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28 May 2018  
File Ref 2067063875.J37287.001

Bong Yu  
Unit 903, The Chatswood  
Anderson Street  
CHATSWOOD, NSW, 2067

Dear Sir/Madam

### Property Tax Allowances Schedules

**Taxpayer: Bong Yu**

**Unit 903 / 30 Anderson Street Chatswood NSW**

Further to our proposal and your subsequent commission we are pleased to enclose our tax allowances schedules relating to the Purchase of the above property.

We recommend that the attached schedules be updated on a regular basis to incorporate any additions or disposals during the course of the financial year. Napier & Blakeley would be pleased to facilitate the update.

Should you have any queries please do not hesitate to contact Joy Calip or Kah Yao Pih of this office.

Yours faithfully

**Napier & Blakeley Pty Ltd**

Encl



Sydney      Adelaide  
Melbourne      Perth  
Brisbane      Singapore

**Unit 903 / 30 Anderson Street  
Chatswood NSW**

**Schedule Of Property Tax Allowances**

Prepared for  
Unit 903, The Chatswood

**28 May 2018**

**File Ref 2067063875.J37287.001**

Prepared by  
Napier & Blakeley Pty Ltd  
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## 1. Introduction

Under instructions from Bong Yu we have prepared capital allowances schedules for the Purchase of the subject property.

The purpose of this report is to provide independent analysis of the capital allowances available under the Income Tax Assessment Act 1997 (ITAA 1997).

This report identifies and evaluates the following allowances:

- Division 40 Depreciation of depreciating assets
- Division 43 Deductions for capital works
  - Buildings
  - Structural improvements

The taxpayer must choose either the diminishing value or the prime cost method of depreciating assets and both schedules are included in this report. The low-value pool schedule should be used in conjunction with the chosen method of depreciating assets.



## **2. Valuation Methodology**

### **2.1 Division 40 Depreciation of Depreciating Assets**

1. The valuation of depreciating assets has been based on a reasonable attribution of the overall capital expenditure as provided for in Section 40-195 ITAA 1997.
2. The schedules have been prepared on the advice that there were no specific values ascribed to depreciating assets in the purchase contract.
3. The apportionment of the purchase price splits the asset into the following categories:
  - Land
  - Depreciating assets
  - Buildings
4. The amount allocated to buildings represents an apportionment of the Purchase price and is not the basis for the Division 43 Deductions for capital works.
5. This apportionment may be of assistance in the calculations of capital gains tax on whole or partial disposal.
6. The effective lives used in calculating depreciation rates are a combination of effective lives taken from TR 2017/2, and the self-assessment of effective lives as provided for in Section 40-105. The guidelines for assessing effective lives in TR 2017/2 have been followed where self-assessment had been undertaken.
7. The depreciation rates adopted in our schedules are in accordance with the legislation in force at the time of acquisition.
8. Low-cost assets (those with a cost under \$1,000) are contained in the low-value pool schedule in accordance with ITAA 1997. They have been depreciated at a rate of 18.75% over the whole year using the diminishing value method. In future years, these assets should be depreciated at 37.5% under the diminishing value method.
9. Our schedules are based on the understanding that the owner of the property is not a small business taxpayer.

### **2.2 Division 43 Deductions for Capital Works**

1. It is a requirement of Division 43 ITAA 1997 that the qualifying expenditure shall be based on the historical cost of construction of the asset.
2. The prime cost rates for deductions for capital works are 2.5% or 4% and are triggered by the date of commencement of the building works, and the type of building. In these schedules the following rates have been used:
  - 2.5% for building works as described in 43-25, 43-75, 43-90 and 43-140 of the Act and which commenced construction after 15 September 1987.
  - 2.5% for external works which qualify as structural improvements as described in Sections 43-20 and 43-140 of the Act, and which commenced construction after 26 February 1992.



### **2.3 The Division 43 Deductions for Capital Works Have Either:**

- been based on the actual historical construction cost as advised which has been tested for accuracy against our knowledge of historical costs, or
- been derived from our estimates of the historical construction costs as set out in Tax Ruling 97/25.

### **2.4 Information for Substantiation of Schedules**

To assist taxpayers in respect of substantiation requirements under the self-assessment provisions we provide the following:-

1. Date of exchange: Not Advised
2. Date of settlement: 5 May 2017
3. Land apportionment in relation to the overall expenditure has been notified as \$172,076 (inclusive of on costs).
4. This report has been prepared on the understanding that all items of depreciating assets listed in the schedules are owned by the taxpayer.
5. The schedules are based on our interpretation of the ITAA 1997, tax cases and tax rulings, all as current at the date of this report and on our understanding of the Commissioner of Taxation's current practices.
6. This schedule is based on the information available to us at the time of preparation. If there are any additions, disposals or changes in ownership of any items, please contact Joy Calip or Kah Yao Pih of this office.



### 3. Expenditure Analysed

1. This report is based on the following overall expenditure:

Purchase price	\$1,400,000
Stamp duty	\$62,510
Legal fees for conveyance	\$1,430
<b>Total expenditure analysed</b>	<b>\$1,463,940</b>

2. The historical construction cost has been advised for the entire complex. We have calculated the construction cost for this lot based on applying the lot entitlement to the construction cost of the entire development. The eligible qualifying expenditure for the purposes of calculating the Division 43 Deductions for capital works has been derived from that total by exclusion of depreciating assets and non-eligible expenditure.
3. The lot entitlement for this lot is 80 out of 10,000.
4. The summary of results includes a figure for the "Balance of capital expenditure". This figure includes both the opening balance for Division 43 capital works and non-eligible expenditure. Non-eligible expenditure includes the difference between the proportion of the purchase price relating to claimable Division 43 capital works and their historical cost and the proportion of the purchase price relating to capital non-deductible items of expenditure.



#### 4. Diminishing Value Depreciation Schedule

### Capital Expenditure Incurred on Depreciating Assets Upon Purchase of Unit 903 / 30 Anderson Street Chatswood NSW

Prepared for  
Unit 903, The Chatswood

Prepared by  
Napier & Blakeley Pty Ltd  
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**Purchase of Unit 903 / 30 Anderson  
Street  
Chatswood NSW**

<b>Capital Expenditure Incurred Upon Depreciating Assets</b>	<b>Total Cost 5-May-17</b>	<b>Diminishing Value Rate</b>	<b>Depreciation For First 56 Days</b>	<b>WDV 30-Jun-17</b>
	\$	%	\$	\$
<b>Air-conditioning</b>				
1. Package units (Air conditioning)	38,524	13.34	788	37,736
<b>Carpets</b>				
1. Residential	10,306	20.00	316	9,990
<b>Fire Control and Alarm Systems</b>				
1. Emergency warning and intercommunication system	1,145	16.66	29	1,116
<b>Floating Timber Floor Coverings</b>				
	17,892	13.34	366	17,526
<b>Hot Water Installation</b>				
1. Electric or gas	6,543	16.66	167	6,376
<b>Kitchen Equipment</b>				
1. Dishwashers	3,681	20.00	113	3,568
2. Exhaust and range hoods	2,147	16.66	55	2,092
3. Ovens	4,908	16.66	125	4,783
4. Stoves	3,272	16.66	84	3,188
<b>Laundry Plant</b>				
1. Drying equipment	2,658	20.00	82	2,577
<b>Lifts and Elevators</b>				
1. Electric	17,013	6.66	174	16,839
<b>Security Systems and Equipment</b>				
1. Access control systems, code pad, door controllers, detectors and noise makers	6,241	40.00	383	5,858
<b>Ventilation Fans</b>				
1. Ventilation Fans	3,497	10.00	54	3,443
<b>Total</b>	<b>117,826</b>		<b>2,736</b>	<b>115,089</b>



## 5. Prime Cost Depreciation Schedule

### Capital Expenditure Incurred on Depreciating Assets Upon Purchase of Unit 903 / 30 Anderson Street Chatswood NSW

Prepared for  
Unit 903, The Chatswood

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**Purchase of Unit 903 / 30 Anderson  
Street  
Chatswood NSW**

<b>Capital Expenditure Incurred Upon Depreciating Assets</b>	<b>Total Cost 5-May-17</b>	<b>Prime Cost Rate</b>	<b>Depreciation For First 56 Days</b>	<b>WDV 30-Jun-17</b>
	\$	%	\$	\$
<b>Air-conditioning</b>				
1. Package units (Air conditioning)	38,524	6.67	394	38,130
<b>Carpets</b>				
1. Residential	10,306	10.00	158	10,148
<b>Fire Control and Alarm Systems</b>				
1. Emergency warning and intercommunication system	1,145	8.33	15	1,130
<b>Floating Timber Floor Coverings</b>				
	17,892	6.67	183	17,709
<b>Hot Water Installation</b>				
1. Electric or gas	6,543	8.33	84	6,460
<b>Kitchen Equipment</b>				
1. Dishwashers	3,681	10.00	56	3,625
2. Exhaust and range hoods	2,147	8.33	27	2,120
3. Ovens	4,908	8.33	63	4,845
4. Stoves	3,272	8.33	42	3,230
<b>Laundry Plant</b>				
1. Drying equipment	2,658	10.00	41	2,617
<b>Lifts and Elevators</b>				
1. Electric	17,013	3.33	87	16,926
<b>Security Systems and Equipment</b>				
1. Access control systems, code pad, door controllers, detectors and noise makers	6,241	20.00	191	6,049
<b>Ventilation Fans</b>				
1. Ventilation Fans	3,497	5.00	27	3,470
<b>Total</b>	<b>117,826</b>		<b>1,368</b>	<b>116,458</b>



**6. Low-Value Pool Schedule**

**Capital Expenditure Incurred on Depreciating Assets Upon Purchase of  
Unit 903 / 30 Anderson Street Chatswood NSW**

Prepared for  
Unit 903, The Chatswood

Prepared by  
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**Purchase of Unit 903 / 30 Anderson  
Street  
Chatswood NSW**

<b>Capital Expenditure Incurred Upon Depreciating Assets - Low Value Pool</b>	<b>Total Cost 5-May-17</b>	<b>Diminishing Value Rate</b>	<b>Depreciation For First Year</b>	<b>WDV 30-Jun-17</b>
	\$	%	\$	\$
<b>Automatic Entry System and Mechanical Door Closers</b>	2,797	18.75	524	2,273
<b>Blinds</b>	4,396	18.75	824	3,572
<b>Fire Control and Alarm Systems</b>				
1. Detection and alarm systems, fire indicator panel	654	18.75	123	532
2. Detection and alarm systems, heat, manual call point, multi type and smoke detectors	2,863	18.75	537	2,326
3. Fire extinguishers	1,217	18.75	228	989
4. Hoses and nozzles	328	18.75	61	267
5. Pumps, diesel and electric	491	18.75	92	399
<b>Furniture and Fittings</b>				
1. Barbecue, fixed, sliding trays and cookers	26	18.75	5	21
2. Bicycle racks	131	18.75	25	106
<b>Garage Doors, Automatic</b>				
1. Motors	419	18.75	79	340
<b>Gardeners Equipment</b>				
1. Garden Watering Systems control panels, Pumps and timing devices	196	18.75	37	159
<b>Hand Dryers</b>	82	18.75	15	66
<b>Security Systems and Equipment</b>				
1. Access control systems, swipe card readers	131	18.75	25	106
2. CCTV cameras & monitors	269	18.75	50	219
<b>Total</b>	<b>14,000</b>		<b>2,625</b>	<b>11,375</b>



**7. Division 43 Capital Works Schedule**

**Capital Expenditure Incurred Upon Purchase of  
Unit 903 / 30 Anderson Street Chatswood NSW**

Prepared for  
Unit 903, The Chatswood

Prepared by  
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**Purchase Of Unit 903 / 30 Anderson Street  
Chatswood NSW**

**Qualifying Capital Expenditure Incurred On Eligible Capital Works  
In Accordance With Division 43 Of The ITAA 1997.**

	<b>Construction Dates (Start - Completion)</b>	<b>Total Historical Cost</b>	<b>Prime Cost Rate</b>	<b>Annual Claim</b>	<b>Opening Residual Value 5-May-17</b>	<b>Allowance For 56 Days</b>	<b>Closing Residual Value 30-Jun-17</b>
		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
1.	4/5/15 - 31/3/17	357,125	2.50	8,928	356,268	1,370	354,898
<b>Total</b>		<b>357,125</b>		<b>8,928</b>	<b>356,268</b>	<b>1,370</b>	<b>354,898</b>

**Purchase Of Unit 903 / 30 Anderson Street  
Chatswood NSW**

**Qualifying Capital Expenditure Incurred On Structural Improvements  
In Accordance With Division 43 Of The ITAA 1997.**

	<b>Construction Dates (Start - Completion)</b>	<b>Total Historical Cost</b>	<b>Prime Cost Rate</b>	<b>Annual Claim</b>	<b>Opening Residual Value 5-May-17</b>	<b>Allowance For 56 Days</b>	<b>Closing Residual Value 30-Jun-17</b>
		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
1.	4/5/15 - 31/3/17	1,363	2.50	34	1,360	5	1,355
<b>Total</b>		<b>1,363</b>		<b>34</b>	<b>1,360</b>	<b>5</b>	<b>1,355</b>



## **8. Certification**

We hereby certify that in our opinion the preceding capital costs relate to:

1. Depreciating assets calculated in accordance with the Income Tax Assessment Act 1997, Division 40.
2. Capital works deductions calculated in accordance with the Income Tax Assessment Act 1997, Division 43.

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**28 May 2018**





## 9. Summary of Results

### 1. Summary Of Capital Expenditure

Apportionment of cost relating to depreciating assets:		\$131,825
Apportionment of cost not relating to depreciating assets:		
(i) Land	\$172,076	
(ii) Balance of capital expenditure*	\$1,160,039	\$1,332,115
<b>Total Expenditure Analysed</b>		<b>\$1,463,940</b>
Percentage of depreciating assets relative to expenditure		9%

### 2. Division 43 Deductions - Historical Cost

Capital works	- Original Cost	\$367,125
	- Opening Balance	\$356,268
Structural improvements	- Original Cost	\$1,363
	- Opening Balance	\$1,360

### 3. Summary Of Total Allowances Available

		Total Opening Balance At 5-May-17	56 Days Diminishing Value Method	56 Days Prime Cost Method
Low-value pool depreciating assets	\$14,000			
Depreciating Assets	\$117,825	\$131,825	\$5,361	\$3,993
Division 43 Capital works		\$356,268	\$1,370	\$1,370
Division 43 Structural improvements		\$1,360	\$5	\$5
<b>Totals</b>		<b>\$489,453</b>	<b>\$6,736</b>	<b>\$5,368</b>

\* See Section 3 Expenditure Analysed



## 10. Tax Allowance Flow

Diminishing Value Method				
Year	Division 40 Allowances	Low Value Pool	Division 43 Deductions	Totals
	\$	\$	\$	\$
1 - 2017 (56 days only)	2,736	2,625	1,375	6,736
2 - 2018	17,332	4,266	8,962	30,560
3 - 2019	14,170	2,666	8,962	25,798
4 - 2020	11,732	1,666	8,962	22,361
5 - 2021	9,812	1,041	8,962	19,815
6 - 2022	8,271	651	8,962	17,884
7 - 2023	7,016	407	8,962	16,385
8 - 2024	5,982	254	8,962	15,199
9 - 2025	5,122	159	8,962	14,243
10 - 2026	4,401	99	8,962	13,462
11 - 2027	3,793	62	8,962	12,817
12 - 2028	3,277	39	8,962	12,278
13 - 2029	2,839	24	8,962	11,826
14 - 2030	2,465	15	8,962	11,443
15 - 2031	2,145	9	8,962	11,117
16 - 2032	1,871	6	8,962	10,839
17 - 2033	1,635	4	8,962	10,601
18 - 2034	1,432	2	8,962	10,396
19 - 2035	1,256	1	8,962	10,220
20 - 2036	1,105	1	8,962	10,068
21 - 2037	973	1	8,962	9,936
22 - 2038	859	0	8,962	9,821
23 - 2039	759	0	8,962	9,722
24 - 2040	673	0	8,962	9,635
25 - 2041	597	0	8,962	9,560
26 - 2042	531	0	8,962	9,494
27 - 2043	473	0	8,962	9,436
28 - 2044	423	0	8,962	9,385
29 - 2045	378	0	8,962	9,340
30 - 2046	339	0	8,962	9,301
31 - 2047	304	0	8,962	9,266
32 - 2048	273	0	8,962	9,235
33 - 2049	246	0	8,962	9,208
34 - 2050	222	0	8,962	9,184
35 - 2051	201	0	8,962	9,163
36 - 2052	182	0	8,962	9,144
37 - 2053	165	0	8,962	9,127
38 - 2054	149	0	8,962	9,112
39 - 2055	136	0	8,962	9,098
40 - 2056	124	0	8,962	9,086
41 +	1,426	0	6,728	8,154
<b>Totals</b>	<b>117,825</b>	<b>14,000</b>	<b>357,628</b>	<b>489,453</b>



Prime Cost Method				
Year	Division 40 Allowances	Low Value Pool	Division 43 Deductions	Totals
	\$	\$	\$	\$
1 - 2017 (56 days only)	1,368	2,625	1,375	5,368
2 - 2018	8,918	4,266	8,962	22,145
3 - 2019	8,918	2,666	8,962	20,546
4 - 2020	8,918	1,666	8,962	19,546
5 - 2021	8,918	1,041	8,962	18,921
6 - 2022	8,726	651	8,962	18,339
7 - 2023	7,669	407	8,962	17,038
8 - 2024	7,669	254	8,962	16,886
9 - 2025	7,669	159	8,962	16,791
10 - 2026	7,669	99	8,962	16,731
11 - 2027	7,414	62	8,962	16,438
12 - 2028	6,005	39	8,962	15,006
13 - 2029	5,782	24	8,962	14,768
14 - 2030	4,504	15	8,962	13,482
15 - 2031	4,504	9	8,962	13,476
16 - 2032	3,899	6	8,962	12,867
17 - 2033	741	4	8,962	9,707
18 - 2034	741	2	8,962	9,706
19 - 2035	741	1	8,962	9,705
20 - 2036	741	1	8,962	9,704
21 - 2037	715	1	8,962	9,677
22 - 2038	567	0	8,962	9,529
23 - 2039	567	0	8,962	9,529
24 - 2040	567	0	8,962	9,529
25 - 2041	567	0	8,962	9,529
26 - 2042	567	0	8,962	9,529
27 - 2043	567	0	8,962	9,529
28 - 2044	567	0	8,962	9,529
29 - 2045	567	0	8,962	9,529
30 - 2046	567	0	8,962	9,529
31 - 2047	496	0	8,962	9,458
32 - 2048	0	0	8,962	8,962
33 - 2049	0	0	8,962	8,962
34 - 2050	0	0	8,962	8,962
35 - 2051	0	0	8,962	8,962
36 - 2052	0	0	8,962	8,962
37 - 2053	0	0	8,962	8,962
38 - 2054	0	0	8,962	8,962
39 - 2055	0	0	8,962	8,962
40 - 2056	0	0	8,962	8,962
41 +	0	0	6,728	6,728
<b>Totals</b>	<b>117,825</b>	<b>14,000</b>	<b>357,628</b>	<b>489,454</b>

