

# myDEPRECIATION

delivering maximum deductions at minimal cost



## Tax Depreciation Schedule

4 Bedroom Residence

at

1 Sample Street Sample

for

Sample Client

April 2013

13/MYDEP/0000

[Mydepreciation.com.au](http://Mydepreciation.com.au)

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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	\$	-
(b) Improvements – Capital Works post purchase	\$	-
(c) Stamp Duty (Approx.)	\$	-
(d) Legal Costs (Approx.)	\$	-
<b>Total Disbursements</b>	<b>\$</b>	<b>-</b>
(e) Deduct Land Value	\$	-
(f) Deduct items not legible for depreciation (landscaping and site clearance)	\$	-
(g) Deduct other costs not attributable to Construction Costs	\$	-
<b>Total Assessed Construction Cost</b>	<b>\$</b>	<b>283,000</b>

- |   |                   |
|---|-------------------|
| 2. Date of Exchange:                          | -                 |
| 3. Date of Settlement:                        | -                 |
| 4. Date of first lease / schedule start date: | 9th December 2012 |
| 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 should become the amount of depreciation available in the first year between the date of purchase or date of first lease and the end of the financial year. The date of purchase is when the contract is settled.
  
- ▶ 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.
  
- ▶ 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.
- ▶ Mydepreciation 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.

## 4.0 Certification

### Tax Depreciation Schedule

**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

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## 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 2012 – published by the Australian Taxation Office
- ▶ Guide to Depreciating Assets 2012 published by the Australian Taxation Office
- ▶ Australian Tax Master Guide 2012 – published by CGH Australia Limited

Other referenced material includes the following:

- ▶ Rawlinsons Australian Construction Handbook – 2012
- ▶ Cordells Construction Cost Guide – Quarterly Updates
- ▶ Australian Institute of Quantity Surveyors Quarterly Cost Updates



**Appendix A**  
**Tax Depreciation Schedule Summary**



## Tax Depreciation Schedule Summary

### 1 Sample Street Sample

Financial Year	Plant & Equipment	Building Allowance	Structural Improvements	Total
Year 1	\$ 8,404	\$ 6,032	\$ -	\$ 14,436
Year 2	\$ 8,159	\$ 6,032	\$ -	\$ 14,191
Year 3	\$ 5,719	\$ 6,032	\$ -	\$ 11,751
Year 4	\$ 4,104	\$ 6,032	\$ -	\$ 10,135
Year 5	\$ 3,016	\$ 6,032	\$ -	\$ 9,048
Year 6	\$ 2,270	\$ 6,032	\$ -	\$ 8,301
Year 7	\$ 1,746	\$ 6,032	\$ -	\$ 7,778
Year 8	\$ 1,371	\$ 6,032	\$ -	\$ 7,403
Year 9	\$ 1,096	\$ 6,032	\$ -	\$ 7,128
Year 10	\$ 890	\$ 6,032	\$ -	\$ 6,921
Year 11 +	\$ 4,950	\$ 170,400	\$ -	\$ 175,350
<b>TOTAL</b>	<b>\$ 41,725</b>	<b>\$ 230,719</b>	<b>\$ -</b>	<b>\$ 272,444</b>

Information current at April 2013

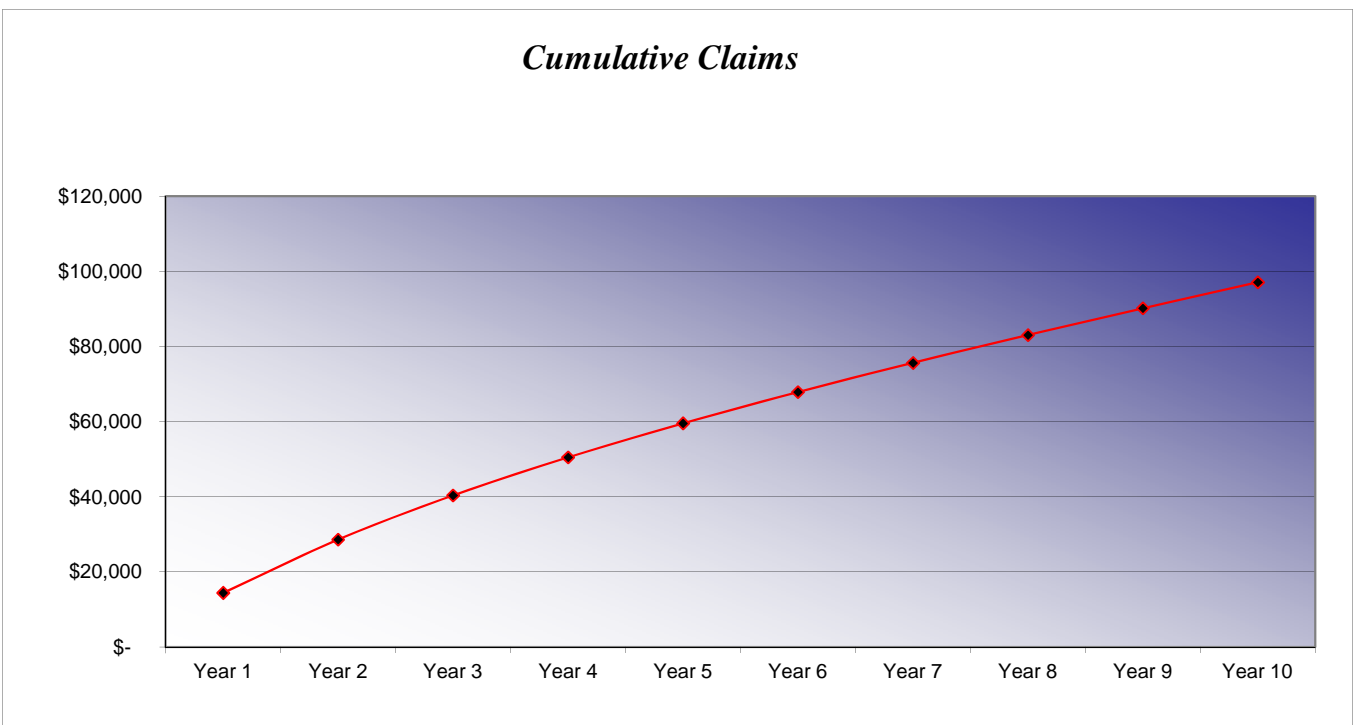
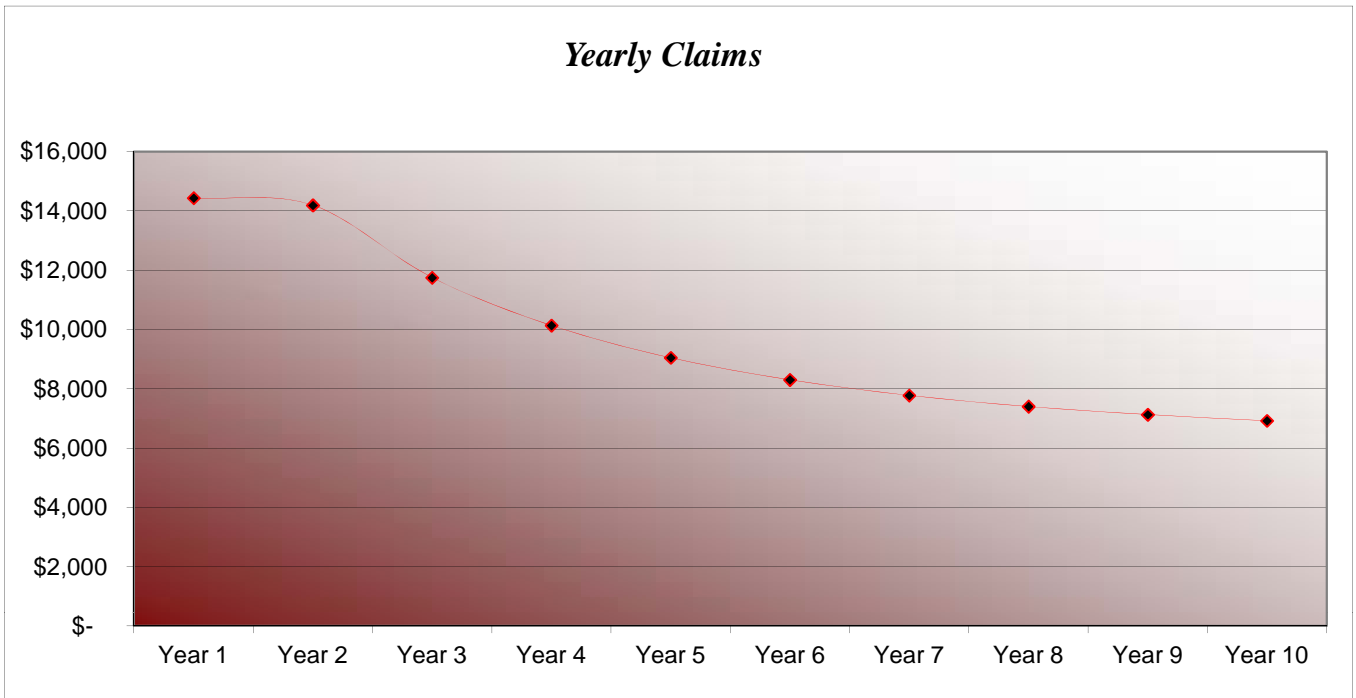
*Please note that the indicative depreciation and building allowance figures may change in accordance with changes to taxation laws.*

**Appendix B**  
**Graphical Representation of Yearly Claims & Cumulative Claims**



## Graphical Representation of Yearly Claims & Cumulative Claims

### 1 Sample Street Sample



**Appendix C**  
**Tax Depreciation Schedule Worksheet**



# 1 Sample Street Sample

## Diminishing Value Method

Item	Depreciable Item	Effective Life (yrs)	Dim Value Rate %	Base Installed Cost (\$)	Builders' Preliminaries 13.50% (\$)	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 + (\$)
	<b>Non Pooled Items</b>																	
1	<b>Items depreciable @ 6.67%</b>																	
a	Lifts: Electric / Hydraulic	30.00	6.67	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	<b>Items depreciable @ 8.00%</b>																	
a	Chillers - absorption	25.00	8.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b	Hydrant booster pump	25.00	8.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c	Stair pressurisation - pressurisation and extraction fans	25.00	8.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	<b>Items depreciable @ 10.00%</b>																	
a	Air handling units	20.00	10.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b	AC Chillers - Centrifugal	20.00	10.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c	AC Voulmetrics - Water cooled	20.00	10.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	Pumps	20.00	10.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
e	Escalators (machinery & moving parts)	20.00	10.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
f	Generators	20.00	10.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
g	Gas fireplace - ducted central	20.00	10.00	3,558	480	182	4,220	422	380	342	308	277	249	224	202	182	163	1,471
h	Solar powered generating system	20.00	10.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i	Water pumps	20.00	10.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	<b>Items depreciable @ 13.33%</b>																	
a	AC Volumetrics - Air cooled	15.00	13.33	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b	Condensing sets	15.00	13.33	1,215	164	62	1,441	192	166	144	125	108	94	81	71	61	53	345
c	Cooling towers	15.00	13.33	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	Fan coil units	15.00	13.33	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
e	Packaged AC unit	15.00	13.33	1,887	255	96	2,238	298	259	224	194	168	146	126	110	95	82	535
f	Floating Timber Flooring	15.00	13.33	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
g	Heating - Gas fire - free standing	15.00	13.33	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
h	Hot water system - solar	15.00	13.33	3,150	425	161	3,736	498	432	374	324	281	244	211	183	159	137	894
i	Operable pergola louvres - controls / motors	15.00	13.33	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	<b>Items depreciable @ 15.00%</b>																	
a	Vinyl	13.33	15.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b	Furniture (freestanding)	13.33	15.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	<b>Items depreciable @ 16.67%</b>																	
a	Swimming pool chlorinators / filtration (incl pumps)	12.00	16.67	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b	Hot water system - electric	12.00	16.67	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c	Hot water system - gas	12.00	16.67	1,350	182	69	1,601	267	222	185	154	129	107	89	74	62	52	258
d	Fire alarm - bell	12.00	16.67	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
e	Fire indicator panel (FIP)	12.00	16.67	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
f	EWIS (master emergency panel, speakers, strobe light, warden intercom phone)	12.00	16.67	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
g	Cooktops	12.00	16.67	715	97	37	848	141	118	98	82	68	57	47	39	33	27	137
h	Freezers	12.00	16.67	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i	Ovens	12.00	16.67	2,258	305	115	2,678	446	372	310	258	215	179	149	125	104	86	432
j	Refrigerators	12.00	16.67	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
k	Stove	12.00	16.67	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Subtotal</b>			14,133	1,908	722	16,763	2,265	1,949	1,678	1,446	1,247	1,076	929	803	695	602	4,073

# 1 Sample Street Sample

## Diminishing Value Method

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 + (\$)
	<b>Brought Forward</b>			14,133	1,908	722	16,763	2,265	1,949	1,678	1,446	1,247	1,076	929	803	695	602	4,073
7	Items depreciable @ 20.00%																	
a	AC - Damper motors (Incl VAVs)	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b	AC - Mini split systems up to 20KW	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c	AC - Room units	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	Carpets	10.00	20.00	3,885	524	198	4,608	922	737	590	472	377	302	242	193	155	124	495
e	Linoleum	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
f	Garbage bins	10.00	20.00	165	22	8	196	39	31	25	20	16	13	10	8	7	5	21
g	Resistance gym equipment	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
h	Intercom	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i	MATV - amplifiers	10.00	20.00	192	26	10	228	46	36	29	23	19	15	12	10	8	6	24
j	MATV - Modulators	10.00	20.00	144	19	7	171	34	27	22	17	14	11	9	7	6	5	18
k	MATV - power sources	10.00	20.00	92	12	5	109	22	17	14	11	9	7	6	5	4	3	12
l	PABX	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
m	Telephone handsets	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
n	Ducted vacuum system - hoses, motors, wands	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
o	Curtains	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
p	Window shutter controls / motors	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
q	Fire hose reels & nozzles	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
r	Stair pressurisation - AC Variable drives	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
s	Stair pressurisation - sensors	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
t	Dishwashers	10.00	20.00	881	119	45	1,045	209	167	134	107	86	68	55	44	35	28	112
u	Garbage disposal units	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
v	Washing machines	10.00	20.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Items depreciable @ 25.00%																	
a	Sewerage treatment motors / controls	8.00	25.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Items depreciable @ 28.57%																	
a	Swimming pool cleaning devices	7.00	28.57	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Items depreciable @ 30.03%																	
a	Garbage compacting systems	6.66	30.03	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Items depreciable @ 33.33%																	
a	Fire alarm - heat / smoke	6.00	33.33	715	97	37	848	283	188	126	84	56	37	25	17	11	7	15
12	Items depreciable @ 40.00%																	
a	Cardio vascular gym equipment	5.00	40.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b	Light fittings - free standing	5.00	40.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c	Artificial grass & matting	5.00	40.00	3,665	495	187	4,347	1,739	1,043	626	376	225	135	81	49	29	18	26
d	Outdoor / Common area furniture - freestanding	5.00	40.00	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Pooled Items</b>																	
13	Items depreciable @ 37.50% (for year 2 and beyond. Year one is calculated at 50% of this rate(18.75%)).																	
a	Ceiling Fans	-	37.50	828	112	42	982	184	299	187	117	73	46	29	18	11	7	12
b	Clock electric	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c	Digital video display (DVD) player	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	Hand dryers - electrical	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
e	Electric / gas heaters	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
f	Linen	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Subtotal</b>			24,700	3,335	1,262	29,296	5,742	4,497	3,430	2,673	2,122	1,711	1,397	1,153	960	804	4,808

# 1 Sample Street Sample

## Diminishing Value Method

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 + (\$)
	<b>Brought Forward</b>			24,700	3,335	1,262	29,296	5,742	4,497	3,430	2,673	2,122	1,711	1,397	1,153	960	804	4,808
g	Mirrors - freestanding	-	37.50	885	119	45	1,050	197	320	200	125	78	49	31	19	12	7	12
h	Radios	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i	Rugs	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
j	Stereo system	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
k	Surround sound system	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
l	Cordless phone	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
m	Television antennas - freestanding	-	37.50	550	74	28	652	122	199	124	78	49	30	19	12	7	5	8
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	4,125	557	211	4,893	917	1,491	932	582	364	227	142	89	56	35	58
	Bathroom accessories (freestanding - shower caddies, soap holders, toilet brushes)	-	37.50	912	123	47	1,082	203	330	206	129	80	50	31	20	12	8	13
s	Exhaust fans (including lighting / heating)	-	37.50	967	131	49	1,147	215	349	218	137	85	53	33	21	13	8	14
t	Heated towel rails - electric	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
u	Shower curtains	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
v	Spa bath pumps / chlorinators/ heaters	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
w	Detectors (addressable manual call points, heat, multi point type & smoke)	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
z	Fire extinguishers	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
aa	Crockery	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ab	Cutlery	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ac	Microwave ovens	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ad	Rangehoods	-	37.50	615	83	31	730	137	222	139	87	54	34	21	13	8	5	9
ae	Water filters - electrical	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
af	Clothes dryer	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ag	Automatic garage door controls	-	37.50	110	15	6	130	24	40	25	16	10	6	4	2	1	1	2
ah	Automatic garage door motors	-	37.50	505	68	26	599	112	182	114	71	45	28	17	11	7	4	7
ai	Freestanding bbqs	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
aj	Garden sheds - freestanding	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ak	Automatic gate door controls	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
al	Automatic gate door motors	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
am	Sauna heating assets	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
an	Tennis court cleaners, drag brooms, nets, rollers, umpire chairs	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ao	Access control pads	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ap	Door controllers	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
aq	Proximity card readers	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ar	Swipe card readers	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
as	CCTV cameras	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
at	CCTV monitors	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
au	CCTV recorders - digital	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
av	CCTV recorders - time lapse	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
aw	CCTV recorders - switching units	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ax	Security code pads	-	37.50	112	15	6	133	25	40	25	16	10	6	4	2	2	1	2
ay	Security control panels	-	37.50	264	36	13	313	59	95	60	37	23	15	9	6	4	2	4
az	Security detectors (glass, passive, infra-red & vibration)	-	37.50	1,023	138	52	1,213	228	370	231	144	90	56	35	22	14	9	14
ba	Security GSM units	-	37.50	N/A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
bb	Security sirens / bells	-	37.50	67	9	3	79	15	24	15	9	6	4	2	1	1	1	1
	<b>Subtotal</b>			34,835	4,703	1,779	41,317	7,996	8,159	5,719	4,104	3,016	2,270	1,746	1,371	1,096	890	4,950



# 1 Sample Street Sample

## Diminishing Value Method

Item	Depreciable Item	Effective Life (yrs)	Dim Value Rate %	Base Installed Cost (\$)	Builders' Preliminaries 13.50% (\$)	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 + (\$)
	<b>Brought Forward</b>			34,835	4,703	1,779	41,317	7,996	8,159	5,719	4,104	3,016	2,270	1,746	1,371	1,096	890	4,950
	<u>Items available for immediate deduction</u>																	
14	Items depreciable @ 100.00%																	
a	Door stops (free standing)	-	100	106	14	5	125	125	0	0	0	0	0	0	0	0	0	0
b	Door closers	-	100	240	32	12	283	283	0	0	0	0	0	0	0	0	0	0
	<b>Subtotal</b>			<b>35,181</b>	<b>4,749</b>	<b>1,797</b>	<b>41,725</b>	<b>8,404</b>	<b>8,159</b>	<b>5,719</b>	<b>4,104</b>	<b>3,016</b>	<b>2,270</b>	<b>1,746</b>	<b>1,371</b>	<b>1,096</b>	<b>890</b>	<b>4,950</b>
15	<i>Balance of Construction Cost Attributable As an allowance for Residential Building Works (Section 43 Capital Works)</i>	38.25	2.50	203,423	27,462	10,390	241,274	6,032	6,032	6,032	6,032	6,032	6,032	6,032	6,032	6,032	6,032	170,400
16	<i>Structural Improvements/Improvements</i>	40.00	2.50		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>TOTAL</b>			<b>238,603</b>	<b>32,211</b>	<b>12,187</b>	<b>283,000</b>	<b>14,436</b>	<b>14,191</b>	<b>11,751</b>	<b>10,135</b>	<b>9,048</b>	<b>8,301</b>	<b>7,778</b>	<b>7,403</b>	<b>7,128</b>	<b>6,921</b>	<b>175,350</b>

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



### 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 2012 – published by the Australian Taxation Office.
- ▶ Guide to Depreciation 2012 published by the Australian Taxation Office.
- ▶ Australian Tax Master Guide 2012 – published by CGH Australia Limited.

Other referenced material includes the following:

- ▶ Rawlinsons Australian Construction Handbook – 2012
- ▶ Cordells Construction Cost Guide – Quarterly Updates.

The report contains several elements, which are 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

- ▶ 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.

## Tax Depreciation Schedule

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 is 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.

## Tax Depreciation Schedule

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 Capital Works 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:

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

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.

## Tax Depreciation Schedule

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 structural improvements after 26 February 1992 will be eligible for depreciation.

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







