

## Capital Allowance and Tax Depreciation Schedule

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Maximising the cash return from investment properties

A&H Frost Nominees Pty Ltd ATF A&H Frosty Super Fund - 50.00 % per cent  
Unit 7/84-100 Pacific Drive  
KEYSBOROUGH VIC 3173

25 February 2020

A&H Frost Nominees Pty Ltd ATF A&H Frosty Super Fund  
28 Oswald Street  
RANDWICK NSW 2031

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 Unit 7/84-100 Pacific Drive, KEYSBOROUGH VIC 3173.

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](http://www.mybmt.bmtqs.com.au).

To learn more about property depreciation visit [www.bmtqs.com.au](http://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 Pty Ltd  
Quantity Surveyors  
AIQS, RICS, AVAA, Tax Agent: 53712009

Maximising Property  
Tax Depreciation Deductions

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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](http://www.mybmt.bmtqs.com.au).

<b>Schedule prepared for:</b>	A&H Frost Nominees Pty Ltd ATF A&H Frosty Super Fund
<b>Property address:</b>	Unit 7/84-100 Pacific Drive, KEYSBOROUGH VIC 3173
<b>Ownership interest:</b>	50.00 % 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.

<b>Property type:</b>	Commercial
<b>Purchase price:</b>	\$650,000
<b>Reporting year start:</b>	1 July
<b>Settlement date:</b>	24 January 2020
<b>Construction completion date:</b>	24 January 2020
<b>Schedule start date:</b>	25 January 2020

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## Methodology

The Capital Allowance and Tax Depreciation Schedule prepared for A&H Frost Nominees Pty Ltd ATF A&H Frosty Super Fund for the property located at Unit 7/84-100 Pacific Drive, KEYSBOROUGH VIC 3173 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 following Capital Allowance and Tax Depreciation Schedule has been prepared on the basis of a co-ownership as joint tenants with a 50.00 % equal interest in the property and assets within.**

**All values shown within this schedule reflect this percentage of ownership unless otherwise stated.**

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 2019/5 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 LK Narunsky Nominees Pty Ltd ATF L & K Narunsky Superannuation Fund & A & H Frost Nominees Pty Ltd ATF A & H Frosty Super Fund
- Verbal information provided by Greater Dandenong City Council
- Site inspection conducted by BMT Tax Depreciation on 11 February 2020

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 lessee
- The lessee has no right to remove any of the plant and equipment assets listed in this schedule
- 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**

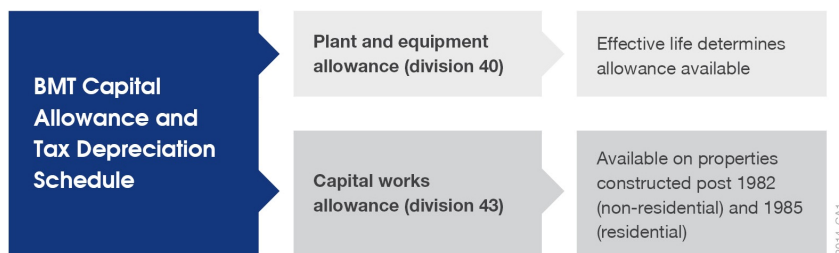
BMT Tax Depreciation are members of UDIA and use their information to keep up to date on statistics and current issues which impact property and urban development.



# Summary of capital expenditure

The following summary of capital expenditure is based on 100 per cent ownership ratio.

<b>Purchase price</b>	<b>\$650,000</b>
<b>Total expenditure</b>	<b>\$650,000</b>



<b>Division 40 - plant and equipment</b>	<b>\$34,138</b>
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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.

<b>Division 43 - capital works allowance</b>	<b>\$323,438</b>
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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.

<b>Balance of capital expenditure</b>	<b>\$292,424</b>
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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

<b>Total capital expenditure</b>	<b>\$650,000</b>
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# Capital Allowance and Tax Depreciation Schedule summary

## Total deductions - 40 year forecast (Split ownership 50.00 % per cent)

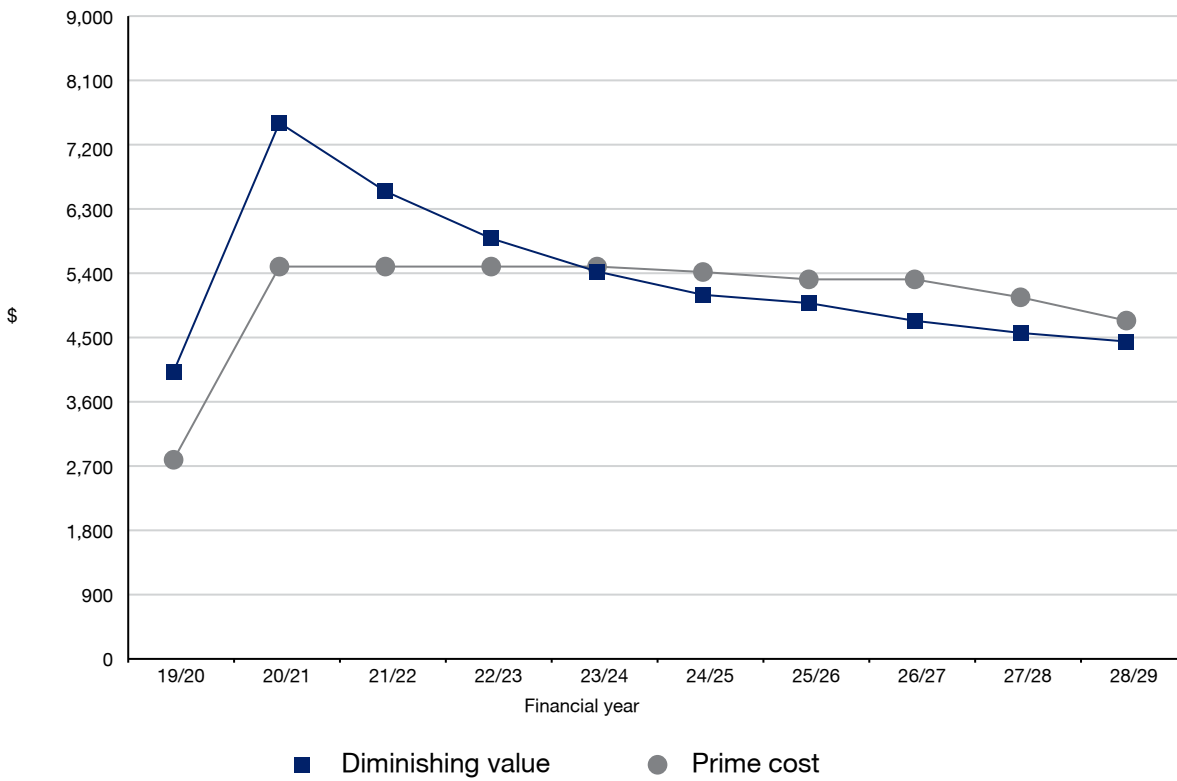
The forty year projection summary outlines the total yearly deductions available over the lifetime of the property. These totals include the division 43 and division 40 components as a total yearly deduction. Both the diminishing value (DV) and prime cost (PC) method values are shown for easy comparison.

Years 1-21			Years 22-41		
Period	Total deductions		Period	Total deductions	
	DV (\$)	PC (\$)		DV (\$)	PC (\$)
25-Jan-20 to 30-Jun-20	4,023	2,788	1-Jul-40 to 30-Jun-41	4,063	4,043
1-Jul-20 to 30-Jun-21	7,506	5,493	1-Jul-41 to 30-Jun-42	4,055	4,043
1-Jul-21 to 30-Jun-22	6,547	5,493	1-Jul-42 to 30-Jun-43	4,051	4,043
1-Jul-22 to 30-Jun-23	5,887	5,493	1-Jul-43 to 30-Jun-44	4,048	4,043
1-Jul-23 to 30-Jun-24	5,424	5,493	1-Jul-44 to 30-Jun-45	4,046	4,043
1-Jul-24 to 30-Jun-25	5,098	5,417	1-Jul-45 to 30-Jun-46	4,045	4,043
1-Jul-25 to 30-Jun-26	4,982	5,314	1-Jul-46 to 30-Jun-47	4,044	4,043
1-Jul-26 to 30-Jun-27	4,734	5,314	1-Jul-47 to 30-Jun-48	4,044	4,043
1-Jul-27 to 30-Jun-28	4,564	5,063	1-Jul-48 to 30-Jun-49	4,043	4,043
1-Jul-28 to 30-Jun-29	4,444	4,737	1-Jul-49 to 30-Jun-50	4,043	4,043
1-Jul-29 to 30-Jun-30	4,362	4,734	1-Jul-50 to 30-Jun-51	4,043	4,043
1-Jul-30 to 30-Jun-31	4,301	4,726	1-Jul-51 to 30-Jun-52	4,043	4,043
1-Jul-31 to 30-Jun-32	4,255	4,726	1-Jul-52 to 30-Jun-53	4,043	4,043
1-Jul-32 to 30-Jun-33	4,218	4,726	1-Jul-53 to 30-Jun-54	4,043	4,043
1-Jul-33 to 30-Jun-34	4,189	4,726	1-Jul-54 to 30-Jun-55	4,043	4,043
1-Jul-34 to 30-Jun-35	4,379	4,499	1-Jul-55 to 30-Jun-56	4,043	4,043
1-Jul-35 to 30-Jun-36	4,253	4,204	1-Jul-56 to 30-Jun-57	4,043	4,043
1-Jul-36 to 30-Jun-37	4,175	4,204	1-Jul-57 to 30-Jun-58	4,043	4,043
1-Jul-37 to 30-Jun-38	4,125	4,204	1-Jul-58 to 30-Jun-59	4,043	4,043
1-Jul-38 to 30-Jun-39	4,094	4,204	1-Jul-59 to 30-Jun-60	2,286	2,286
1-Jul-39 to 30-Jun-40	4,076	4,130	<b>Total</b>	<b>178,791</b>	<b>178,791</b>

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### 10 year forecast comparison graph (Split ownership 50.00 % per cent)

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 (Ownership percentage 50.00 % per cent)**

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 (\$)	Split cost (\$)
Original works	24-Jan-20	2.5 %	323,438	161,719

Calculation for write-off provision:

Period	Original division 43 (\$)	Split division 43 (\$)
25-Jan-20 to 30-Jun-20	3,513	1,757
1-Jul-20 to 30-Jun-21	8,086	4,043
1-Jul-21 to 30-Jun-22	8,086	4,043
1-Jul-22 to 30-Jun-23	8,086	4,043
1-Jul-23 to 30-Jun-24	8,086	4,043
1-Jul-24 to 30-Jun-25	8,086	4,043
1-Jul-25 to 30-Jun-26	8,086	4,043
1-Jul-26 to 30-Jun-27	8,086	4,043
1-Jul-27 to 30-Jun-28	8,086	4,043
1-Jul-28 to 30-Jun-29	8,086	4,043

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Diminishing value method summary (Ownership percentage 50.00 %)

Date	Effective life	Pooled plant	Division 40	Division 43	Total
25-Jan-20 to 30-Jun-20	1,302	964	2,266	1,757	4,023
1-Jul-20 to 30-Jun-21	1,897	1,566	3,463	4,043	7,506
1-Jul-21 to 30-Jun-22	1,525	979	2,504	4,043	6,547
1-Jul-22 to 30-Jun-23	1,231	613	1,844	4,043	5,887
1-Jul-23 to 30-Jun-24	999	382	1,381	4,043	5,424
1-Jul-24 to 30-Jun-25	816	239	1,055	4,043	5,098
1-Jul-25 to 30-Jun-26	425	514	939	4,043	4,982
1-Jul-26 to 30-Jun-27	368	323	691	4,043	4,734
1-Jul-27 to 30-Jun-28	319	202	521	4,043	4,564
1-Jul-28 to 30-Jun-29	276	125	401	4,043	4,444
1-Jul-29 to 30-Jun-30	240	79	319	4,043	4,362
1-Jul-30 to 30-Jun-31	208	50	258	4,043	4,301
1-Jul-31 to 30-Jun-32	180	32	212	4,043	4,255
1-Jul-32 to 30-Jun-33	156	19	175	4,043	4,218
1-Jul-33 to 30-Jun-34	135	11	146	4,043	4,189
1-Jul-34 to 30-Jun-35	0	336	336	4,043	4,379
1-Jul-35 to 30-Jun-36	0	210	210	4,043	4,253
1-Jul-36 to 30-Jun-37	0	132	132	4,043	4,175
1-Jul-37 to 30-Jun-38	0	82	82	4,043	4,125
1-Jul-38 to 30-Jun-39	0	51	51	4,043	4,094
1-Jul-39 to 30-Jun-40	0	33	33	4,043	4,076
1-Jul-40 to 30-Jun-41	0	20	20	4,043	4,063
1-Jul-41 to 30-Jun-42	0	12	12	4,043	4,055
1-Jul-42 to 30-Jun-43	0	8	8	4,043	4,051
1-Jul-43 to 30-Jun-44	0	5	5	4,043	4,048
1-Jul-44 to 30-Jun-45	0	3	3	4,043	4,046
1-Jul-45 to 30-Jun-46	0	2	2	4,043	4,045
1-Jul-46 to 30-Jun-47	0	1	1	4,043	4,044
1-Jul-47 to 30-Jun-48	0	1	1	4,043	4,044
1-Jul-48 to 30-Jun-49	0	0	0	4,043	4,043
1-Jul-49 to 30-Jun-50	0	0	0	4,043	4,043
1-Jul-50 to 30-Jun-51	0	0	0	4,043	4,043
1-Jul-51 to 30-Jun-52	0	0	0	4,043	4,043
1-Jul-52 to 30-Jun-53	0	0	0	4,043	4,043
1-Jul-53 to 30-Jun-54	0	0	0	4,043	4,043
1-Jul-54 to 30-Jun-55	0	0	0	4,043	4,043
1-Jul-55 to 30-Jun-56	0	0	0	4,043	4,043
1-Jul-56 to 30-Jun-57	0	0	0	4,043	4,043
1-Jul-57 to 30-Jun-58	0	0	0	4,043	4,043
1-Jul-58 to 30-Jun-59	0	0	0	4,043	4,043
1-Jul-59 to 30-Jun-60	0	0	0	2,286	2,286
<b>Total</b>	<b>10,077</b>	<b>6,994</b>	<b>17,071</b>	<b>161,720</b>	<b>178,791</b>

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Prime cost method summary (Ownership percentage 50.00 %)

Date	Effective life plant	Division 43	Total
25-Jan-20 to 30-Jun-20	1,031	1,757	2,788
1-Jul-20 to 30-Jun-21	1,450	4,043	5,493
1-Jul-21 to 30-Jun-22	1,450	4,043	5,493
1-Jul-22 to 30-Jun-23	1,450	4,043	5,493
1-Jul-23 to 30-Jun-24	1,450	4,043	5,493
1-Jul-24 to 30-Jun-25	1,374	4,043	5,417
1-Jul-25 to 30-Jun-26	1,271	4,043	5,314
1-Jul-26 to 30-Jun-27	1,271	4,043	5,314
1-Jul-27 to 30-Jun-28	1,020	4,043	5,063
1-Jul-28 to 30-Jun-29	694	4,043	4,737
1-Jul-29 to 30-Jun-30	691	4,043	4,734
1-Jul-30 to 30-Jun-31	683	4,043	4,726
1-Jul-31 to 30-Jun-32	683	4,043	4,726
1-Jul-32 to 30-Jun-33	683	4,043	4,726
1-Jul-33 to 30-Jun-34	683	4,043	4,726
1-Jul-34 to 30-Jun-35	456	4,043	4,499
1-Jul-35 to 30-Jun-36	161	4,043	4,204
1-Jul-36 to 30-Jun-37	161	4,043	4,204
1-Jul-37 to 30-Jun-38	161	4,043	4,204
1-Jul-38 to 30-Jun-39	161	4,043	4,204
1-Jul-39 to 30-Jun-40	87	4,043	4,130
1-Jul-40 to 30-Jun-41	0	4,043	4,043
1-Jul-41 to 30-Jun-42	0	4,043	4,043
1-Jul-42 to 30-Jun-43	0	4,043	4,043
1-Jul-43 to 30-Jun-44	0	4,043	4,043
1-Jul-44 to 30-Jun-45	0	4,043	4,043
1-Jul-45 to 30-Jun-46	0	4,043	4,043
1-Jul-46 to 30-Jun-47	0	4,043	4,043
1-Jul-47 to 30-Jun-48	0	4,043	4,043
1-Jul-48 to 30-Jun-49	0	4,043	4,043
1-Jul-49 to 30-Jun-50	0	4,043	4,043
1-Jul-50 to 30-Jun-51	0	4,043	4,043
1-Jul-51 to 30-Jun-52	0	4,043	4,043
1-Jul-52 to 30-Jun-53	0	4,043	4,043
1-Jul-53 to 30-Jun-54	0	4,043	4,043
1-Jul-54 to 30-Jun-55	0	4,043	4,043
1-Jul-55 to 30-Jun-56	0	4,043	4,043
1-Jul-56 to 30-Jun-57	0	4,043	4,043
1-Jul-57 to 30-Jun-58	0	4,043	4,043
1-Jul-58 to 30-Jun-59	0	4,043	4,043
1-Jul-59 to 30-Jun-60	0	2,286	2,286
<b>Total</b>	<b>17,071</b>	<b>161,720</b>	<b>178,791</b>

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## Diminishing value method schedule (years 1 - 5)

Tax grouping	Total cost @ 25-Jan-20 (\$) Based on 100%	Total cost @ 25-Jan-20 (\$) Based on 50.00 %	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-24 (\$)
					25-Jan-20 30-Jun-20 Year 1 (\$)	1-Jul-20 30-Jun-21 Year 2 (\$)	1-Jul-21 30-Jun-22 Year 3 (\$)	1-Jul-22 30-Jun-23 Year 4 (\$)	1-Jul-23 30-Jun-24 Year 5 (\$)	
Division 40 - plant & equipment (Effective life rates)										
Existing unit specific										
Air-conditioning assets - Packaged air conditioning units	13,822	6,911	15	13.3 %	398	868	753	652	565	3,675
Automatic Garage Door - Motors & Controls	1,791	896	5	37.5 %	0*	0	0	0	0	111
Bathroom Accessories	741	371	1	100.0 %	371	0	0	0	0	0
Carpets - General	9,228	4,614	8	25.0 %	498	1,029	772	579	434	1,302
Door Closers	223	112	10	37.5 %	0*	0	0	0	0	14
Fire control and alarm assets - Extinguishers	846	423	15	37.5 %	0*	0	0	0	0	52
Hot Water Installations	987	494	15	37.5 %	0*	0	0	0	0	61
Light Fittings & Shades	6,430	3,215	20	37.5 %	0*	0	0	0	0	398
Subtotal	34,068	17,036			1,267	1,897	1,525	1,231	999	5,613
Existing common property										
Access control systems - Code pads	14	7	5	100.0 %	7	0	0	0	0	0
Automatic Gate - Motors & Controls	56	28	5	100.0 %	28	0	0	0	0	0
Subtotal	70	35			35	0	0	0	0	0
Total division 40 - effective life rate	25,652	11,931			1,302	1,897	1,525	1,231	999	4,977
Total division 40 - pooled (Page 19)	8,486	5,140			964	1,566	979	613	382	636
Total division 40	34,138	17,071			2,266	3,463	2,504	1,844	1,381	5,613
Division 43 - capital works allowance										
Total division 43 (Page 12)	323,438	161,719			1,757	4,043	4,043	4,043	4,043	143,791
Total depreciation	357,576	178,790			4,023	7,506	6,547	5,887	5,424	149,404

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

The above table of figures are calculated using the ownership percentage of 50.00 % per cent.

## Diminishing value method schedule (years 6 - 10)

Tax grouping	Total cost @ 1-Jul-24 (\$) Based on 50.00 %	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-29 (\$)
				1-Jul-24 30-Jun-25 Year 6 (\$)	1-Jul-25 30-Jun-26 Year 7 (\$)	1-Jul-26 30-Jun-27 Year 8 (\$)	1-Jul-27 30-Jun-28 Year 9 (\$)	1-Jul-28 30-Jun-29 Year 10 (\$)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air-conditioning assets - Packaged air conditioning units	3,675	15	13.3 %	490	425	368	319	276	1,797
Automatic Garage Door - Motors & Controls	111	5	37.5 %	0	0	0	0	0	11
Bathroom Accessories	0	1	100.0 %	0	0	0	0	0	0
Carpets - General	1,302	8	25.0 %	326	0*	0	0	0	149
Door Closers	14	10	37.5 %	0	0	0	0	0	1
Fire control and alarm assets - Extinguishers	52	15	37.5 %	0	0	0	0	0	4
Hot Water Installations	61	15	37.5 %	0	0	0	0	0	6
Light Fittings & Shades	398	20	37.5 %	0	0	0	0	0	38
Subtotal	5,613			816	425	368	319	276	2,006
Existing common property									
Access control systems - Code pads	0	5	100.0 %	0	0	0	0	0	0
Automatic Gate - Motors & Controls	0	5	100.0 %	0	0	0	0	0	0
Subtotal	0			0	0	0	0	0	0
Total division 40 - effective life rate	4,977			816	425	368	319	276	1,797
Total division 40 - pooled (Page 20)	636			239	514	323	202	125	209
Total division 40	5,613			1,055	939	691	521	401	2,006
Division 43 - capital works allowance									
Total division 43 (Page 12)	143,791			4,043	4,043	4,043	4,043	4,043	123,576
Total depreciation	149,404			5,098	4,982	4,734	4,564	4,444	125,582

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

The above table of figures are calculated using the ownership percentage of 50.00 % per cent.

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## Diminishing value method schedule (years 11 - 15)

Tax grouping	Total cost @ 1-Jul-29 (\$) Based on 50.00 %	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-34 (\$)
				1-Jul-29 30-Jun-30 Year 11 (\$)	1-Jul-30 30-Jun-31 Year 12 (\$)	1-Jul-31 30-Jun-32 Year 13 (\$)	1-Jul-32 30-Jun-33 Year 14 (\$)	1-Jul-33 30-Jun-34 Year 15 (\$)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air-conditioning assets - Packaged air conditioning units	1,797	15	13.3 %	240	208	180	156	135	878
Automatic Garage Door - Motors & Controls	11	5	37.5 %	0	0	0	0	0	0
Bathroom Accessories	0	1	100.0 %	0	0	0	0	0	0
Carpets - General	149	8	37.5 %	0	0	0	0	0	14
Door Closers	1	10	37.5 %	0	0	0	0	0	0
Fire control and alarm assets - Extinguishers	4	15	37.5 %	0	0	0	0	0	0
Hot Water Installations	6	15	37.5 %	0	0	0	0	0	0
Light Fittings & Shades	38	20	37.5 %	0	0	0	0	0	4
Subtotal	2,006			240	208	180	156	135	896
Existing common property									
Access control systems - Code pads	0	5	100.0 %	0	0	0	0	0	0
Automatic Gate - Motors & Controls	0	5	100.0 %	0	0	0	0	0	0
Subtotal	0			0	0	0	0	0	0
Total division 40 - effective life rate	1,797			240	208	180	156	135	0
Total division 40 - pooled (Page 21)	209			79	50	32	19	11	896
Total division 40	2,006			319	258	212	175	146	896
Division 43 - capital works allowance									
Total division 43 (Page 12)	123,576			4,043	4,043	4,043	4,043	4,043	103,361
Total depreciation	125,582			4,362	4,301	4,255	4,218	4,189	104,257

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

The above table of figures are calculated using the ownership percentage of 50.00 % per cent.

## Diminishing value method schedule (years 16 - 20)

Tax grouping	Total cost @ 1-Jul-34 (\$) Based on 50.00 %	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-39 (\$)
				1-Jul-34 30-Jun-35 Year 16 (\$)	1-Jul-35 30-Jun-36 Year 17 (\$)	1-Jul-36 30-Jun-37 Year 18 (\$)	1-Jul-37 30-Jun-38 Year 19 (\$)	1-Jul-38 30-Jun-39 Year 20 (\$)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air-conditioning assets - Packaged air conditioning units	878	15	37.5 %	0*	0	0	0	0	84
Automatic Garage Door - Motors & Controls	0	5	37.5 %	0	0	0	0	0	0
Bathroom Accessories	0	1	100.0 %	0	0	0	0	0	0
Carpets - General	14	8	37.5 %	0	0	0	0	0	1
Door Closers	0	10	37.5 %	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	0	15	37.5 %	0	0	0	0	0	0
Light Fittings & Shades	4	20	37.5 %	0	0	0	0	0	0
Subtotal	896			0	0	0	0	0	85
Existing common property									
Access control systems - Code pads	0	5	100.0 %	0	0	0	0	0	0
Automatic Gate - Motors & Controls	0	5	100.0 %	0	0	0	0	0	0
Subtotal	0			0	0	0	0	0	0
Total division 40 - effective life rate	0			0	0	0	0	0	0
Total division 40 - pooled (Page 22)	896			336	210	132	82	51	85
Total division 40	896			336	210	132	82	51	85
Division 43 - capital works allowance									
Total division 43 (Page 12)	103,361			4,043	4,043	4,043	4,043	4,043	83,146
Total depreciation	104,257			4,379	4,253	4,175	4,125	4,094	83,231

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

The above table of figures are calculated using the ownership percentage of 50.00 % per cent.

## Diminishing value method pooling schedule (years 1 - 5)

Tax grouping	Total cost @ Pooling start (\$) Based on 50.00 %	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-24 (\$)
				25-Jan-20 30-Jun-20 Year 1 (\$)	1-Jul-20 30-Jun-21 Year 2 (\$)	1-Jul-21 30-Jun-22 Year 3 (\$)	1-Jul-22 30-Jun-23 Year 4 (\$)	1-Jul-23 30-Jun-24 Year 5 (\$)	
Division 40 - plant & equipment (Pooling rates)									
Existing unit specific									
Air-conditioning assets - Packaged air conditioning units	*878	15	0.0 %	0	0	0	0	0	0
Automatic Garage Door - Motors & Controls	896	5	37.5 %	168	273	171	107	66	111
Bathroom Accessories	0	1	0.0 %	0	0	0	0	0	0
Carpets - General	*976	8	0.0 %	0	0	0	0	0	0
Door Closers	112	10	37.5 %	21	34	21	14	8	14
Fire control and alarm assets - Extinguishers	423	15	37.5 %	79	129	81	50	32	52
Hot Water Installations	494	15	37.5 %	93	150	94	59	37	61
Light Fittings & Shades	3,215	20	37.5 %	603	980	612	383	239	398
Subtotal	5,140			964	1,566	979	613	382	636
Existing common property									
Access control systems - Code pads	0	5	0.0 %	0	0	0	0	0	0
Automatic Gate - Motors & Controls	0	5	0.0 %	0	0	0	0	0	0
Subtotal	0			0	0	0	0	0	0
Total - pooled items	5,140			964	1,566	979	613	382	636

The above table of figures are calculated using the ownership percentage of 50.00 % per cent.

Items marked by an \* are not calculated into the total cost column as they are allocated to the low value pool in later years.

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## Diminishing value method pooling schedule (years 6 - 10)

Tax grouping	Total cost @ Pooling start (\$) Based on 50.00 %	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-29 (\$)
				1-Jul-24 30-Jun-25 Year 6 (\$)	1-Jul-25 30-Jun-26 Year 7 (\$)	1-Jul-26 30-Jun-27 Year 8 (\$)	1-Jul-27 30-Jun-28 Year 9 (\$)	1-Jul-28 30-Jun-29 Year 10 (\$)	
Division 40 - plant & equipment (Pooling rates)									
Existing unit specific									
Air-conditioning assets - Packaged air conditioning units	*878	15	0.0 %	0	0	0	0	0	0
Automatic Garage Door - Motors & Controls	111	5	37.5 %	42	26	16	10	6	11
Bathroom Accessories	0	1	0.0 %	0	0	0	0	0	0
Carpets - General	*976	8	37.5 %	0	366	229	143	89	149
Door Closers	14	10	37.5 %	5	3	2	2	1	1
Fire control and alarm assets - Extinguishers	52	15	37.5 %	20	12	8	5	3	4
Hot Water Installations	61	15	37.5 %	23	14	9	6	3	6
Light Fittings & Shades	398	20	37.5 %	149	93	59	36	23	38
Subtotal	636			239	514	323	202	125	209
Existing common property									
Access control systems - Code pads	0	5	0.0 %	0	0	0	0	0	0
Automatic Gate - Motors & Controls	0	5	0.0 %	0	0	0	0	0	0
Subtotal	0			0	0	0	0	0	0
Total - pooled items	636			239	514	323	202	125	209

The above table of figures are calculated using the ownership percentage of 50.00 % per cent.

Items marked by an \* are not calculated into the total cost column as they are allocated to the low value pool in later years.

## Diminishing value method pooling schedule (years 11 - 15)

Tax grouping	Total cost @ Pooling start (\$) Based on 50.00 %	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-34 (\$)
				1-Jul-29 30-Jun-30 Year 11 (\$)	1-Jul-30 30-Jun-31 Year 12 (\$)	1-Jul-31 30-Jun-32 Year 13 (\$)	1-Jul-32 30-Jun-33 Year 14 (\$)	1-Jul-33 30-Jun-34 Year 15 (\$)	
Division 40 - plant & equipment (Pooling rates)									
Existing unit specific									
Air-conditioning assets - Packaged air conditioning units	*878	15	0.0 %	0	0	0	0	0	878
Automatic Garage Door - Motors & Controls	11	5	37.5 %	4	3	2	1	1	0
Bathroom Accessories	0	1	0.0 %	0	0	0	0	0	0
Carpets - General	149	8	37.5 %	56	35	22	14	8	14
Door Closers	1	10	37.5 %	1	0	0	0	0	0
Fire control and alarm assets - Extinguishers	4	15	37.5 %	2	1	1	0	0	0
Hot Water Installations	6	15	37.5 %	2	2	1	1	0	0
Light Fittings & Shades	38	20	37.5 %	14	9	6	3	2	4
Subtotal	209			79	50	32	19	11	896
Existing common property									
Access control systems - Code pads	0	5	0.0 %	0	0	0	0	0	0
Automatic Gate - Motors & Controls	0	5	0.0 %	0	0	0	0	0	0
Subtotal	0			0	0	0	0	0	0
Total - pooled items	209			79	50	32	19	11	896

The above table of figures are calculated using the ownership percentage of 50.00 % per cent.

Items marked by an \* are not calculated into the total cost column as they are allocated to the low value pool in later years.

## Diminishing value method pooling schedule (years 16 - 20)

Tax grouping	Total cost @ Pooling start (\$) Based on 50.00 %	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-39 (\$)
				1-Jul-34 30-Jun-35 Year 16 (\$)	1-Jul-35 30-Jun-36 Year 17 (\$)	1-Jul-36 30-Jun-37 Year 18 (\$)	1-Jul-37 30-Jun-38 Year 19 (\$)	1-Jul-38 30-Jun-39 Year 20 (\$)	
Division 40 - plant & equipment (Pooling rates)									
Existing unit specific									
Air-conditioning assets - Packaged air conditioning units	878	15	37.5 %	329	206	129	80	50	84
Automatic Garage Door - Motors & Controls	0	5	0.0 %	0	0	0	0	0	0
Bathroom Accessories	0	1	0.0 %	0	0	0	0	0	0
Carpets - General	14	8	37.5 %	5	3	2	2	1	1
Door Closers	0	10	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	0	15	0.0 %	0	0	0	0	0	0
Light Fittings & Shades	4	20	37.5 %	2	1	1	0	0	0
Subtotal	896			336	210	132	82	51	85
Existing common property									
Access control systems - Code pads	0	5	0.0 %	0	0	0	0	0	0
Automatic Gate - Motors & Controls	0	5	0.0 %	0	0	0	0	0	0
Subtotal	0			0	0	0	0	0	0
Total - pooled items	896			336	210	132	82	51	85

The above table of figures are calculated using the ownership percentage of 50.00 % per cent.

Items marked by an \* are not calculated into the total cost column as they are allocated to the low value pool in later years.

**Prime cost method schedule (years 1 - 5)**

Tax grouping	Total cost @ 25-Jan-20 (\$) Based on 100%	Total cost @ 25-Jan-20 (\$) Based on 50.00 %	Effective life (Years)	Basic rate (PC)	Depreciation allowance					TWDV @ 1-Jul-24 (\$)
					25-Jan-20 30-Jun-20 Year 1 (\$)	1-Jul-20 30-Jun-21 Year 2 (\$)	1-Jul-21 30-Jun-22 Year 3 (\$)	1-Jul-22 30-Jun-23 Year 4 (\$)	1-Jul-23 30-Jun-24 Year 5 (\$)	
Division 40 - plant & equipment (Effective life rates)										
Existing unit specific										
Air-conditioning assets - Packaged air conditioning units	13,822	6,911	15	6.7 %	199	461	461	461	461	4,868
Automatic Garage Door - Motors & Controls	1,791	896	5	20.0 %	77	179	179	179	179	103
Bathroom Accessories	741	371	1	100.0 %	371	0	0	0	0	0
Carpets - General	9,228	4,614	8	12.5 %	249	577	577	577	577	2,057
Door Closers	223	112	10	10.0 %	5	11	11	11	11	63
Fire control and alarm assets - Extinguishers	846	423	15	6.7 %	12	28	28	28	28	299
Hot Water Installations	987	494	15	6.7 %	14	33	33	33	33	348
Light Fittings & Shades	6,430	3,215	20	5.0 %	69	161	161	161	161	2,502
Subtotal	34,068	17,036			996	1,450	1,450	1,450	1,450	10,240
Existing common property										
Access control systems - Code pads	14	7	5	100.0 %	7	0	0	0	0	0
Automatic Gate - Motors & Controls	56	28	5	100.0 %	28	0	0	0	0	0
Subtotal	70	35			35	0	0	0	0	0
Total division 40 - effective life rate	34,138	17,071			1,031	1,450	1,450	1,450	1,450	10,240
Division 43 - capital works allowance										
Total division 43 (Page 12)	323,438	161,719			1,757	4,043	4,043	4,043	4,043	143,791
Total depreciation	357,576	178,790			2,788	5,493	5,493	5,493	5,493	154,031

The above table of figures are calculated using the ownership percentage of 50.00 % per cent.

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## Prime cost method schedule (years 6 - 10)

Tax grouping	Total cost @ 1-Jul-24 (\$) Based on 50.00 %	Effective life (Years)	Basic rate (PC)	Depreciation allowance					TWDV @ 1-Jul-29 (\$)
				1-Jul-24 30-Jun-25 Year 6 (\$)	1-Jul-25 30-Jun-26 Year 7 (\$)	1-Jul-26 30-Jun-27 Year 8 (\$)	1-Jul-27 30-Jun-28 Year 9 (\$)	1-Jul-28 30-Jun-29 Year 10 (\$)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air-conditioning assets - Packaged air conditioning units	4,868	15	6.7 %	461	461	461	461	461	2,563
Automatic Garage Door - Motors & Controls	103	5	20.0 %	103	0	0	0	0	0
Bathroom Accessories	0	1	100.0 %	0	0	0	0	0	0
Carpets - General	2,057	8	12.5 %	577	577	577	326	0	0
Door Closers	63	10	10.0 %	11	11	11	11	11	8
Fire control and alarm assets - Extinguishers	299	15	6.7 %	28	28	28	28	28	159
Hot Water Installations	348	15	6.7 %	33	33	33	33	33	183
Light Fittings & Shades	2,502	20	5.0 %	161	161	161	161	161	1,697
Subtotal	10,240			1,374	1,271	1,271	1,020	694	4,610
Existing common property									
Access control systems - Code pads	0	5	100.0 %	0	0	0	0	0	0
Automatic Gate - Motors & Controls	0	5	100.0 %	0	0	0	0	0	0
Subtotal	0			0	0	0	0	0	0
Total division 40 - effective life rate	10,240			1,374	1,271	1,271	1,020	694	4,610
Division 43 - capital works allowance									
Total division 43 (Page 12)	143,791			4,043	4,043	4,043	4,043	4,043	123,576
Total depreciation	154,031			5,417	5,314	5,314	5,063	4,737	128,186

The above table of figures are calculated using the ownership percentage of 50.00 % per cent.

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**Prime cost method schedule (years 11 - 15)**

Tax grouping	Total cost @ 1-Jul-29 (\$) Based on 50.00 %	Effective life (Years)	Basic rate (PC)	Depreciation allowance					TWDV @ 1-Jul-34 (\$)
				1-Jul-29 30-Jun-30 Year 11 (\$)	1-Jul-30 30-Jun-31 Year 12 (\$)	1-Jul-31 30-Jun-32 Year 13 (\$)	1-Jul-32 30-Jun-33 Year 14 (\$)	1-Jul-33 30-Jun-34 Year 15 (\$)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air-conditioning assets - Packaged air conditioning units	2,563	15	6.7 %	461	461	461	461	461	258
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
Carpets - General	0	8	12.5 %	0	0	0	0	0	0
Door Closers	8	10	10.0 %	8	0	0	0	0	0
Fire control and alarm assets - Extinguishers	159	15	6.7 %	28	28	28	28	28	19
Hot Water Installations	183	15	6.7 %	33	33	33	33	33	18
Light Fittings & Shades	1,697	20	5.0 %	161	161	161	161	161	892
Subtotal	4,610			691	683	683	683	683	1,187
Existing common property									
Access control systems - Code pads	0	5	100.0 %	0	0	0	0	0	0
Automatic Gate - Motors & Controls	0	5	100.0 %	0	0	0	0	0	0
Subtotal	0			0	0	0	0	0	0
Total division 40 - effective life rate	4,610			691	683	683	683	683	1,187
Division 43 - capital works allowance									
Total division 43 (Page 12)	123,576			4,043	4,043	4,043	4,043	4,043	103,361
Total depreciation	128,186			4,734	4,726	4,726	4,726	4,726	104,548

The above table of figures are calculated using the ownership percentage of 50.00 % per cent.

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**Prime cost method schedule (years 16 - 20)**

Tax grouping	Total cost @ 1-Jul-34 (\$) Based on 50.00 %	Effective life (Years)	Basic rate (PC)	Depreciation allowance					TWDV @ 1-Jul-39 (\$)
				1-Jul-34 30-Jun-35 Year 16 (\$)	1-Jul-35 30-Jun-36 Year 17 (\$)	1-Jul-36 30-Jun-37 Year 18 (\$)	1-Jul-37 30-Jun-38 Year 19 (\$)	1-Jul-38 30-Jun-39 Year 20 (\$)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air-conditioning assets - Packaged air conditioning units	258	15	6.7 %	258	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
Carpets - General	0	8	12.5 %	0	0	0	0	0	0
Door Closers	0	10	10.0 %	0	0	0	0	0	0
Fire control and alarm assets - Extinguishers	19	15	6.7 %	19	0	0	0	0	0
Hot Water Installations	18	15	6.7 %	18	0	0	0	0	0
Light Fittings & Shades	892	20	5.0 %	161	161	161	161	161	87
Subtotal	1,187			456	161	161	161	161	87
Existing common property									
Access control systems - Code pads	0	5	100.0 %	0	0	0	0	0	0
Automatic Gate - Motors & Controls	0	5	100.0 %	0	0	0	0	0	0
Subtotal	0			0	0	0	0	0	0
Total division 40 - effective life rate	1,187			456	161	161	161	161	87
Division 43 - capital works allowance									
Total division 43 (Page 12)	103,361			4,043	4,043	4,043	4,043	4,043	83,146
Total depreciation	104,548			4,499	4,204	4,204	4,204	4,204	83,233

The above table of figures are calculated using the ownership percentage of 50.00 % per cent.

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### Grouped depreciation rates - diminishing value method (Ownership percentage 50.00 % per cent)

BMT Tax Depreciation has allocated each asset into a group based on their rate of depreciation. The following tables provide a summary of the total deductions available for each depreciation rate for both the diminishing value method and the prime cost method of depreciation. This may assist when entering depreciation into accounting software.

It is the responsibility of the lessor to provide details of all assets contained in the property prior to a lessee beginning a lease. Any assets installed by the lessee during a fit out of a commercial property should not be included when advised to BMT Tax Depreciation. BMT Tax Depreciation takes no responsibility for incorrect information provided or the results of the actions taken on the basis of information provided in this schedule.

Basic rate (%)	Years				
	25-Jan-20 30-Jun-20 Year 1 (\$)	1-Jul-20 30-Jun-21 Year 2 (\$)	1-Jul-21 30-Jun-22 Year 3 (\$)	1-Jul-22 30-Jun-23 Year 4 (\$)	1-Jul-23 30-Jun-24 Year 5 (\$)
2.5	1,757	4,043	4,043	4,043	4,043
13.33	398	868	753	652	565
18.75	964	0	0	0	0
25	498	1,029	772	579	434
37.5	0	1,566	979	613	382
100	406	0	0	0	0
<b>Total</b>	<b>4,023</b>	<b>7,506</b>	<b>6,547</b>	<b>5,887</b>	<b>5,424</b>

Basic rate (%)	Years				
	1-Jul-24 30-Jun-25 Year 6 (\$)	1-Jul-25 30-Jun-26 Year 7 (\$)	1-Jul-26 30-Jun-27 Year 8 (\$)	1-Jul-27 30-Jun-28 Year 9 (\$)	1-Jul-28 30-Jun-29 Year 10 (\$)
2.5	4,043	4,043	4,043	4,043	4,043
13.33	490	425	368	319	276
18.75	0	0	0	0	0
25	326	0	0	0	0
37.5	239	514	323	202	125
100	0	0	0	0	0
<b>Total</b>	<b>5,098</b>	<b>4,982</b>	<b>4,734</b>	<b>4,564</b>	<b>4,444</b>

Grouped depreciation rates - prime cost method (Ownership percentage 50.00 % per cent)

Basic rate (%)	Years				
	25-Jan-20 30-Jun-20 Year 1 (\$)	1-Jul-20 30-Jun-21 Year 2 (\$)	1-Jul-21 30-Jun-22 Year 3 (\$)	1-Jul-22 30-Jun-23 Year 4 (\$)	1-Jul-23 30-Jun-24 Year 5 (\$)
2.5	1,757	4,043	4,043	4,043	4,043
5	69	161	161	161	161
6.67	225	522	522	522	522
10	5	11	11	11	11
12.5	249	577	577	577	577
20	77	179	179	179	179
100	406	0	0	0	0
<b>Total</b>	<b>2,788</b>	<b>5,493</b>	<b>5,493</b>	<b>5,493</b>	<b>5,493</b>

Basic rate (%)	Years				
	1-Jul-24 30-Jun-25 Year 6 (\$)	1-Jul-25 30-Jun-26 Year 7 (\$)	1-Jul-26 30-Jun-27 Year 8 (\$)	1-Jul-27 30-Jun-28 Year 9 (\$)	1-Jul-28 30-Jun-29 Year 10 (\$)
2.5	4,043	4,043	4,043	4,043	4,043
5	161	161	161	161	161
6.67	522	522	522	522	522
10	11	11	11	11	11
12.5	577	577	577	326	0
20	103	0	0	0	0
100	0	0	0	0	0
<b>Total</b>	<b>5,417</b>	<b>5,314</b>	<b>5,314</b>	<b>5,063</b>	<b>4,737</b>

The contents of this page are subject to and must be read in conjunction with the disclaimer on page 7

# 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 lessor's and commercial property renters as lessee's are entitled to claim deductions relating to depreciable assets. It is the responsibility of the commercial property owner or lessee 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 lessor's and commercial property renters as lessee's are entitled to claim deductions relating to capital works. This is because lessee's 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 lessee 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 ----- 365	X	200 per cent ----- asset's effective life
For depreciating assets you started to hold prior to 10th May 2006				
Base value*	X	Days held ----- 365	X	150 per cent ----- 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 lessees 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 lessor's and commercial property renters as lessee's 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 lessor's, depreciation deductions should be claimed as either division 43 capital works or division 40 plant and equipment deductions as defined accordingly.

Commercial property lessee's are entitled to claim depreciation for fit out they add to the property once their lease starts. If lease conditions mandate a commercial property lessee returns the property to its original condition, the lessee 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 lessor's are also entitled to claim deductions for any assets installed by their lessee if left behind after the lease expires and the lessee vacates.

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.



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 lessee's 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 lessee 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 ----- 365	X	100 per cent ----- 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.

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