

Tax Depreciation REPORT



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Understanding your REPORT

Q1. On the summary page what is the difference between the diminishing value and prime cost tables?

A1. Firstly, it should be noted that both tables have the same grand total. Therefore, the return over the life of the property will be exactly the same. By using the diminishing value method the investor claims a higher return over the first five years.

Q2. Should I use diminishing value or prime cost method?

A2. The method that best suits your individual circumstances should be chosen. You should note that the diminishing value method is a more accelerated form of claiming deductions (and the most common depreciation method used by investors). However, also note that once a method has been chosen it must be used for the duration of the investment.

Q3. Why does the first line of the summary table state a number of days and the remaining lines are stated in years?

A3. Eligible depreciation is calculated from the date of settlement. Therefore, the first line reflects the number of days you owned the property for in the first financial year.

Q4. On the plant and equipment page why are some of the items written off at 100%?

A4. These are individual items valued under \$300 and the ATO legislation allows a full write off in the year the investment property is purchased. The asset must not be one that is part of a set. Example, your property contains four identical blinds, which are valued individually at \$200 each. You cannot claim an immediate deduction for any of these because they form part of a set whose total cost exceeds \$300.

Q5. Why do some items in the report exceed \$300 but are claimed at 100%?

A5. Our reports group items together under common asset class headings at the depreciation rate applicable. We do not itemise the individual items, but group them together under ATO headings. Therefore, there will be occasions where the combined total value of these items will exceed \$300.

Q6. What is low value pooling?

A6. These are items of plant and equipment that are individually valued at less than \$1000. These items are depreciated at 18.75% in the 1st years. Unlike other items the calculation is based on 18.75% for the whole year not an apportionment for part of the year. In the 2nd, 3rd and 4th years the rate changes to 37.50%. In the last year the remaining residual balance is written off.
Note; The set rule does not apply to low value assets.

Q7. Why do some of the low asset pool values appear as more than \$1000?

A7. As with the 100% items we group individual items under a single heading. When grouped together the combined total may exceed \$1000.

Q8. Why does the low asset pool values appear in the Diminishing Value table and not the Prime Cost table?

A8. Low Value pooling is not available to investors using Prime Cost method of depreciation.

Important.

Tax depreciation is a complex area, if after reading the Q&A you are unsure or in doubt on a specific point please contact our technical service division on **1300 888 489**.



Customer service Hotline

 **1300 888 489**

 info@depro.com.au

 www.depro.com.au

28 March 2013

Peter & Loreana Brown
PO Box 112
Concord NSW 2138

**ACQUISITION OF H2H310LO103 "SERENITY APARTMENTS" 9-11 WOLLONGONG ROAD,
ARNCLIFFE**

BY PETER & LOREANA BROWN

Thank you for giving us the opportunity to identify Property Tax Allowances for your investment in the above property.

Our findings are summarised on page one of the enclosed report. We are confident you will be as pleased with the results as we are.

DEPPRO are the only company in Australia to specialise 100% in Tax Depreciation and its team of Quantity Surveyors are dedicated to adding value to depreciation.

Please visit our web site at www.deppro.com.au

If you have any queries relating to this report please do not hesitate to contact us.

Yours faithfully,
DEPPRO Pty Ltd



Paul Bennion
BAppSc(Quantity Surveying), AAIQS
Director

SCHEDULE OF PROPERTY TAX ALLOWANCES

FOR THE

ACQUISITION OF

H2H310LO103 "Serenity Apartments" 9-11 Wollongong Road, Arncliffe

BY

PETER & LOREANA BROWN

ACQUIRED:

21 November 2012

SETTLED:

21 February 2013

our ref : 82712-H310L0103-1

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**ACQUISITION OF H2H310LO103 "SERENITY APARTMENTS" 9-11 WOLLONGONG ROAD, ARNCLIFFE
BY PETER & LOREANA BROWN**

1.0 SUMMARY OF ENTITLEMENTS

SUMMARY OF CLAIM BY USING DIMINISHING VALUE METHOD					OR	SUMMARY OF CLAIM BY USING PRIME COST METHOD			
		Depreciation on Plant	Capital Allowances	Yearly Total			Depreciation on Plant	Capital Allowances	Yearly Total
		Low Value Pooling							
Financial Year	\$	\$	\$	\$		\$	\$	\$	
22/2/2013 - 2013	2,859 +	1,198 +	2,207 =	6,263	or	2,291 +	2,207 =	4,498	
2013 - 2014	4,192 +	1,946 +	6,245 =	12,384		2,829 +	6,245 =	9,074	
2014 - 2015	3,548 +	1,216 +	6,245 =	11,009		2,829 +	6,245 =	9,074	
2015 - 2016	3,017 +	760 +	6,245 =	10,022		2,829 +	6,245 =	9,074	
2016 - 2017	2,579 +	475 +	6,245 =	9,299		2,829 +	6,245 =	9,074	
2017 - 2018	2,215 +	297 +	6,245 =	8,757		2,829 +	6,245 =	9,074	
2018 - 2019	1,913 +	186 +	6,245 =	8,344		2,829 +	6,245 =	9,074	
2019 - 2020	1,661 +	116 +	6,245 =	8,022		2,829 +	6,245 =	9,074	
2020 - 2021	1,449 +	73 +	6,245 =	7,767		2,829 +	6,245 =	9,074	
2021 - 2022	1,271 +	45 +	6,245 =	7,562		2,829 +	6,245 =	9,074	
2022 - 2023	1,121 +	28 +	6,245 =	7,394		2,215 +	6,245 =	8,460	
2023 - 2024	993 +	18 +	6,245 =	7,256		1,092 +	6,245 =	7,337	
2024 - 2025	884 +	11 +	6,245 =	7,140		946 +	6,245 =	7,191	
2025 - 2026	790 +	7 +	6,245 =	7,042		673 +	6,245 =	6,918	
2026 - 2027	710 +	4 +	6,245 =	6,959		673 +	6,245 =	6,918	
2027 - 2028	640 +	3 +	6,245 =	6,887		673 +	6,245 =	6,918	
2028 - 2029	579 +	2 +	6,245 =	6,825		673 +	6,245 =	6,918	
2029 - 2030	525 +	1 +	6,245 =	6,771		673 +	6,245 =	6,918	
2030 - 2031	478 +	1 +	6,245 =	6,724		673 +	6,245 =	6,918	
2031 - 2032	437 +	0 +	6,245 =	6,682		673 +	6,245 =	6,918	
2032 - 2033	400 +	0 +	6,245 =	6,645		673 +	6,245 =	6,918	
2033 - 2034	367 +	0 +	6,245 =	6,612		667 +	6,245 =	6,912	
2034 - 2035	337 +	0 +	6,245 =	6,582		656 +	6,245 =	6,901	
2035 - 2036	310 +	0 +	6,245 =	6,555		656 +	6,245 =	6,901	
2036 - 2037	286 +	0 +	6,245 =	6,531		656 +	6,245 =	6,901	
2037 - 2038	264 +	0 +	6,245 =	6,509		656 +	6,245 =	6,901	
2038 - 2039	244 +	0 +	6,245 =	6,489		656 +	6,245 =	6,901	
2039 - 2040	226 +	0 +	6,245 =	6,471		656 +	6,245 =	6,901	
2040 - 2041	210 +	0 +	6,245 =	6,455		656 +	6,245 =	6,901	
2041 - 2042	195 +	0 +	6,245 =	6,440		656 +	6,245 =	6,901	
2042 - 2043	181 +	0 +	6,245 =	6,426		444 +	6,245 =	6,689	
2043 - 2044	168 +	0 +	6,245 =	6,413		0 +	6,245 =	6,245	
2044 - 2045	156 +	0 +	6,245 =	6,401		0 +	6,245 =	6,245	
2045 - 2046	145 +	0 +	6,245 =	6,390		0 +	6,245 =	6,245	
2046 - 2047	135 +	0 +	6,245 =	6,380		0 +	6,245 =	6,245	
2047 - 2048	126 +	0 +	6,245 =	6,371		0 +	6,245 =	6,245	
2048 - 2049	117 +	0 +	6,245 =	6,362		0 +	6,245 =	6,245	
2049 - 2050	109 +	0 +	6,245 =	6,354		0 +	6,245 =	6,245	
2050 - 2051	101 +	0 +	6,245 =	6,346		0 +	6,245 =	6,245	
2051 - 2052	1,409 +	0 +	6,258 =	7,667		0 +	6,258 =	6,258	
Total	\$37,346 +	\$6,388 +	\$245,775 =	\$289,509		\$43,734 +	\$245,775 =	\$289,509	

**ACQUISITION OF H2H310LO103 "SERENITY APARTMENTS" 9-11 WOLLONGONG ROAD, ARNCLIFFE
BY PETER & LOREANA BROWN**

2.0 CERTIFICATION AND DISCLAIMER

It is hereby certified that :

In accordance with the Act, the above named property has been inspected and report calculated and prepared all by a suitably experienced and qualified Quantity Surveyor and Associate Member of the Australian Institute of Quantity Surveyors.

All Plant and Capital Works deductions contained in this report have been calculated fully in accordance with our interpretation of the Income Tax Assessment Act 1997 and associated Acts and Appendages applicable at this time.

This report has been prepared under the understanding that no schedule of Depreciation Allowances form part of the Contract of Sale and that the exclusive ownership of all items of plant listed in this report are to the name or names specified in this report.

This report was prepared for the exclusive use by the name or names specified in this report for the sole purpose of claiming Property Tax Allowances by that name or names for the property specified in this report and is not to be used for any other purpose or to be reproduced without the express permission of the author.

DEPPRO Pty Ltd will not accept any liability for events arising as a result of any other person acting upon or using this schedule.

3.0 CAPITAL EXPENDITURE ANALYSED

.01 This report has been calculated and based on the total capital expenditure made up as follows:

Purchase Price (advised) :	\$569,000
Stamp Duty (advised/calculated) :	\$21,095

TOTAL CAPITAL EXPENDITURE ANALYSED :	<u><u>\$590,095</u></u>
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.02 All figures contained in this report will be eligible to claim commencing the immediate day following the settlement date (advised) :

21-Feb-13

ACQUISITION OF H2H310LO103 "SERENITY APARTMENTS" 9-11 WOLLONGONG ROAD, ARNCLIFFE
BY PETER & LOREANA BROWN

4.0 RECONCILIATION OF CAPITAL EXPENDITURE

Total capital expenditure analysed can be broken up as follows :

.01	PLANT	\$43,734
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All plant listed in this report was identified during a site inspection and has been valued as an overall apportionment of the total capital expenditure analysed.

All plant listed and rates used are all in accordance with our interpretation and knowledge of legislation in force current at the date of this report.

Where applicable depreciation rates used in this report are taken from those recommended in legislation at the time of "Acquisition", or signing of the contract as stated on the cover of this report.

Where the acquisition date is unable to be determined, a nominal 30 days prior settlement has been assumed.

.02	CAPITAL WORKS ALLOWANCES	\$245,775
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Capital Works Allowances are based on the written down value of the historical construction cost with the exclusion of plant and ineligible items.

Where it has been unable to obtain the actual construction cost an estimate of works de-escalated to the date of construction has been used.

.03	INELIGIBLE ITEMS	\$300,586
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This figure comprises all items that are ineligible for taxation depreciation. This includes the land value, landscaping and any ineligible Capital Allowance associated with the property.

If the investment property is part of a complex any common area ineligible items have been included in this figure.

Items such as land and landscaping are considered to appreciate in value and therefore are deemed as being ineligible for depreciation.

TOTAL :	\$590,095
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DIVISION 42 ALLOWANCES

DEPRECIABLE PLANT

USING

DIMINISHING VALUE METHOD

ACQUISITION OF H2H310LO103 "SERENITY APARTMENTS" 9-11 WOLLONGONG ROAD, ARNCLIFFE
BY PETER & LOREANA BROWN

Capital Expenditure Incurred Upon Plant and Articles	Total Cost 21-Feb-13	Diminishing Value Rate	Depreciation Over First 129 Days	Opening W.D.V. 1-Jul-13
	\$	%	\$	\$
Diminishing Value				
Items using effective lives as stated in TR 2009/4				
Assets generally				
Air-conditioning :				
* Mini Split System (up to 20KW)	4,655.00	20.00	329.04	4,325.96
Floor coverings (removable without damage)				
* Carpet	5,452.00	20.00	385.37	5,066.63
Hot Water Installation				
* Gas	1,583.00	16.66	93.21	1,489.79
Lifts (including hydraulic and traction)	19,710.00	6.66	463.94	19,246.06
Kitchen assets				
Cooktop	1,024.00	16.66	60.29	963.71
Dishwashers	1,862.00	20.00	131.62	1,730.38
Ovens	1,769.00	16.66	104.16	1,664.84
TOTAL	\$ <u>36,055.00</u>		\$ <u>1,567.62</u>	<u>34,487.38</u>

ACQUISITION OF H2H310LO103 "SERENITY APARTMENTS" 9-11 WOLLONGONG ROAD, ARNCLIFFE

BY PETER & LOREANA BROWN

Capital Expenditure Incurred Upon Plant and Articles	Total Cost 21-Feb-13	Diminishing Value Rate	Depreciation Over First 129 Days	Opening W.D.V. 1-Jul-13
	\$	%	\$	\$
Low Value Pooling Items				
Items valued under \$1000 depreciated at 18.75% in the first financial year (irrespective of the number of days owned) and at 37.5% for each following year.				
Assets generally				
Master antenna television (MATV)				
* Amplifier	335.40	18.75	62.89	272.51
* Modulator	139.75	18.75	26.20	113.55
* Power source	83.85	18.75	15.72	68.13
Ventilation fans	335.00	18.75	62.81	272.19
Window blinds, internal	4,097.00	18.75	768.19	3,328.81
Kitchen assets				
Range hoods	652.00	18.75	122.25	529.75
Laundry assets				
Clothes dryer	745.00	18.75	139.69	605.31
TOTAL	\$ 6,388.00		\$ 1,197.75	5,190.25

ACQUISITION OF H2H310LO103 "SERENITY APARTMENTS" 9-11 WOLLONGONG ROAD, ARNCLIFFE

BY PETER & LOREANA BROWN

Capital Expenditure Incurred Upon Plant and Articles	Total Cost 21-Feb-13	Diminishing Value Rate	Depreciation Over First 129 Days	Opening W.D.V. 1-Jul-13
	\$	%	\$	\$
Immediate Write Off Items				
Items valued under \$300 each written off in full in the first financial year of ownership, taking into account the set rule and grouping of like items.				
Assets generally				
Door closer	272.00	100.00	272.00	Nil
Telecommunications				
* Telephone hand set	223.00	100.00	223.00	Nil
Fire control assets				
Detection and alarm systems				
* Detectors (incl addressable manual call points, heat, multi type and smoke)	288.00	100.00	288.00	Nil
Fire extinguishers	48.00	100.00	48.00	Nil
Hoses and nozzles	240.00	100.00	240.00	Nil
Outdoor assets				
Gates, electrical				
* Controls	4.80	100.00	4.80	Nil
* Motors	19.20	100.00	19.20	Nil
Spas, fixed				
* Chlorinator	14.00	100.00	14.00	Nil
* Filtration (incl pumps)	35.00	100.00	35.00	Nil
* Heaters (electric or gas)	21.00	100.00	21.00	Nil
Swimming Pools				
* Chlorinator	15.00	100.00	15.00	Nil
* Cleaning	9.00	100.00	9.00	Nil
* Filtration (incl pumps)	36.00	100.00	36.00	Nil

ACQUISITION OF H2H310LO103 "SERENITY APARTMENTS" 9-11 WOLLONGONG ROAD, ARNCLIFFE
BY PETER & LOREANA BROWN

Capital Expenditure Incurred Upon Plant and Articles	Total Cost 21-Feb-13	Diminishing Value Rate	Depreciation Over First 129 Days	Opening W.D.V. 1-Jul-13
	\$	%	\$	\$
Security and monitoring assets				
Access control systems				
* Code pads	15.60	100.00	15.60	Nil
* Door controllers	6.50	100.00	6.50	Nil
* Readers, swipe cards	3.90	100.00	3.90	Nil
Closed circuit television systems				
* Cameras	14.00	100.00	14.00	Nil
* Monitors	14.00	100.00	14.00	Nil
* Recorders, digital	8.00	100.00	8.00	Nil
* Switching units (incl multiplexes)	4.00	100.00	4.00	Nil
TOTAL	\$ 1,291.00		\$ 1,291.00	

DIVISION 42 ALLOWANCES

DEPRECIABLE PLANT

USING

PRIME COST METHOD

ACQUISITION OF H2H310LO103 "SERENITY APARTMENTS" 9-11 WOLLONGONG ROAD, ARNCLIFFE

BY PETER & LOREANA BROWN

Capital Expenditure Incurred Upon Plant and Articles	Total Cost 21-Feb-13	Prime Cost Rate	Depreciation Over First 129 Days	Opening W.D.V. 1-Jul-13
	\$	%	\$	\$
Prime Cost				
Items using effective lives as stated in TR 2009/4				
Assets generally				
Air-conditioning :				
* Mini Split System (up to 20KW)	4,655.00	10.00	164.52	4,490.48
Floor coverings (removable without damage)				
* Carpet	5,452.00	10.00	192.69	5,259.31
Hot Water Installation				
* Gas	1,583.00	8.33	46.60	1,536.40
Lifts (including hydraulic and traction)	19,710.00	3.33	231.97	19,478.03
Master antenna television (MATV)				
* Amplifier	335.40	10.00	11.85	323.55
* Modulator	139.75	10.00	4.94	134.81
* Power source	83.85	10.00	2.96	80.89
Ventilation fans	335.00	5.00	5.92	329.08
Window blinds, internal	4,097.00	10.00	144.80	3,952.20
Kitchen assets				
Cooktop	1,024.00	8.33	30.15	993.85
Dishwashers	1,862.00	10.00	65.81	1,796.19
Ovens	1,769.00	8.33	52.08	1,716.92
Range hoods	652.00	8.33	19.20	632.80
Laundry assets				
Clothes dryer	745.00	10.00	26.33	718.67
TOTAL	\$ 42,443.00		\$ 999.81	41,443.19

ACQUISITION OF H2H310LO103 "SERENITY APARTMENTS" 9-11 WOLLONGONG ROAD, ARNCLIFFE

BY PETER & LOREANA BROWN

Capital Expenditure Incurred Upon Plant and Articles	Total Cost 21-Feb-13	Prime Cost Rate	Depreciation Over First 129 Days	Opening W.D.V. 1-Jul-13
	\$	%	\$	\$
Immediate Write Off Items				
Items valued under \$300 each written off in full in the first financial year of ownership, taking into account the set rule and grouping of like items.				
Assets generally				
Door closer	272.00	100.00	272.00	Nil
Telecommunications				
* Telephone hand set	223.00	100.00	223.00	Nil
Fire control assets				
Detection and alarm systems				
* Detectors (incl addressable manual call points, heat, multi type and smoke)	288.00	100.00	288.00	Nil
Fire extinguishers	48.00	100.00	48.00	Nil
Hoses and nozzles	240.00	100.00	240.00	Nil
Outdoor assets				
Gates, electrical				
* Controls	4.80	100.00	4.80	Nil
* Motors	19.20	100.00	19.20	Nil
Spas, fixed				
* Chlorinator	14.00	100.00	14.00	Nil
* Filtration (incl pumps)	35.00	100.00	35.00	Nil
* Heaters (electric or gas)	21.00	100.00	21.00	Nil
Swimming Pools				
* Chlorinator	15.00	100.00	15.00	Nil
* Cleaning	9.00	100.00	9.00	Nil
* Filtration (incl pumps)	36.00	100.00	36.00	Nil

ACQUISITION OF H2H310LO103 "SERENITY APARTMENTS" 9-11 WOLLONGONG ROAD, ARNCLIFFE

BY PETER & LOREANA BROWN

Capital Expenditure Incurred Upon Plant and Articles	Total Cost 21-Feb-13	Prime Cost Rate	Depreciation Over First 129 Days	Opening W.D.V. 1-Jul-13
	\$	%	\$	\$
Security and monitoring assets				
Access control systems				
* Code pads	15.60	100.00	15.60	Nil
* Door conrrollers	6.50	100.00	6.50	Nil
* Readers, swipe cards	3.90	100.00	3.90	Nil
Closed circuit television systems				
* Cameras	14.00	100.00	14.00	Nil
* Monitors	14.00	100.00	14.00	Nil
* Recorders, digital	8.00	100.00	8.00	Nil
* Switching units (incl multiplexes)	4.00	100.00	4.00	Nil
TOTAL	\$ 1,291.00		\$ 1,291.00	

DIVISION 43 ALLOWANCES

CAPITAL WORKS ALLOWANCES

Brisbane

t 07 3420 5755
f 07 3420 5766

Sydney

t 02 9328 3390
f 02 9328 3399

Melbourne

t 03 9826 6188
f 03 9826 6199

Perth

t 08 9381 6100
f 08 9381 6109

Adelaide

t 08 8363 7004
f 08 8363 7009

ACQUISITION OF H2H310LO103 "SERENITY APARTMENTS" 9-11 WOLLONGONG ROAD, ARNCLIFFE
BY PETER & LOREANA BROWN

Capital Expenditure Incurred on Qualifying Building Allowance

Start & Finish Dates of Construction	Total Historical Cost	Prime Cost Rate	Annual Claim	Opening Residual Value 21-Feb-13	Total Capital Allowance for 129 Days	Opening W.D.V. 1-Jul-13
Start - Completion	\$	%	\$	\$	\$	\$
1.) 25/3/12 - 1/7/12	249,203	2.50	6,230	245,195	2,202	242,993
sub-total	249,203		6,230	245,195	2,202	242,993

Capital Expenditure Incurred on Qualifying Structural Improvements

Start & Finish Dates of Construction	Total Historical Cost	Prime Cost Rate	Annual Claim	Opening Residual Value 21-Feb-13	Total Capital Allowance for 129 Days	Opening W.D.V. 1-Jul-13
Start - Completion	\$	%	\$	\$	\$	\$
1.) 25/3/12 - 1/7/12	590	2.50	15	580	5	575
sub-total	590		15	580	5	575

TOTAL	\$	249,793	6,245	245,775	2,207	243,568
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