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## Tax Depreciation Schedule



### Client Details:

<b>Name:</b>	<b>Brenda Dolieslager &amp; Tracy Jones</b>
<b>Address:</b>	<b>31 Stranger Street, Yarraville 3013</b>
<b>Telephone:</b>	<b>0402 632 875</b>
<b>Email:</b>	<b>brenda.melisande@gmail.com</b>

### Property Details:

<b>Address:</b>	<b>Apt 304-952 High Street, Reservoir 3073</b>
<b>Description:</b>	<b>Third Floor, One Bedroom Apartment with Balcony</b>
<b>Rental Date:</b>	<b>13 July 2016</b>
<b>Construction Date:</b>	<b>New</b>
<b>Construction Cost:</b>	<b>\$192,000.00</b>

### Report Details:

<b>Assessment Date:</b>	<b>23 June 2016</b>
<b>Report Date:</b>	<b>19 July 2016</b>
<b>Prepared by:</b>	<b>Andrew Pynt</b>
<b>Reference Number:</b>	<b>T1516464</b>

### Introduction to Tax Depreciation Schedules:

Owners of investment properties can claim tax deductions for the depreciation of their residential or commercial investment property. Any residential building built from July 18, 1985 and any commercial building built from July 20, 1982 are eligible for depreciation deductions. Tax Depreciation Schedules allow owners of investment properties to claim tax deductions for the depreciation of the building assets including fixtures and fittings and the building structure.

The Income Tax Assessment Act 1997 specifies two main categories of depreciation:

**Division 40.** This includes many of the fixtures and fittings or plant and equipment that decline in value over a specified "effective life". These items attract varying rates of depreciation as set out in the following schedule.

**Division 43.** This is the building write-off or residual capital depreciation for the building structure and any structural improvements. The depreciation rate for Division 43 items is usually 2.5% per annum but in some circumstances such as a building used for the purposes of manufacturing, the Division 40 depreciation claim may be 4% per annum.

### Methods of Depreciation:

**Prime Cost Method:** This Method allows for Division 40 assets to be depreciated at the same rate of depreciation each year based on its specified effective life. For example, an asset deemed to have an effective life of 10 years will attract an equal amount of depreciation per year at 10% per annum for 10 years. All Division 43 assets are calculated using the prime cost method.

**Diminishing Value Method:** This method allows for an accelerated rate of Division 40 asset depreciation in the earliest years of purchase by calculating the depreciation on the diminished value of the asset each year rather than the constant of the prime cost method. The diminishing value method also allows for a doubling of the percentage rate of depreciation for purchases post May 2006.

**Choosing which Method to adopt:** We recommend speaking to your accountant for advice on which method is more suitable for your circumstances, however, generally the diminishing value method is more advantageous for newer buildings and the prime cost method more so for older buildings.

### Report Methodology:

Our estimate of cost has been prepared from information supplied by the client and an on site inspection. The estimate is priced at 2016 rates for buildings of this type in the Melbourne metropolitan area. No loading adjustment, either positive or negative has been made to these rates for market conditions that may currently be affecting building prices.

We have verified the construction amount as being a "fair and reasonable" cost of works. Further, we have costed the various depreciating assets (Division 40) and assessed the capital write off (Division 43) for the period 2016-2056 and commenced the schedules from the date of rental in the 2016/17 taxation year.

### Expertise and Qualifications:

Baglin Partners Quantity Surveyors was established in 1969 and specialises in Tax Depreciation Schedules and Insurance Valuations. Baglin Partners has been preparing Tax Depreciation Schedules since 1989.

The Managing Director of Baglin Partners, Mr Andrew Pynt holds the following qualifications and memberships:

**Bachelor of Construction Management (Building) University of Newcastle, NSW.**

**Bachelor of Business (Economics & HRM) Deakin University, VIC.**

**Member Australian Institute of Quantity Surveyors (Affil)**

**Registered Tax Agent**



Andrew Pynt

**Managing Director**

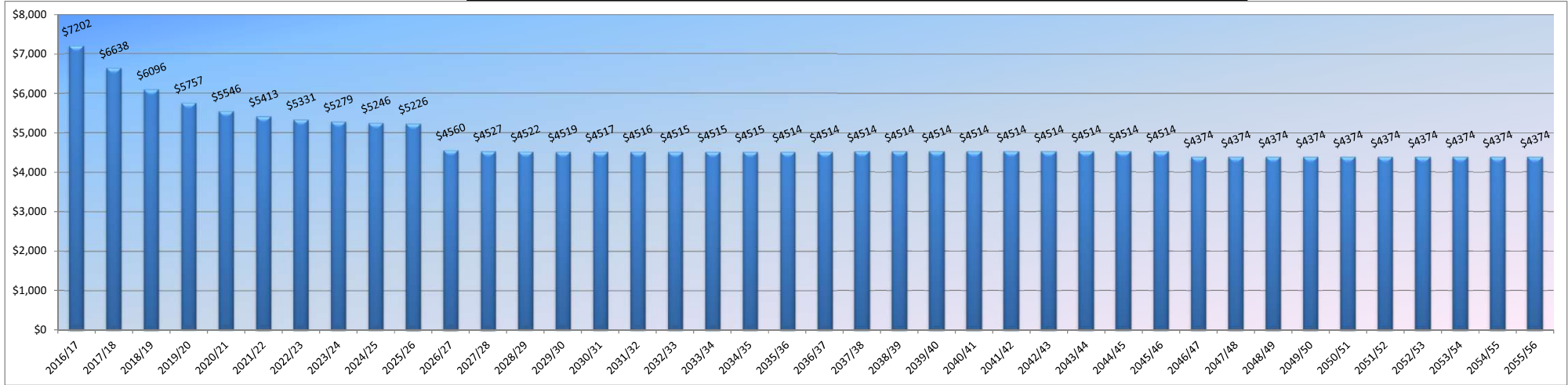
**Date: July 19, 2016**



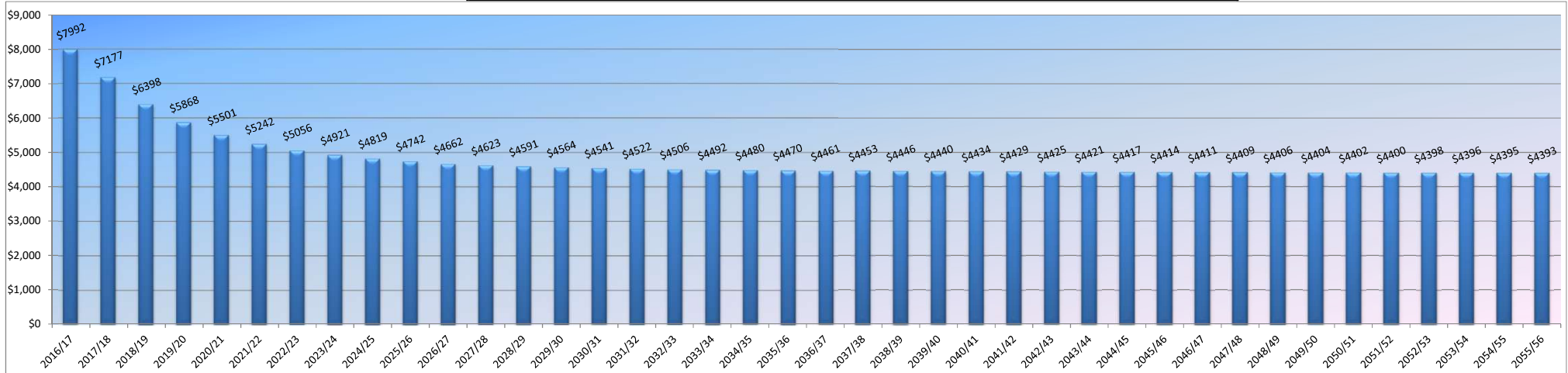
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*Prime Cost Depreciation Claim per year*



*Diminishing Value Depreciation Claim per year*



**PRIME COST RATE CALCULATION METHOD**

Property Address Apt 304-952 High Street, Reservoir 3073

DESCRIPTION INCLUDING  ADJUSTMENTS TO  ACQUISITION DATE	ATO TR2015/2 Effective Life [Years]	COMPONENT COST REMAINING Tax Year 2016/17 \$	RATES		DEPRECIATION IN YEAR NOMINATED AFTER INITIAL CONSTRUCTION										RESIDUAL DEPRECIATION (Except residual value rounding)	
			Prime Cost %	Diminish Value %	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year		Tax Year
					2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$		
<b>Division 40 Assets</b>																
Lifts	30	4,200	3.33%	6.67%	135	140	140	140	140	140	140	140	140	140	2,805	
Air conditioning : Split systems	10	2,990	10.00%	20.00%	288	299	299	299	299	299	299	299	299	299	11	
Floor coverings : Carpet	10	2,695	10.00%	20.00%	260	270	270	270	270	270	270	270	270	270	10	
Window blinds, internal	10	1,100	10.00%	20.00%	106	110	110	110	110	110	110	110	110	110	4	
<b>Low Value Pools</b>																
<b>Low Value Pool (under \$300)</b>																
Range hoods		295	100.00%	100.00%	295	0	0	0	0	0	0	0	0	0	0	
Hoses and nozzles		275	100.00%	100.00%	275	0	0	0	0	0	0	0	0	0	0	
Alarms : Smoke		250	100.00%	100.00%	250	0	0	0	0	0	0	0	0	0	0	
Exhaust fans (including light/heating)		195	100.00%	100.00%	195	0	0	0	0	0	0	0	0	0	0	
Door closers		165	100.00%	100.00%	165	0	0	0	0	0	0	0	0	0	0	
Extinguishers		125	100.00%	100.00%	125	0	0	0	0	0	0	0	0	0	0	
<b>Low Value Pool under \$1000 (Diminishing Value)</b>																
Ovens		995	18.75%	37.50%	187	303	189	118	74	46	29	18	11	7	12	
Hot water systems : Electric		795	18.75%	37.50%	149	242	151	95	59	37	23	14	9	6	9	
Dishwashers		750	18.75%	37.50%	141	229	143	89	56	35	22	14	9	5	9	
Intercom system assets		695	18.75%	37.50%	130	212	132	83	52	32	20	13	8	5	8	
Cook tops		550	18.75%	37.50%	103	168	105	65	41	26	16	10	6	4	7	
Floor coverings : Floating timber		510	18.75%	37.50%	96	155	97	61	38	24	15	9	6	4	6	
Detection and alarm systems : Fire indicator panels		450	18.75%	37.50%	84	137	86	54	33	21	13	8	5	3	5	
<b>TOTAL PRIME COST DEPRECIATION</b>		17,035			2,984	2,264	1,722	1,383	1,171	1,039	956	905	872	852	2,885	

Acc Deprn: \$6,970.00



BUILDING COSTS REMAINING  ADJUSTMENTS TO  ACQUISITION DATE	ATO TR2015/2 Effective Life [Years]	COMPONENT COST REMAINING Tax Year 2016/17 \$	RATES		WRITE OFF IN YEAR NOMINATED AFTER INITIAL CONSTRUCTION										RESIDUAL DEPRECIATION (Except residual value rounding)	
			Prime Cost  %	Diminish Value  %	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year		Tax Year
					2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$		
Residual Capital - Division 43  Expenditure - Building Write Off	40	174,965	2.5%		4,218	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	131,380
<b>TOTAL CAPITAL BUILDING WRITE OFF</b>		174,965			4,218	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	131,380

<b>TOTAL PRIME COST DEPRECIATION PER YEAR</b>	<b>7,202</b>	<b>6,638</b>	<b>6,096</b>	<b>5,757</b>	<b>5,546</b>	<b>5,413</b>	<b>5,331</b>	<b>5,279</b>	<b>5,246</b>	<b>5,226</b>	<b>134,265</b>
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**DIMINISHING VALUE RATE CALCULATION METHOD**

DESCRIPTION INCLUDING  ADJUSTMENTS TO  ACQUISITION DATE	ATO TR2015/2 Effective Life [Years]	COMPONENT COST REMAINING Tax Year 2016/17 \$	RATES		DEPRECIATION IN YEAR NOMINATED AFTER INITIAL CONSTRUCTION											RESIDUAL DEPRECIATION (Except residual value rounding)
			Prime Cost %	Diminish Value %	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	
					2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$		
<b>Division 40 Assets</b>																
Lifts	30	4,200	3.33%	6.67%	270	262	245	228	213	199	186	173	162	151	2,112	
Air conditioning : Split systems	10	2,990	10.00%	20.00%	577	483	386	309	247	198	158	127	101	81	324	
Floor coverings : Carpet	10	2,695	10.00%	20.00%	520	435	348	278	223	178	143	114	91	73	292	
Window blinds, internal	10	1,100	10.00%	20.00%	212	178	142	114	91	73	58	47	37	30	119	
<b>Low Value Pools</b>																
<b>Low Value Pool (under \$300)</b>																
Range hoods		295	100.00%	100.00%	295	0	0	0	0	0	0	0	0	0	0	
Hoses and nozzles		275	100.00%	100.00%	275	0	0	0	0	0	0	0	0	0	0	
Alarms : Smoke		250	100.00%	100.00%	250	0	0	0	0	0	0	0	0	0	0	
Exhaust fans (including light/heating)		195	100.00%	100.00%	195	0	0	0	0	0	0	0	0	0	0	
Door closers		165	100.00%	100.00%	165	0	0	0	0	0	0	0	0	0	0	
Extinguishers		125	100.00%	100.00%	125	0	0	0	0	0	0	0	0	0	0	
<b>Low Value Pool under \$1000 (Diminishing Value)</b>																
Ovens		995	18.75%	37.50%	187	303	189	118	74	46	29	18	11	7	12	
Hot water systems : Electric		795	18.75%	37.50%	149	242	151	95	59	37	23	14	9	6	9	
Dishwashers		750	18.75%	37.50%	141	229	143	89	56	35	22	14	9	5	9	
Intercom system assets		695	18.75%	37.50%	130	212	132	83	52	32	20	13	8	5	8	
Cook tops		550	18.75%	37.50%	103	168	105	65	41	26	16	10	6	4	7	
Floor coverings : Floating timber		510	18.75%	37.50%	96	155	97	61	38	24	15	9	6	4	6	
Detection and alarm systems : Fire indicator panels		450	18.75%	37.50%	84	137	86	54	33	21	13	8	5	3	5	
<b>TOTAL DIMINISHING VALUE DEPRECIATION</b>		17,035			3,773	2,803	2,024	1,494	1,127	868	682	546	445	368	2,903	



**CAPITAL EXPENDITURE SCHEDULE**

Apt 304-952 High Street, Reservoir 3073

**AMORTIZATION CALCULATION**

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BUILDING COSTS REMAINING  ADJUSTMENTS TO  ACQUISITION DATE	ATO TR2015/2 Effective Life [Years]	COMPONENT COST REMAINING Tax Year 2016/17 \$	RATES POST RATES		WRITE OFF IN YEAR NOMINATED AFTER INITIAL CONSTRUCTION										RESIDUAL DEPRECIATION (Except residual value rounding)	
			Prime Cost %	Diminish Value %	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year	Tax Year		
					2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$		
Residual Capital - Division 43																
Expenditure - Building Write Off	40	174,965	2.5%		4,218	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	131,380
<b>TOTAL CAPITAL BUILDING WRITE OFF</b>		174,965			4,218	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	131,380

<b>TOTAL DIMINISHING VALUE DEPRECIATION PER YEAR</b>	<b>7,992</b>	<b>7,177</b>	<b>6,398</b>	<b>5,868</b>	<b>5,501</b>	<b>5,242</b>	<b>5,056</b>	<b>4,921</b>	<b>4,819</b>	<b>4,742</b>	<b>134,283</b>
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**SUMMARY**

Client Name: Brenda Dolieslager & Tracy Jones  
 File Number: T1516464  
 Property: Apt 304-952 High Street, Reservoir 3073

**TOTAL PRIME COST DEPRECIATION PER YEAR**

Financial Year	Tax Year 2016/17	Tax Year 2017/18	Tax Year 2018/19	Tax Year 2019/20	Tax Year 2020/21	Tax Year 2021/22	Tax Year 2022/23	Tax Year 2023/24	Tax Year 2024/25	Tax Year 2025/26
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Write Off	2,984	2,264	1,722	1,383	1,171	1,039	956	905	872	852
Building Write Off	4,218	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374
<b>Total</b>	<b>7,202</b>	<b>6,638</b>	<b>6,096</b>	<b>5,757</b>	<b>5,546</b>	<b>5,413</b>	<b>5,331</b>	<b>5,279</b>	<b>5,246</b>	<b>5,226</b>

Financial Year	Tax Year 2026/27	Tax Year 2027/28	Tax Year 2028/29	Tax Year 2029/30	Tax Year 2030/31	Tax Year 2031/32	Tax Year 2032/33	Tax Year 2033/34	Tax Year 2034/35	Tax Year 2035/36
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Write Off	186	153	148	145	143	142	141	141	140	140
Building Write Off	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374
<b>Total</b>	<b>4,560</b>	<b>4,527</b>	<b>4,522</b>	<b>4,519</b>	<b>4,517</b>	<b>4,516</b>	<b>4,515</b>	<b>4,515</b>	<b>4,515</b>	<b>4,514</b>

Financial Year	Tax Year 2036/37	Tax Year 2037/38	Tax Year 2038/39	Tax Year 2039/40	Tax Year 2040/41	Tax Year 2041/42	Tax Year 2042/43	Tax Year 2043/44	Tax Year 2044/45	Tax Year 2045/46
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Write Off	140	140	140	140	140	140	140	140	140	140
Building Write Off	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374
<b>Total</b>	<b>4,514</b>	<b>4,514</b>	<b>4,514</b>	<b>4,514</b>	<b>4,514</b>	<b>4,514</b>	<b>4,514</b>	<b>4,514</b>	<b>4,514</b>	<b>4,514</b>

Financial Year	Tax Year 2046/47	Tax Year 2047/48	Tax Year 2048/49	Tax Year 2049/50	Tax Year 2050/51	Tax Year 2051/52	Tax Year 2052/53	Tax Year 2053/54	Tax Year 2054/55	Tax Year 2055/56
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Write Off	0	0	0	0	0	0	0	0	0	0
Building Write Off	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374
<b>Total</b>	<b>4,374</b>	<b>4,374</b>	<b>4,374</b>	<b>4,374</b>	<b>4,374</b>	<b>4,374</b>	<b>4,374</b>	<b>4,374</b>	<b>4,374</b>	<b>4,374</b>

**TOTAL DIMINISHING VALUE DEPRECIATION PER YEAR**

Financial Year	Tax Year 2016/17	Tax Year 2017/18	Tax Year 2018/19	Tax Year 2019/20	Tax Year 2020/21	Tax Year 2021/22	Tax Year 2022/23	Tax Year 2023/24	Tax Year 2024/25	Tax Year 2025/26
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Write Off	3,773	2,803	2,024	1,494	1,127	868	682	546	445	368
Building Write Off	4,218	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374
<b>Total</b>	<b>7,992</b>	<b>7,177</b>	<b>6,398</b>	<b>5,868</b>	<b>5,501</b>	<b>5,242</b>	<b>5,056</b>	<b>4,921</b>	<b>4,819</b>	<b>4,742</b>

Financial Year	Tax Year 2026/27	Tax Year 2027/28	Tax Year 2028/29	Tax Year 2029/30	Tax Year 2030/31	Tax Year 2031/32	Tax Year 2032/33	Tax Year 2033/34	Tax Year 2034/35	Tax Year 2035/36
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Write Off	288	249	217	190	167	148	132	118	106	95
Building Write Off	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374
<b>Total</b>	<b>4,662</b>	<b>4,623</b>	<b>4,591</b>	<b>4,564</b>	<b>4,541</b>	<b>4,522</b>	<b>4,506</b>	<b>4,492</b>	<b>4,480</b>	<b>4,470</b>

Financial Year	Tax Year 2036/37	Tax Year 2037/38	Tax Year 2038/39	Tax Year 2039/40	Tax Year 2040/41	Tax Year 2041/42	Tax Year 2042/43	Tax Year 2043/44	Tax Year 2044/45	Tax Year 2045/46
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Write Off	86	79	72	66	60	55	51	47	43	40
Building Write Off	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374
<b>Total</b>	<b>4,461</b>	<b>4,453</b>	<b>4,446</b>	<b>4,440</b>	<b>4,434</b>	<b>4,429</b>	<b>4,425</b>	<b>4,421</b>	<b>4,417</b>	<b>4,414</b>

Financial Year	Tax Year 2046/47	Tax Year 2047/48	Tax Year 2048/49	Tax Year 2049/50	Tax Year 2050/51	Tax Year 2051/52	Tax Year 2052/53	Tax Year 2053/54	Tax Year 2054/55	Tax Year 2055/56
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Write Off	37	34	32	30	28	26	24	22	21	19
Building Write Off	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374	4,374
<b>Total</b>	<b>4,411</b>	<b>4,409</b>	<b>4,406</b>	<b>4,404</b>	<b>4,402</b>	<b>4,400</b>	<b>4,398</b>	<b>4,396</b>	<b>4,395</b>	<b>4,393</b>

