fees and council fees and charges.
- This report has been prepared under the auspices of the Uniform Capital Allowance System.
- If you are an eligible Small Business Taxpayer and have elected to adopt the Simplified Tax System, this report may need amendment and we suggest you consult with your Accountant for advice.
- We have adopted the Effective Life of plant and equipment assets as determined by the Commissioner of Taxation.
- We assume that you are not entitled to claim input tax credits and have therefore included GST in our calculations where applicable.
- This report has been prepared under the tax legislation in force at the time of its preparation and the Income Tax Assessment Act of 1997.
- This report has been based upon information received by Summit Quantity Surveyors from yourself and estimates of historical construction costs as calculated by this office where not provided.
- We have pro-rated the first year's depreciation entitlements to reflect the actual number of days the property has been owned by you.
- Summit Quantity Surveyors does not accept any contractual, tortious or any other form of liability for any loss or damage that may occur as a result of relying upon this document.

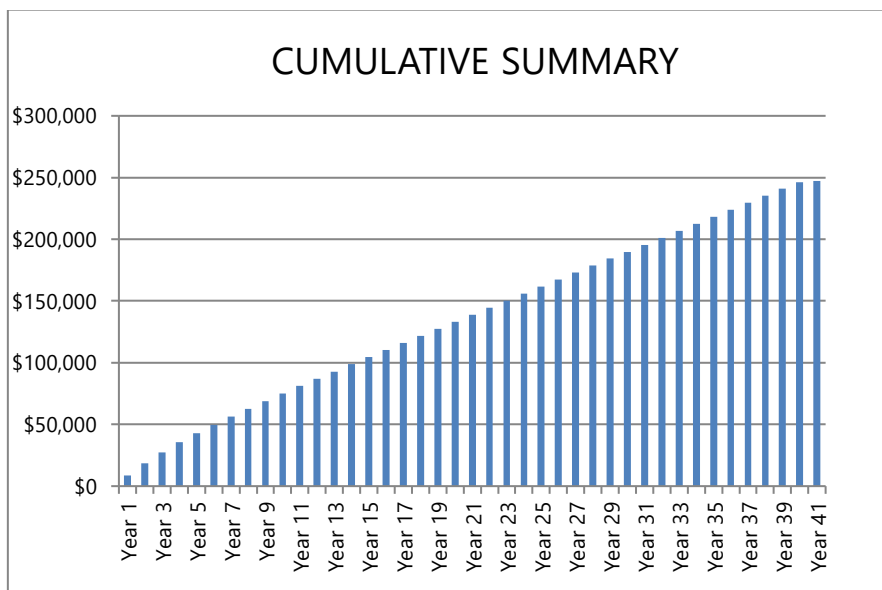
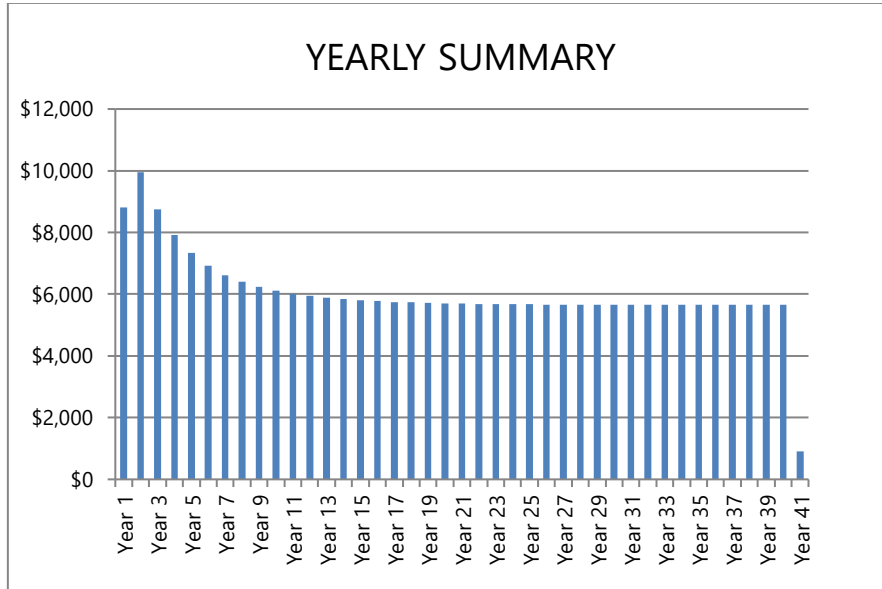
Investment Property Information:

Client	-	JPTALA Property Pty Ltd atf Talaapitaga Property Holding Trust for The Talaapitaga Family Super Fund
Property Type	-	Residential
Property Location	-	60/36 Cox Road, Pimpama
Depreciation Method	-	Diminishing Value
Purchase Settlement Date	-	29/08/2019
Depreciation Report Start Date	-	29/08/2019
Number of Units in Complex	-	130
Year 1 Apportionment	-	307 Days
First Financial Year	-	2019/2020
Total Analysed Cost	-	\$251,287.00
Is GST Included in this Report	-	Yes

Capital Works & Tax Depreciation Financial Year Summary:

Capital Works & Tax Depreciation Financial Year Summary				
Financial Year	Capital Allowances (Div. 43)	Depreciable Items (Div. 40)	Total Depreciation Deduction	Cumulative Total
2019 / 2020	\$4,740.40	\$4,064.93	\$8,805.33	\$8,805.33
2020 / 2021	\$5,651.42	\$4,298.60	\$9,950.01	\$18,755.34
2021 / 2022	\$5,651.42	\$3,095.53	\$8,746.95	\$27,502.29
2022 / 2023	\$5,651.42	\$2,265.86	\$7,917.28	\$35,419.57
2023 / 2024	\$5,651.42	\$1,684.45	\$7,335.87	\$42,755.43
2024 / 2025	\$5,651.42	\$1,270.21	\$6,921.62	\$49,677.06
2025 / 2026	\$5,651.42	\$970.15	\$6,621.57	\$56,298.63
2026 / 2027	\$5,651.42	\$749.31	\$6,400.72	\$62,699.35
2027 / 2028	\$5,651.42	\$584.31	\$6,235.72	\$68,935.07
2028 / 2029	\$5,651.42	\$459.33	\$6,110.75	\$75,045.82
2029 / 2030	\$5,651.42	\$363.52	\$6,014.93	\$81,060.75
2030 / 2031	\$5,651.42	\$289.29	\$5,940.70	\$87,001.45
2031 / 2032	\$5,651.42	\$231.25	\$5,882.67	\$92,884.12
2032 / 2033	\$5,651.42	\$185.54	\$5,836.96	\$98,721.08
2033 / 2034	\$5,651.42	\$149.32	\$5,800.73	\$104,521.81
2034 / 2035	\$5,651.42	\$120.45	\$5,771.87	\$110,293.68
2035 / 2036	\$5,651.42	\$97.37	\$5,748.78	\$116,042.47
2036 / 2037	\$5,651.42	\$78.83	\$5,730.25	\$121,772.71
2037 / 2038	\$5,651.42	\$63.92	\$5,715.33	\$127,488.05
2038 / 2039	\$5,651.42	\$51.88	\$5,703.30	\$133,191.34
2039 / 2040	\$5,651.42	\$42.15	\$5,693.57	\$138,884.91
2040 / 2041	\$5,651.42	\$34.28	\$5,685.70	\$144,570.61
2041 / 2042	\$5,651.42	\$27.90	\$5,679.31	\$150,249.93
2042 / 2043	\$5,651.42	\$22.72	\$5,674.14	\$155,924.06
2043 / 2044	\$5,651.42	\$18.51	\$5,669.93	\$161,593.99
2044 / 2045	\$5,651.42	\$15.10	\$5,666.51	\$167,260.50
2045 / 2046	\$5,651.42	\$12.32	\$5,663.73	\$172,924.24
2046 / 2047	\$5,651.42	\$10.05	\$5,661.47	\$178,585.70
2047 / 2048	\$5,651.42	\$8.21	\$5,659.62	\$184,245.33
2048 / 2049	\$5,651.42	\$6.71	\$5,658.12	\$189,903.45
2049 / 2050	\$5,651.42	\$5.48	\$5,656.90	\$195,560.35
2050 / 2051	\$5,651.42	\$4.48	\$5,655.90	\$201,216.25
2051 / 2052	\$5,651.42	\$3.67	\$5,655.08	\$206,871.33
2052 / 2053	\$5,651.42	\$3.00	\$5,654.42	\$212,525.75
2053 / 2054	\$5,651.42	\$2.46	\$5,653.87	\$218,179.62
2054 / 2055	\$5,651.42	\$2.01	\$5,653.43	\$223,833.05
2055 / 2056	\$5,651.42	\$1.65	\$5,653.07	\$229,486.12
2056 / 2057	\$5,651.42	\$1.35	\$5,652.77	\$235,138.88
2057 / 2058	\$5,651.42	\$1.11	\$5,652.52	\$240,791.41
2058 / 2059	\$5,651.42	\$0.91	\$5,652.33	\$246,443.73
2059 / 2060	\$911.02	\$4.21	\$915.23	\$247,358.96
Total	\$226,056.63	\$21,302.33	\$247,358.96	

Depreciation Entitlements Graphical Summary:



Tax Depreciation Workings (Div. 40) & Capital Allowance Workings (Div. 43):

Depreciable Items	Total Depreciable Value	Effective Life	Depreciation %	Depreciation Allowance Year 1	Depreciation Allowance Year 2	Depreciation Allowance Year 3	Depreciation Allowance Year 4	Depreciation Allowance Year 5	Depreciation Allowance Years 6 - 41
	\$	Yrs	%	\$	\$	\$	\$	\$	\$
Original Depreciable Items (Div. 40)									
Wall oven	\$1,201	12	16.67	\$167.99	\$172.27	\$143.55	\$119.62	\$99.68	\$498.29
Hot plate	\$1,076	12	16.67	\$150.40	\$154.23	\$128.52	\$107.10	\$89.24	\$446.12
Rangehood	\$404	12	LVP	\$75.72	\$123.04	\$76.90	\$48.06	\$30.04	\$50.07
Dishwasher	\$1,020	10	20	\$171.16	\$169.82	\$135.86	\$108.69	\$86.95	\$347.79
Light fittings	\$250	5	100	\$250.35	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Light fittings (CP)	\$14	5	100	\$13.84	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ceiling fans	\$1,604	5	LVP	\$300.75	\$488.72	\$305.45	\$190.90	\$119.32	\$198.86
Automatic garage door - controls	\$157	5	100	\$157.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Automatic garage door - motors	\$391	10	LVP	\$73.36	\$119.21	\$74.51	\$46.57	\$29.10	\$48.51
Smoke detectors	\$887	6	LVP	\$166.30	\$270.23	\$168.89	\$105.56	\$65.97	\$109.96
Carpet	\$2,325	10	20	\$390.01	\$386.97	\$309.57	\$247.66	\$198.13	\$792.51
Window blinds	\$2,515	10	LVP	\$471.53	\$766.23	\$478.89	\$299.31	\$187.07	\$311.78
BBQ (CP)	\$24	5	100	\$24.19	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Outdoor furniture (CP)	\$48	5	100	\$48.39	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Hot water system	\$1,775	12	16.67	\$248.21	\$254.53	\$212.10	\$176.74	\$147.28	\$736.22
Split system air-conditioning units	\$6,538	10	20	\$1,096.81	\$1,088.24	\$870.59	\$696.47	\$557.18	\$2,228.71
Wet area exhaust fans	\$1,001	10	LVP	\$187.76	\$305.11	\$190.69	\$119.18	\$74.49	\$124.15
CCTV security system (CP)	\$26	4	100	\$26.42	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Pool filtration & cleaning equipment (CP)	\$45	12	100	\$44.51	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Capital Works Write-Off Allowance (Div. 43)									
Capital Works Write-Off Allowance	\$226,057	40	2.5	\$4,740.40	\$5,651.42	\$5,651.42	\$5,651.42	\$5,651.42	\$198,710.57
TOTAL ANALYSED COST	\$251,287			\$8,805.33	\$9,950.01	\$8,746.95	\$7,917.28	\$7,335.87	\$204,603.53

Tax Depreciation Terminology & Methodology:

Abbreviations & Glossary of Terms:

AIQS	-	Australian Institute of Quantity Surveyors
CP	-	Common Property Items (for strata developments)
Div. 40	-	Division 40 Items (Plant & Equipment)
Div. 43	-	Division 43 Capital Works Allowance
GST	-	Goods & Services Tax (10%)
ITAA97	-	Income Tax Assessment Act 1997
LVP	-	Low Value Pool (Items Costing \$301 - \$1,000)
STS	-	Simplified Tax System
TAS	-	Tax Agent Services Act 2009
TPB	-	Tax Practitioners Board
UCA	-	Uniform Capital Allowance System

Appropriate Qualifications & Experience:

Summit Quantity Surveyors is a Registered Tax Agent with the Tax Practitioners Board. Our registration Number is 24762954.

The Managing Director of Summit Quantity Surveyors is a Certified Quantity Surveyor (CQS) and an Associate Member of the Australian Institute of Quantity Surveyors (AAIQS).

It is to be noted that under Taxation Ruling TR 97/25, only suitably qualified persons are allowed to calculate the Qualifying Capital Expenditure on construction of Income Producing Capital Works (Div. 43).

Quantity Surveyors are expressly noted in TR97/25 as being such suitably qualified persons.

The Uniform Capital Allowance System (UCA):

The UCA was introduced on 1 July 2001 and consolidated a number of older regimes into a single piece of straight forward and easy to use legislation.

The UCA applies to all holders of income producing properties except if the holder of the property qualifies as a Small Business Taxpayer.

If you qualify as a Small Business Taxpayer (company turnover < \$2M per annum) you are able to adopt the Simplified Tax System (STS) if so desired.

The UCA governs the way we prepare your Tax Depreciation & Capital Allowance Report as it's a set of general rules and regulations that apply across a variety of depreciating assets. All our reports are prepared under the auspices of the UCA.

Under the UCA, a taxpayer that is eligible to claim depreciation deductions must decide whether to use the Prime Cost or Diminishing Value Method of Depreciation to calculate the applicable deductions.

Methods of Calculating the Decline in Value of a Depreciating Asset:

There are two (2) methods available to calculate the decline on value of a depreciating asset. The Prime Cost and the Diminishing Value Method.

The Prime Cost Method of depreciation assumes the value of a depreciating asset decreases constantly over its effective life and therefore produces a constant decline in value over time.

The Diminishing Value Method of depreciation assumes the decline in value of a depreciating asset is a constant percentage of the base value each year and therefore produces a progressively smaller decline in the items value over time.

The assets effective life is used to determine the assets depreciation percentage. To calculate an assets effective life, you can either adopt those previously set by the Commissioner of Taxation or calculate your own.

Summit Quantity Surveyors will always adopt the effective life of an asset as calculated by the Commissioner of Taxation.

The formula to determine the decline in value of a depreciating asset using the Prime Cost Method is:

$$\text{base value} \times \frac{\text{days held}}{365} \times \frac{100\%}{\text{assets effective life}}$$

The formula to determine the decline in value of a depreciating asset using the Diminishing Value Method is:

$$\text{base value} \times \frac{\text{days held}}{365} \times \frac{200\%}{\text{assets effective life}}$$

As you can see, the percentage using the Diminishing Value Method is double that of the Prime Cost Method.

As a general rule, Summit Quantity Surveyors will always adopt the Diminishing Value Method of depreciation as this generates the maximum amount of deductions in the first 5-6 years of asset ownership.

However, where a property has been your Principal Place of Residence before becoming an income producing property, we will adopt the Prime Cost Method of Depreciation as this method minimizes the amount of depreciation lost during this period meaning greater deductions for you.

Division 40 Items:

Division 40 items relate to the Plant & Equipment located in the income producing property. Typical examples include:

- Wall ovens
- Cooktops
- Rangeshoods
- Dishwashers
- Intercom systems
- Automatic garage door openers
- Ceiling fans
- Smoke detectors
- Solar electricity generating plant
- Air-conditioning plant
- Clothes dryers
- Hot water heaters (units only excluding pipework)
- Carpet
- Vinyl
- Hydraulic door closers
- Floating timber flooring
- Lifts
- Swimming pool filtration systems

Summit Quantity Surveyors will note the extent, brand and condition of all Division 40 items when we undertake the physical site inspection of your property.

This will enable us to accurately calculate the cost of each of the above-mentioned items so as to maximize your depreciation deduction.

When preparing our calculation for this deduction we have relied upon the relevant sections of the ITAA97.

Division 43 Capital Works Allowance:

Division 43 Capital Works Allowance relates to the historical construction cost of a qualifying income producing property. This cost is the cost to construct the property excluding the non-eligible items & Division 40 Items and encompasses the cost of items such as the floor, walls, roof & fixed internal items.

Division 43 Capital Works Allowance is also applicable to any renovation or alteration completed on the property and any external structural Improvements such as swimming pools, reinforced concrete driveways, pathways and retaining walls.

This deduction is calculated as a straight-line deduction of 2.5% per annum over a forty (40) year period and this period commences the day the property is first used or ready to be used in an income producing capacity.

When preparing our calculation for this deduction we have relied upon the relevant sections of the ITAA97 and in particular Tax Ruling TR97/25.

Non-Depreciable Items:

When analyzing and calculating the total qualifying expenditure with respect to the Division 43 Capital Works deduction there are certain items are non-eligible.

These items include:

- Cost of demolition of existing structures
- Cost of land acquisition
- Cost of clearing the site in preparation for construction
- Cost of turfing and other soft landscaping items such as plants, shrubs, trees, etc
- Legal/Conveyancing fees & charges
- Stamp Duty fees & charges
- Developers Profit Margin

Please note that we have excluded all of the above items from our calculations as required.

Immediate Deduction for Assets Costing \$300 or Less:

An immediate depreciation deduction is available for all assets costing \$300 or less. This immediate deduction is only available if all the following criteria are met:

- The asset cost \$300 or less
- The asset was used to derive assessable income
- The asset is not part of a set of assets where the individual cost is less than \$300 but where the complete set is greater than \$300
- The asset was not part of a number of identical or substantially identical assets

Summit Quantity Surveyors will identify all assets that are eligible for this deduction and will include them in your report.

Low Value Pools (LVP):

Individual assets costing or having an un-deducted cost of between \$301 - \$1,000 are able to be assigned to a Low Value Pool (LVP).

Assets that are allocated to the LVP are depreciated at a rate of 18.75% in the first year of ownership and then at a rate of 37.5% per annum thereafter.

Once you have adopted to use a LVP, all assets that qualify, ie, those between \$301 - \$1,000 must be allocated to the pool for the current and future financial years.

It should be noted that you cannot allocate assets to a LVP that have been previously depreciated using the Prime Cost Method of Depreciation.

Summit Quantity Surveyors will identify all assets that are eligible for this deduction and will include them in your report.