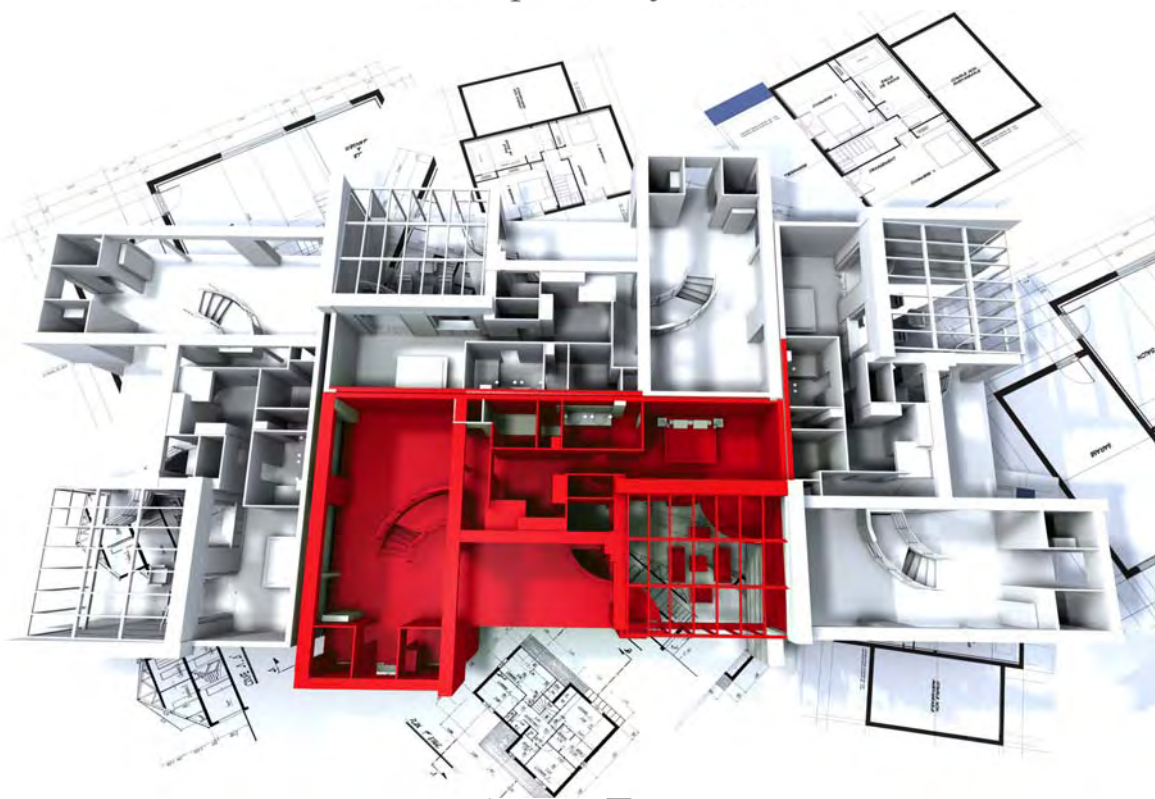


# Corpred

Enterprises Pty Limited



## Tax Depreciation Schedule

2 Bedroom Unit

at

Pyrmont, NSW

for

Mr & Mrs Smith

November 2009

09/CORP/1873

Corpred Enterprises Pty Ltd  
Quantum House, Level 8, 49-61 York Street, Sydney NSW 2000  
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*"The difference we make at tax time is clear"*

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## **1.0 Introduction – Basis of Report**

### **Basis of Report**

This report is based on the following information:

1. Capital cost comprising the following:

(a) Purchase Price	\$	585,000
(b) Improvements – Capital Works		Included
(c) Stamp Duty (Approx.)	\$	21,835
(d) Legal Costs (Approx.)	\$	1,200
<b>Total Disbursements</b>	<b>\$</b>	<b>608,035</b>
(e) Deduct Land Value	\$	(214,500)
(f) Deduct items not legible for depreciation (landscaping and site clearance)	\$	(9,850)
(g) Deduct other costs not attributable to Construction Costs	\$	(202,900)
<b>Total Assessed Construction Cost</b>	<b>\$</b>	<b>180,785</b>

2. Date of Exchange: 13th June 2009
3. Date of Settlement: 27th July 2009
4. Date of first lease / schedule start date: 27th July 2009
5. Unit Entitlement: -

*Note: This report is based on information provided to our firm by the client and is to be used for the purpose of income tax returns only.*

## **2.0 General Notes Relating to the Schedules**

- The estimates are based on the assumption that the property was acquired after September 1999 and therefore the depreciation has been calculated applying the effective life method. In cases where the property has been acquired pre-Sept 1999, the same methodology has been adopted in accordance with the Taxation Ruling IT 2685 and Depreciation and Taxation Ruling TR 2000/18 – Income Tax: Depreciation Effective Life.
- The estimates for Year 1 have been calculated on the basis of a full calendar year (365 days) and this will need to be adjusted should the “ownership/income producing” period be less than a full year for tax purposes. Therefore, the first year claim is the amount of depreciation available in the first year between the date of purchase and the end of the financial year. The date of purchase is when the contract is settled and the property becomes available for income production.
- Owners are advised to discuss and confirm that above assumptions with their tax adviser before using this tax depreciated information.
- For the purpose of this valuation we understand that all items of plant and equipment listed in the schedule are owned by the tax payer.
- For the purpose of this valuation the property was visited and surveyed in November 2009.
- Land apportionment, land improvements and other building costs not eligible for allowances have not been included in this report. Non-eligible items include expenditure on clearing the land prior to construction & landscaping costs.
- Depreciation has been calculated using the diminishing value method.
- Qualifying expenditure and depreciation rates have been calculated with the understanding that the property is used for the production of assessable income, excluding short-term traveller’s accommodation or non-residential usage.
- Items of plant and equipment with an individual value of less than \$300 have been depreciated at 100% in accordance with section 55(2), low cost/short life items.

## **2.0 General Notes Relating to the Schedules (cont.)**

- The diminishing value method of depreciation incorporates writing off low-cost plant (i.e. plant costing less than \$1,000) through a low value pool where applicable. This is effective as at 1 July 2000 and plant in this “pool” is depreciated at a rate of 37.50%. However this rate is halved during the first year of ownership.
- Where common items of plant are apportioned between various strata entitlements these items cannot be allocated to the low value pool. Additionally, once items have been allocated to the low-value pool it must remain in the pool.
- The basis of depreciation of an item of Plant and Equipment includes its purchase price (ITAA Sect 42-65) and also delivery costs, installation costs (IT 2197) and the cost associated with bringing the plant into full operation (ITAA97 Sect 8-1)
- Due to the undefined nature of Plant and Articles it is at the owner/s (or their accountants) discretion as to whether or not a claim for any particular item should be made.
- In the case of properties, which have been purchased second hand, a request has been made for a valuation of separate items of plant and equipment allowable under depreciation to be specified within the sale agreement. In circumstances where these values are not identified within the contract, we have taken an estimate of the particular items of plant and equipment basing these estimates on the general market value of the plant & equipment itself in relation to the purchase price of the property.
- Furthermore, requests have been made for details of previous depreciation and opening deducted costs. Where the contract is silent or no reference is made to previous depreciation claims, we have made an independent assessment of the plant & equipment and have assumed that the previous use of the property was strictly for owner/occupier purposes.

### **3.0 Disclaimer**

- The schedules and values included in this report have been prepared for the sole purpose of claims under the Income Tax Assessment Act and are for the use of the current or future owners of the premises, or their agents in dealings with tax claims only.
- Corpred Enterprises Pty Ltd (Corpred) does not accept any contractual, tortuous or other form of liability for any consequences, loss or damage, which may arise as a result relying on this document.

SAMPLE REPORT

## **4.0 Certification**

**November 2009**

### **Tax Depreciation Schedule for a 2 Bedroom Unit Pyrmont,NSW**

**We hereby certify that in our opinion the capital costs related to:**

1. Depreciable items – as scheduled in accordance with the Income Tax Assessment Act (ITAA) 1936, Part 3, Division 3A, Sections 54, 55, 56, 60, 61 and 62. Plant & Articles in accordance with ITAA 1997, Division 41.
2. Electrical Mains Connection – in accordance with Division 3A, Section 70(A).
3. Building Allowance – in accordance with Division 10D, Sections 124ZF-ZH. General Capital Allowances in accordance with the ITTA 1997, Division 40. Capital Allowances in accordance with Division 42 & Capital Works in accordance with Division 43.
4. Structural Improvement Allowance – in accordance with Division 10D, Section 1234ZFB.
5. This report incorporates changes from the 'Ralph Review of Business Taxation' of 21 September 1999.
6. Addendum to 2000/18
7. Draft Ruling 2004/D3
8. Withdrawal of IT 242
9. Tax Laws Amendment (Personal Tax Reduction and improved Depreciation Arrangements) ACT 2006 (55 of 2006) introduced 11th May 2006 and received Royal Assent on 22nd June 2006

**The Corpred Team**  
**Corpred Enterprises Pty Ltd**  
Quantum House  
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Sydney NSW 2000  
Ph: 1300 854 206

## **5.0 Referenced Material**

The following publications were used as referenced material for the preparation of this report.

- An Indicative Guide to the Preparation of QS Reports – Tax Depreciation Schedules for Investment/Rental properties published by the Australian Institute of Quantity Surveyors – January 2002
- Rental Properties 2006-07 – published by the Australian Taxation Office
- Guide to Depreciating Assets 2006-07 published by the Australian Taxation Office
- Australian Tax Master Guide 2007 – published by CGH Australia Limited

Other referenced material includes the following:

- Rawlinsons Australian Construction Handbook – 2007
- Cordells Construction Cost Guide – Quarterly Updates
- Australian Institute of Quantity Surveyors Quarterly Cost Updates

## Appendix A

### Tax Depreciation Schedule Summary

SAMPLE REPORT

## Tax Depreciation Schedule Summary

61/102 Miller Street  
Pymont NSW

Financial Year	Plant & Equipment	Building Allowance	Structural Improvements	Total
Year 1	\$ 4,070	\$ 3,929	\$ -	\$ 7,998
Year 2	\$ 4,157	\$ 3,929	\$ -	\$ 8,086
Year 3	\$ 3,019	\$ 3,929	\$ -	\$ 6,948
Year 4	\$ 2,244	\$ 3,929	\$ -	\$ 6,173
Year 5	\$ 1,706	\$ 3,929	\$ -	\$ 5,635
Year 6	\$ 1,325	\$ 3,929	\$ -	\$ 5,254
Year 7	\$ 1,050	\$ 3,929	\$ -	\$ 4,979
Year 8	\$ 847	\$ 3,929	\$ -	\$ 4,775
Year 9	\$ 693	\$ 3,929	\$ -	\$ 4,622
Year 10	\$ 575	\$ 3,929	\$ -	\$ 4,504
Year 11 +	\$ 3,944	\$ 78,577	\$ -	\$ 82,522
<b>TOTAL</b>	<b>\$ 23,630</b>	<b>\$ 117,866</b>	<b>\$ -</b>	<b>\$ 141,496</b>

Information current at September 2009

*Please note that the indicative depreciation and building allowance figures may change in accordance with changes to taxation laws.*

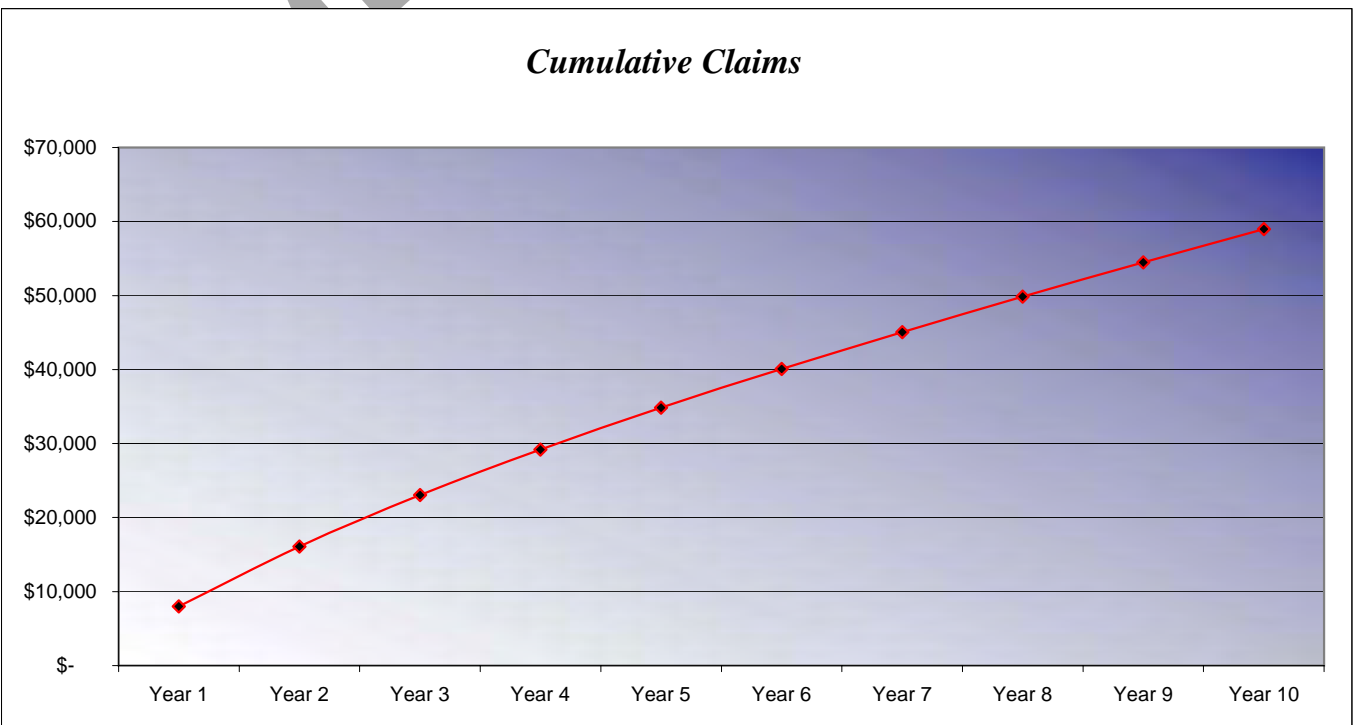
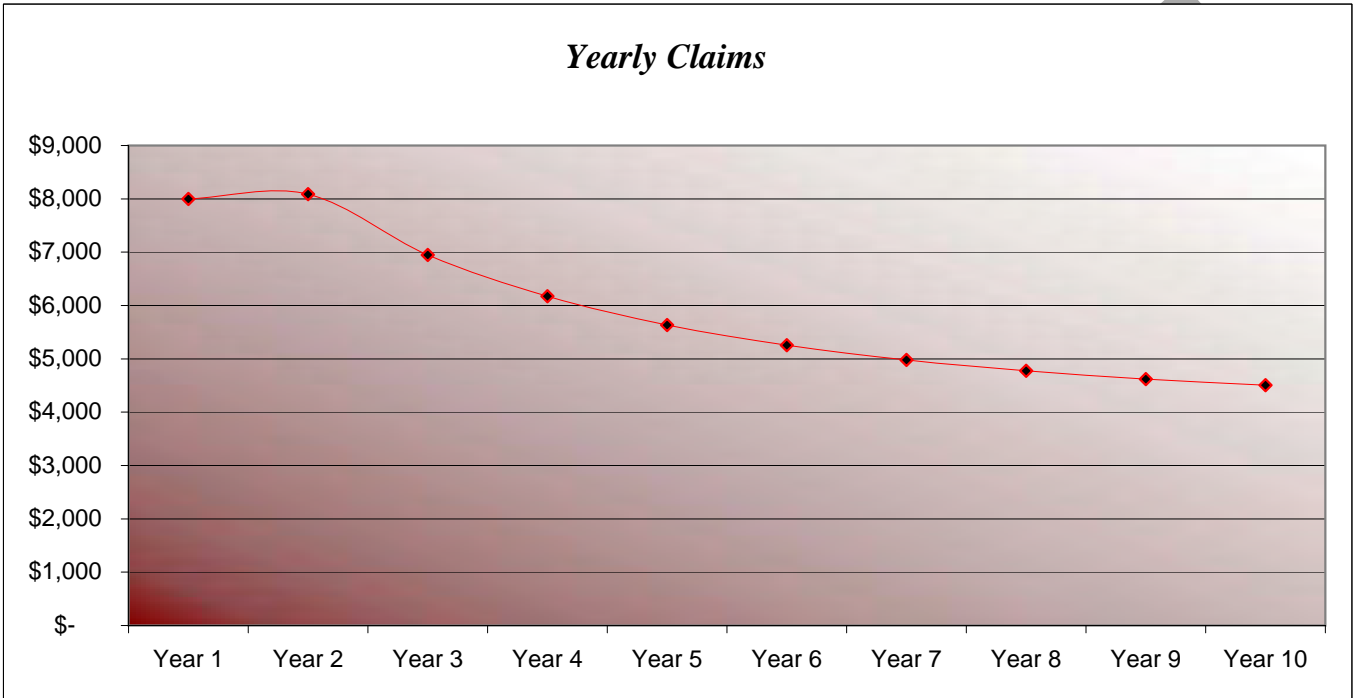
## Appendix B

### Graphical Representation of Yearly Claims & Cumulative Claims

SAMPLE REPORT

## Graphical Representation of Yearly Claims & Cumulative Claims

61/102 Miller Street  
Pymont NSW



## **Appendix C**

### **Tax Depreciation Schedule Worksheet**

SAMPLE REPORT

Item	Depreciable Item	Effective life (Yrs)	Dim Value Rate %	Base Installed Cost (\$)	Builders' Preliminaries (\$)	Professional Fees (\$)	Total Installed Cost (\$)	DEPRECIATION FOR FINANCIAL YEAR 1 (\$)	DEPRECIATION FOR FINANCIAL YEAR 2 (\$)	DEPRECIATION FOR FINANCIAL YEAR 3 (\$)	DEPRECIATION FOR FINANCIAL YEAR 4 (\$)	DEPRECIATION FOR FINANCIAL YEAR 5 (\$)	DEPRECIATION FOR FINANCIAL YEAR 6 (\$)	DEPRECIATION FOR FINANCIAL YEAR 7 (\$)	DEPRECIATION FOR FINANCIAL YEAR 8 (\$)	DEPRECIATION FOR FINANCIAL YEAR 9 (\$)	DEPRECIATION FOR FINANCIAL YEAR 10 (\$)	DEPRECIATION FOR FINANCIAL YEARS 11+ (\$)	
1	Items depreciable @ 6.67% Lifts: Electric / Hydraulic	30.00	6.67	2,455	331	125	2,912	194	181	169	158	147	138	128	120	112	104	1,460	
2	Items depreciable @ 8.00% Chillers - absorption Hydrant booster pump Staff pressurisation - pressurisation and extension fans	25.00 25.00 25.00	8.00 8.00 8.00	N/A 198 224	- 27 30	10 11	235 266	19 21	17 20	16 18	15 17	13 15	12 14	11 13	10 12	10 11	9 10	102 115	
3	Items depreciable @ 10.00% Air handling units AC Chillers - Centrifugal AC Voulmetrics - Water cooled Pumps Escalators (machinery & moving parts) Generators Gas replace - ducted central Solar powered generating system Water pumps	20.00 20.00 20.00 20.00 20.00 20.00 20.00 20.00	10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00	N/A N/A N/A 287 N/A N/A N/A N/A	- - - 39 - - - -	- - - 15 - - - -	340 340	34 34	31 31	28 28	25 25	22 22	20 20	18 18	16 16	15 15	14 14	12 12	110 110
4	Items depreciable @ 13.33% AC Voulmetrics - Air cooled Condensing sets Cooling towers Fan coil units Packaged AC unit Floating Timber Flooring Heating - Gas fire - free standing Hot water system - solar Operable pergola louvers - controls / motors	15.00 15.00 15.00 15.00 15.00 15.00 15.00 15.00	13.33 13.33 13.33 13.33 13.33 13.33 13.33 13.33	N/A 612 N/A 515 N/A 2,040 N/A N/A N/A	- 83 70 275 -	31 26 104	726 611 2,420	97 81 323	84 71 290	73 61 242	63 53 210	55 46 182	47 40 158	41 35 137	36 30 118	31 26 103	27 22 89	27 146 579	
5	Items depreciable @ 15.00% Vinyl Furniture (freestanding), free standing sturdy electrical appliances & misc utensils	13.33 13.33	15.00 15.00	N/A N/A	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	
6	Items depreciable @ 16.67% Swimming pool chlorinators / filtration (ind pumps) Hot water system - electric Hot water system - gas Fire alarm - bell Fire indicator panel (FIP) ELWS (master emergency panel, speakers, smoke light, warden intercom phone) Cocklopes Freezers Ovens Refrigerators Stove	12.00 12.00 12.00 12.00 12.00 12.00 12.00 12.00 12.00 12.00 12.00	16.67 16.67 16.67 16.67 16.67 16.67 16.67 16.67 16.67 16.67 16.67	139 N/A N/A 388 289 298 189 N/A N/A	19 - - - 36 40 107 -	7 40 16 20 14 15 40 -	165 922 377 460 319 353 936 -	27 154 63 77 53 59 156 -	23 128 52 64 44 49 130 -	19 107 44 53 37 41 108 -	16 89 36 44 31 34 90 -	13 74 30 37 26 28 75 -	11 62 25 31 21 24 63 -	9 51 21 26 18 20 52 -	8 43 18 21 15 16 44 -	6 36 15 18 12 14 36 -	5 30 12 15 10 11 30 -	27 149 61 74 52 57 151 -	
Subtotal				9,275	1,293	489	11,357	1,389	1,202	1,041	904	786	684	597	522	457	401	3,375	

Pyrmont NSW

Diminishing Value Method

Item	Depreciable Item	Effective Life (Yrs)	Dim Value %	Base Installed Cost (\$)	Builder's Preliminaries (\$)	Professional Fees 4.50% (\$)	Total Installed Cost (\$)	DEPRECIATION FOR FINANCIAL YEAR 1 (\$)	DEPRECIATION FOR FINANCIAL YEAR 2 (\$)	DEPRECIATION FOR FINANCIAL YEAR 3 (\$)	DEPRECIATION FOR FINANCIAL YEAR 4 (\$)	DEPRECIATION FOR FINANCIAL YEAR 5 (\$)	DEPRECIATION FOR FINANCIAL YEAR 6 (\$)	DEPRECIATION FOR FINANCIAL YEAR 7 (\$)	DEPRECIATION FOR FINANCIAL YEAR 8 (\$)	DEPRECIATION FOR FINANCIAL YEAR 9 (\$)	DEPRECIATION FOR FINANCIAL YEAR 10 (\$)	DEPRECIATION FOR FINANCIAL YEARS 11 + (\$)
7	Brought Forward			9,575	1,293	489	11,357	1,389	1,202	1,041	904	786	684	597	522	457	401	3,375
a	Items depreciable @ 20.00%	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b	AC - Damper motors (incl VAVs)	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c	AC - Mini split systems - up to 20KW	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	AC - Room units	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
e	Ceapets	10.00	20.00	1,412	191	72	1,675	335	268	214	171	137	110	88	70	56	45	180
f	Lubricant	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
g	Resistance gym equipment	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
h	Intercom	10.00	20.00	69	9	4	82	16	13	10	8	7	5	4	3	3	2	9
i	MATV - amplifiers	10.00	20.00	412	56	21	489	98	78	63	50	40	32	26	20	16	13	52
j	MATV - Modulators	10.00	20.00	170	23	9	202	40	32	26	21	17	13	11	8	7	5	17
k	MATV - power sources	10.00	20.00	133	18	7	158	32	25	20	16	13	10	8	7	5	4	13
l	PABX	10.00	20.00	82	11	4	97	19	16	12	10	8	6	5	4	3	3	10
m	Telephone handsets	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
n	Ducted vacuum system - hoses, motors, wands	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
o	Window shutter controls / motors	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
p	Fire hose reels & nozzles	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
q	Stair pressurisation - AC Variable drives	10.00	20.00	288	39	15	342	68	55	44	35	28	22	18	14	11	9	37
r	Stair pressurisation - AC Variable drives	10.00	20.00	298	40	15	353	71	57	45	36	29	23	19	15	12	9	38
s	Stair pressurisation - sensors	10.00	20.00	184	25	9	218	44	35	28	22	18	14	11	9	7	6	23
t	Dishwashers	10.00	20.00	657	89	34	779	156	125	100	80	64	51	41	33	26	21	84
u	Garbage disposal units	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
v	Washing machines	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Items depreciable @ 25.00%	8.00	25.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
a	Sewerage treatment motors / controls																	
9	Items depreciable @ 28.57%	28.57	28.57%	39	5	2	46	13	9	7	5	3	2	2	1	1	1	2
a	Swimming pool cleaning devices	7.00	28.57	39	5	2	46	13	9	7	5	3	2	2	1	1	1	2
10	Items depreciable @ 30.03%	30.03	30.03%	319	43	16	378	114	80	56	39	27	19	13	9	7	5	11
a	Garbage compacting systems	6.66	30.03	319	43	16	378	114	80	56	39	27	19	13	9	7	5	11
11	Items depreciable @ 33.33%	33.33	33.33%	228	31	12	270	90	60	40	27	18	12	8	5	4	2	5
a	Fire alarm - heat / smoke	6.00	33.33	228	31	12	270	90	60	40	27	18	12	8	5	4	2	5
12	Items depreciable @ 40.00%	40.00	40.00%	77	10	4	91	37	22	13	8	5	3	2	1	1	0	1
a	Cardio vascular gym equipment	5.00	40.00	77	10	4	91	37	22	13	8	5	3	2	1	1	0	1
b	Light fittings - free standing	5.00	40.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c	Artificial grass & matting	5.00	40.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	Outdoor / Common area furniture - freestanding	5.00	40.00	115	16	6	136	55	33	20	12	7	4	3	2	1	1	1
e	Garden watering installations - control panels, pumps, timing devices	5.00	40.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
f	Garden lights - solar	5.00	40.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Items depreciable @ 37.50% (for year 2 and beyond. Year one is calculated at 50% of this rate (18.75%))	37.50	37.50%	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
a	Ceiling Fans	37.50	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b	Clock electric	37.50	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c	Digital video display (DVD) player	37.50	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	Hand dryers - electrical	37.50	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
e	Electric heaters	37.50	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
f	Linen	37.50	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Subtotal			14,058	1,898	718	16,674	2,576	2,109	1,739	1,444	1,206	1,013	855	724	617	527	3,865

Pyrmont NSW

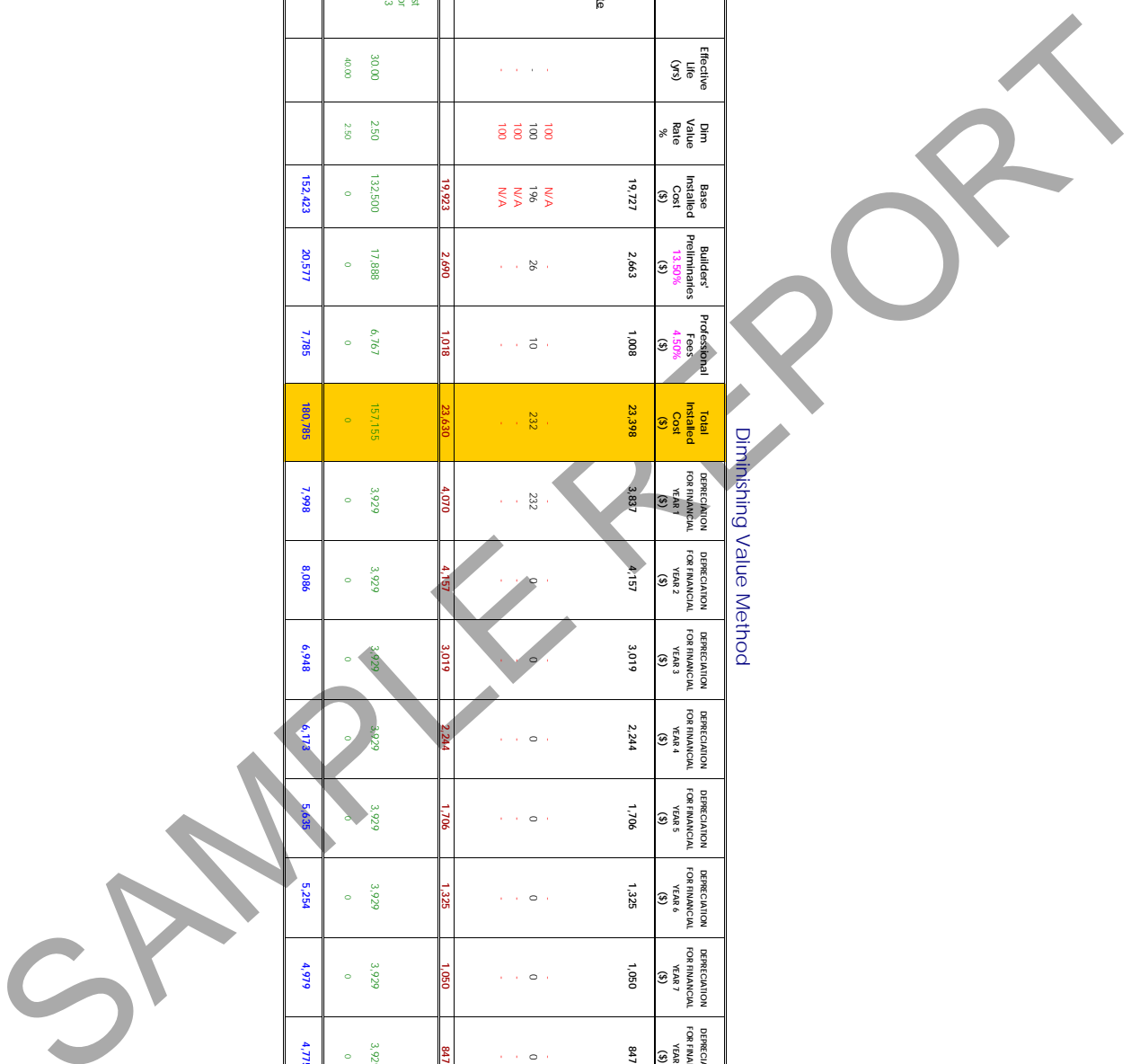
Diminishing Value Method

Item	Depreciable Item	Effective Life (Yrs)	Dim. Value Rate %	Base Installed Cost (\$)	Builder's Preliminaries (\$)	Professional Fees (\$)	Total Installed Cost (\$)	DEPRECIATION FOR FINANCIAL YEAR 1 (\$)	DEPRECIATION FOR FINANCIAL YEAR 2 (\$)	DEPRECIATION FOR FINANCIAL YEAR 3 (\$)	DEPRECIATION FOR FINANCIAL YEAR 4 (\$)	DEPRECIATION FOR FINANCIAL YEAR 5 (\$)	DEPRECIATION FOR FINANCIAL YEAR 6 (\$)	DEPRECIATION FOR FINANCIAL YEAR 7 (\$)	DEPRECIATION FOR FINANCIAL YEAR 8 (\$)	DEPRECIATION FOR FINANCIAL YEAR 9 (\$)	DEPRECIATION FOR FINANCIAL YEAR 10 (\$)	DEPRECIATION FOR FINANCIAL YEARS 11+ (\$)
	<b>Brought Forward</b>			<b>14,058</b>	<b>1,898</b>	<b>718</b>	<b>16,674</b>	<b>2,576</b>	<b>2,109</b>	<b>1,739</b>	<b>1,444</b>	<b>1,206</b>	<b>1,013</b>	<b>855</b>	<b>724</b>	<b>617</b>	<b>527</b>	<b>3,865</b>
g	Mirrors - freestanding	-	37.50	532	72	27	631	118	192	120	75	47	29	18	11	7	4	7
h	Radios	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i	Surround sound system	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
j	Surround sound system	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
k	cordless phone	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
l	cordless phone	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
m	Television antennas - freestanding	-	37.50	444	60	23	527	99	160	100	63	39	24	15	10	6	4	6
n	Television set	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
o	Portable vacuum cleaner	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
p	Ventilation fans	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
q	Video cassette recorders (VCR)	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
r	Blinds	-	37.50	2,165	292	111	2,568	481	782	489	306	191	119	75	47	29	18	30
s	Bathroom accessories: (freestanding - shower caddies, soap holders, toilet brushes)	-	37.50	512	69	26	607	114	185	116	72	45	28	18	11	7	4	7
t	Exhaust fans (including lighting /heating)	-	37.50	428	58	22	508	95	155	97	60	38	24	15	9	6	4	6
u	Heated towel rails - electric	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
v	Shower curtains	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
w	Spa bath pumps / chlorinators/ heaters	-	37.50	96	13	5	114	21	35	22	14	8	5	3	2	1	1	1
x	Detectors (addressable manual call points, heat, multi point type & smoke)	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
y	Fire extinguishers	-	37.50	118	16	6	140	26	43	27	17	10	7	4	3	2	1	2
z	Cockery	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
aa	Cutlery	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ab	Microwave ovens	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ac	Ranghoods	-	37.50	298	40	15	353	66	108	67	42	26	16	10	6	4	3	4
ad	Water filters - electrical	-	37.50	348	47	18	413	77	126	79	49	31	19	12	7	5	3	5
ae	Clothes dryer	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
af	Automatic garage door controls	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ag	Automatic garage door motors	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ah	Freestanding bins	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ai	Garden sheds - freestanding	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
aj	Automatic gate door controls	-	37.50	122	16	6	145	27	44	28	17	11	7	4	3	2	1	2
ak	Automatic gate door motors	-	37.50	95	13	5	113	21	34	21	13	8	5	3	2	1	1	1
al	Sauna heating assets	-	37.50	33	4	2	39	7	12	7	5	3	2	1	1	0	0	0
am	Tennis court, cleaners, drag brooms, mats, rollers, umpire chairs	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
an	Access control pads	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ao	Door controllers	-	37.50	146	20	7	173	32	53	33	21	13	8	5	3	2	1	2
ap	Proximity card readers	-	37.50	116	16	6	138	26	42	26	16	10	6	4	3	2	1	2
aq	Swipe card readers	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ar	CCTV cameras	-	37.50	33	4	2	39	7	12	7	5	3	2	1	1	0	0	0
as	CCTV monitors	-	37.50	49	7	3	58	11	18	11	7	4	3	2	1	1	1	1
at	CCTV recorders - digital	-	37.50	74	10	4	88	16	27	17	10	7	4	3	2	1	1	1
au	CCTV recorders - time lapse	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
av	CCTV recorders - switching units	-	37.50	60	8	3	71	13	22	14	8	5	3	2	1	1	1	1
ax	Security code pads	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ay	Security control panels	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
az	Security GSM units (glass, passive, infrared & vibration)	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ba	Security GSM units	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
bb	Security sirens / bells	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Subtotal</b>			<b>19,227</b>	<b>2,663</b>	<b>1,008</b>	<b>23,398</b>	<b>3,837</b>	<b>4,157</b>	<b>3,019</b>	<b>2,244</b>	<b>1,706</b>	<b>1,325</b>	<b>1,050</b>	<b>847</b>	<b>693</b>	<b>575</b>	<b>3,944</b>

Pymont NSW

Diminishing Value Method

Item	Depreciable Item	Effective Life (Yrs)	Dim. Value Rate %	Base Installed Cost (\$)	Builder's Preliminaries (\$)	Professional Fees (\$)	Total Installed Cost (\$)	DEPRECIATION FOR FINANCIAL YEAR 1 (\$)	DEPRECIATION FOR FINANCIAL YEAR 2 (\$)	DEPRECIATION FOR FINANCIAL YEAR 3 (\$)	DEPRECIATION FOR FINANCIAL YEAR 4 (\$)	DEPRECIATION FOR FINANCIAL YEAR 5 (\$)	DEPRECIATION FOR FINANCIAL YEAR 6 (\$)	DEPRECIATION FOR FINANCIAL YEAR 7 (\$)	DEPRECIATION FOR FINANCIAL YEAR 8 (\$)	DEPRECIATION FOR FINANCIAL YEAR 9 (\$)	DEPRECIATION FOR FINANCIAL YEAR 10 (\$)	DEPRECIATION FOR FINANCIAL YEARS 11+ (\$)
	Brought Forward			19,727	2,663	1,008	23,398	3,887	4,157	3,019	2,244	1,706	1,325	1,050	847	693	575	3,944
	Items available for immediate deduction																	
14	Items depreciable @ 100.00%																	
a	Door stops (free standing)	-	100	N/A	-	-	232	232	0	0	0	0	0	0	0	0	0	0
b	Door cleers	-	100	196	26	10	232	0	0	0	0	0	0	0	0	0	0	0
c	Ironing boards - free-standing	-	100	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	Iron	-	100	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Subtotal</b>			<b>19,923</b>	<b>2,690</b>	<b>1,018</b>	<b>23,630</b>	<b>4,070</b>	<b>4,157</b>	<b>3,019</b>	<b>2,244</b>	<b>1,706</b>	<b>1,325</b>	<b>1,050</b>	<b>847</b>	<b>693</b>	<b>575</b>	<b>3,944</b>
15	Balance of Construction Cost Attributable As an allowance for Residential Building Works (Section 43 Capital Works)	30.00	2.50	132,500	17,888	6,767	157,155	3,929	3,929	3,929	3,929	3,929	3,929	3,929	3,929	3,929	3,929	78,577
16	Structural Improvements/Improvements	40.00	2.50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>TOTAL</b>			<b>152,423</b>	<b>20,577</b>	<b>7,785</b>	<b>180,785</b>	<b>7,998</b>	<b>8,086</b>	<b>6,948</b>	<b>6,173</b>	<b>5,635</b>	<b>5,254</b>	<b>4,979</b>	<b>4,775</b>	<b>4,622</b>	<b>4,504</b>	<b>82,522</b>



**Appendix D**  
**Accountants Notes**

SAMPLE REPORT

## Notes to your Accountant

The following information is provided to assist your accountant.

We have been engaged to prepare a Tax Depreciation Schedule for the attached property. We have prepared this report on the following basis, which is in accordance with the following documents:

- Relevant Australian Taxation Office (ATO) rulings [see report].
- An Indicative Guide to the Preparation of QS Reports – Tax Depreciation Schedules for Investment/Rental properties published by the Australian Institute of Quantity Surveyors – January 2002.
- Rental Properties 2006-07 – published by the Australian Taxation Office.
- Guide to Depreciation 2006-07 published by the Australian Taxation Office.
- Australian Tax Master Guide 2007 – published by CGH Australia Limited.

Other referenced material includes the following:

- Rawlinsons Australian Construction Handbook – 2007.
- Cordells Construction Cost Guide – Quarterly Updates.

The report contains several elements, which are of major significance.

**Date of construction:** We have made an assessment of the date of which construction commenced (if not advised by the client or if not obtainable from documentation) and have assumed that it falls into one of the following categories, on which our assessment is based. In essence the following dates of particular importance:

- 18 July 1985 or prior (residential properties) and 21 July 1982 (non residential) attracts no capital works deduction.
- Construction commencing between 18 July 1985 and 15 September 1987 attracts a capital works deduction of 4%.
- Construction commencing after 15 September 1987 attracts capital works deduction of 2.50%.

**Capital Works Deduction or Special Building Write off:** has been calculated based on an estimation of cost. This cost is based on the year construction commenced. This figure is exclusive of the following items:

- Fixtures & fittings (plant & equipment)

## Tax Depreciation Schedule for Pyrmont, NSW

- Land cost
- Site preparation (demolition and tree removal)
- Developers profit
- Soft landscaping (plants, trees, soil, pebbles, etc)

Costs which are included in the above assessment include architectural fees, engineering fees, a reasonable allowance for variations and foundation excavation costs.

**Schedule Start Date:** is based on the date of settlement or when the property becomes first available for income producing purposes.

**Second Hand Properties:** In regards to second hand properties we have made an assessment of the construction cost of the year the building was completed. This amount encompasses the original cost of construction, plus allowable expenses including builder's preliminaries and professional fees.

**Structural Improvements & Improvements (Noted under Improvements on page 3 of the report):** is the cost associated with the improvement once completed, less the value of Plant & Equipment (which is depreciated separately). The valuation for structural improvements are related to specific works such as sealed driveways, retaining walls, fences, etc carried out after 26th February 1992.

Improvements include items such as refurbishment, alterations and additions.

**Plant & Equipment:** the values for these items are based on the value at the time that the property was first available for rent. In the case where fixtures and fittings have been updated, they are still assessed at their value the day the property is first available for rent (settlement date). The value of this plant and equipment is based on our professional opinion and is derived from a combination of our knowledge of cost and the market value of the plant itself compared with the purchase price.

### The Report

Our report is dissected and should be read as follows:

**Title page** – highlighting the address of the property, job number and month the report was

**Page 2** – contents page, which is a summary of items contained within the report.

**Page 3** – Basis of the report. The total assessed construction cost is the value of construction cost the year the building was completed. This amount has been derived from obtaining the purchase price and adding improvements and structural improvements (less plant), adding stamp duty and legal costs and then deducting land value, landscaping and site clearance, stamp duty and legal fees and all other items not associated with construction costs including capital gain & developer's profit.

Stamp duty and legal fees are not included within the total assessed construction cost and should be dealt with separately.

The settlement date/schedule start date represents the date on which this report is based on. Year One in Appendix A is derived from this year as a total. Hence this date will need be apportioned over the period that the property actually used for income producing purposes for the particular year the tax claim is being prepared for. (See example)

**Page 4 & 5** – Explains some general notes relating to the schedule.

**Page 6** – Disclaimer

**Page 7** – Signed certification of the report

**Page 8** – Referenced material

**Appendix A** – Is divided into four columns. Year one represents the first year of depreciation for the client based on a full calendar year. It is a combination of the plant and equipment, building allowance, structural improvements & improvements.

**Appendix B** – is a graphical representation of the yearly claims and cumulative claims.

**Appendix C** – is the tax depreciation schedule worksheet. This highlights all plant and equipment eligible for depreciation, the base installed cost, a reasonable allowance for builders' preliminaries and professional fees and a total installed cost.

The total installed cost will have a total figure of the total amount of depreciation eligible. This is calculated from an assessment of the plant and equipment and also the original construction cost.

**Appendix D** – is this document

**Appendix E** – are the photographs taken during our site inspection (if applicable).

### **Plant & Equipment**

Depreciation is calculated by multiplying the total installed cost against the diminishing value rate. This provides a total value for the first year of depreciation. The rate has been derived from the effective life of each particular item of plant and is as per TR 2000/18 or unless assessed otherwise.

### **Section 43 Capital Works**

This is the total cost of construction less plant & equipment. These works are depreciated at either 4.00% or 2.50% depending on the date of construction. For properties with a 4.00% write off, the capital cost is written off for 25 years. Conversely, for buildings with a 2.50% write off, the capital cost is written off over a period of 40 years.

Note that the effective life for these two items is depended on the age of the building. For example a new property will have an effective life of 40 years and the owner will have the benefit of the total allowable depreciation. For older properties, the owner will have the benefit of the depreciation for the balance of effective life. See below:

***This is an actual extract from “Rental Properties” published by the ATO.***

*“The Coulsons purchased a rental property in 1 July 1998 for \$150,000. The property was built in March 1992 for \$65,000. Therefore, the Coulsons are entitled to claim a capital works deduction (special building write-off) at a rate of 2.50% per annum fro*

As the property is 6 years old, they will be entitled to claim this for a total of 34 years only not 40.

### **Structural Improvements / Improvements**

This is the value of all capital improvements (less plant) and is depreciated at a rate of 2.50% over the period of effective life (derived from when the improvements were carried out). Structural improvements include for items such as sealed driveways, retaining walls and fences carried out after 26 February 1992

Improvements include for capital works such as building an extension (such as adding on a room or garage), alterations (removing a wall) or improvements such as erecting a pergola, patio or carport.

### **Summary**

To ascertain the first year of depreciation – simply refer to Appendix A – obtain the depreciation allowance for Year 1 and apportion it with the schedule start date. See below:

### **Example**

Total Depreciation Year 1:	\$8,681
Schedule start date / Settlement date:	20 July 2000
Number of day's property is owned from 20th July 2000 to 30th June 2001:	346

Thus:

$$\frac{346}{365} \times 8,681 = \$8,229 \text{ total claim for year one (income tax return 2000/01)}$$

The difference between the total installed cost (Appendix C) and the total in (Appendix A) represents depreciation that cannot be claimed. This is the depreciation of the building at 4.00% or 2.50% over the age of the property prior to this particular client purchasing it. This loss of depreciation is not realised upfront, but in the latter years.

Despite the fact that depreciation may never have been claimed, the tax office makes the following clear:

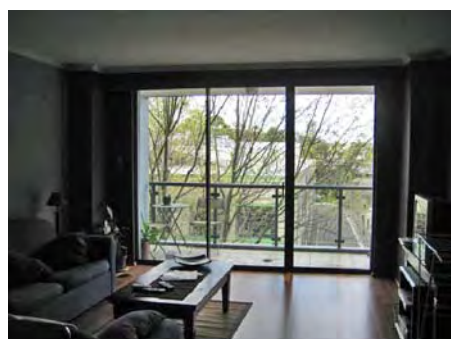
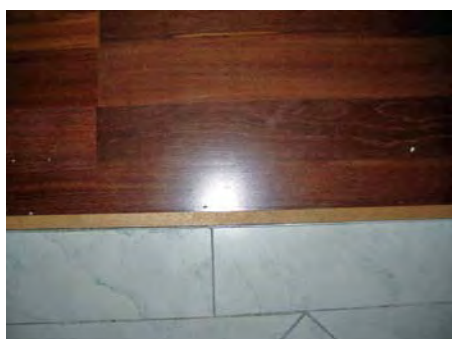
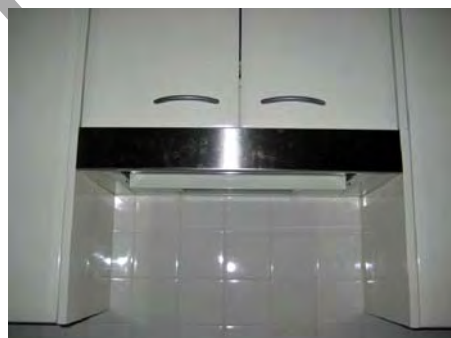
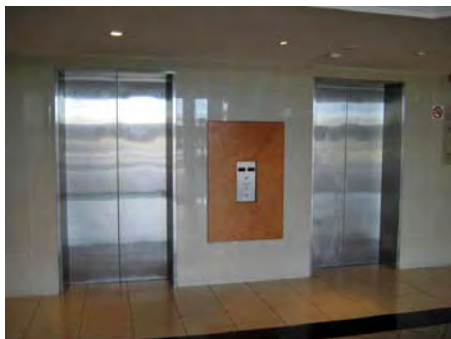
- that depreciation is available for either 25 years or 40 years only
- a purchaser is allowed to depreciate the total construction cost at the respective percentage
- plant and equipment can be assessed irrespective of the age of the property
- any improvements carried out after 18th July 1985 (residential) and 20 July 1982 (non residential) is eligible for depreciation
- Any structural improvements after 26 February 1992 will be eligible for depreciation.

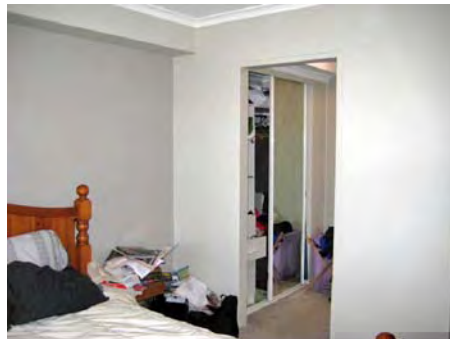
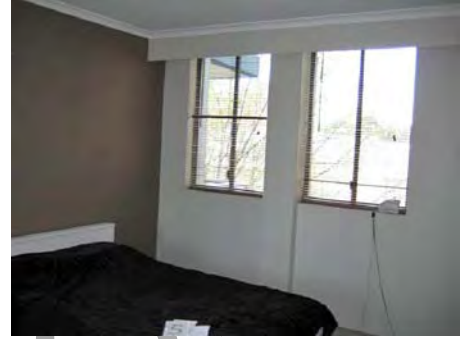
SAMPLE REPORT

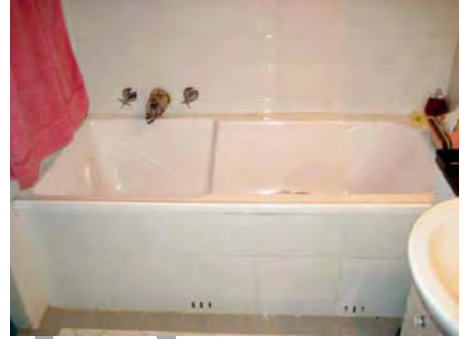
**Appendix E**  
**Site Photographs**

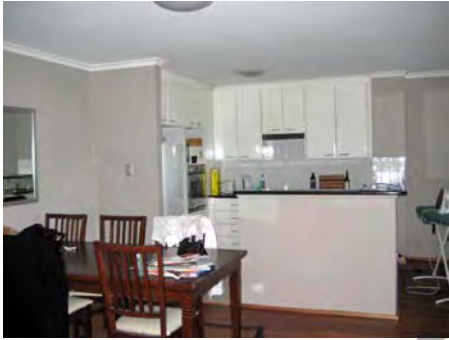
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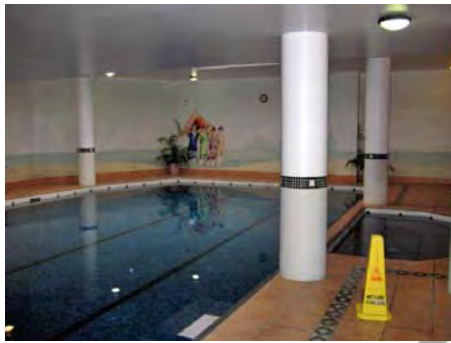














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