



Turner & Townsend

Preliminary
Tax Depreciation
Schedule

Shaun Muddock
Associate Director
Registered Tax Agent No: 03786003

Turner & Townsend
Level 5, 135 Abbott Street
Cairns QLD 4870

t: +61 (7) 4080 7900
e: dha@turntown.com
w: turnerandtownsend.com

Property ID: 4204153



Contents

1	INTRODUCTION	1
2	BASIS OF DEPRECIATION SCHEDULES	2
	Appendix A	4
	Appendix B	5
	Appendix C	6
	Appendix D	7

Rev	Originator	Approved	Date
0	Julie McClelland	Shaun Muddock	27/09/16
0	<i>Julie McClelland</i>	<i>Shaun Muddock</i>	27/09/16
<p>© Turner & Townsend Pty Ltd. All rights reserved September 16. This document is expressly provided to and solely for the use of DHA and must not be quoted from, referred to, used by or distributed to any other party without the prior consent of Turner & Townsend Pty Ltd who accept no liability of whatsoever nature for any use by any other party.</p>			
<p>C:\DHA\PRELIMINARY\NQ24404-ID4204153\TAX - SOFT COPY\ID4204153 - PRELIMINARY 2.5% TAX REPORT.DOCX</p>			

1 Introduction

The following preliminary tax depreciation report is a schedule of the Depreciating Assets and Capital Allowance for Property ID: 4204153, Newtown, NSW. The Income Tax Assessment Acts allow for a deduction in tax for the depreciation of an income producing investment. The deduction is comprised of Depreciable Assets (Plant and Equipment) as provided for in Section 40 of the Act and deductions for Capital Allowances (Construction Costs) as per Section 43.

This preliminary report is based on the following:

- This depreciation schedule makes no allowance for loose furniture and fitout.
- The assessment of available deductions has been determined by analysis of the estimated construction costs for the project and the proposed sale price (as advised by DHA).
- Construction costs have been based on estimated construction costs.
- Costs of depreciable items have been prepared and estimated based on the location, specification and/or purchase price.
- The purchaser is not a Small Business Taxpayer as defined in the Act and therefore accelerated allowances have not been used.
- The schedules have been based upon the advice that no schedule of depreciation has previously been prepared.

Depreciation deductions and Capital Allowances are only applicable to income producing investments. It should be noted that the purchaser may claim allowances for Depreciating Assets and Capital Allowance from the date of settlement only.

2 Basis of Depreciation Schedules

2.1 Depreciating Assets

Plant and equipment claimable under Section 40 of the Act generally comprises the following types of assets, such as:

- Carpet and Vinyl Flooring
- Air conditioners and Heaters
- Hot Water Units
- Electrical Appliances such as Ovens, Cooktops and Rangehoods
- Curtains and Blinds
- Pool Equipment
- Security Systems

The value of Depreciating Assets in accordance with Section 40 of the Act has been included based on the current estimated construction cost including fees, charges and associated builders preliminary costs where appropriate. Depreciation of Plant and Equipment has been calculated using the diminishing value method and the prime cost method. The purchaser can choose the method best suited to their financial situation.

The analysis has been based upon our interpretation of the Income Tax Assessment Act as it applies to the Depreciating Assets, and as specifically provided for in Section 40 of the Act, together with published Income Tax Rulings issued by the Tax Commissioner. In the absence of a specific rate for Depreciating Assets, we have determined the annual depreciation rate based on the effective life of the item in accordance with Section 40 of the Act.

Items costing less than \$1000 can be claimed at an accelerated rate as part of a low-value pool. In the first year, items are depreciated at 18.75% and at 37.5% thereafter. This report is based on the purchaser choosing to use a low value pool.

Appendix B of this report summarises the Depreciating Assets using Prime Cost and Diminishing Value methods and corresponding Capital Allowances (years 1 to 10 only).

Appendix B of this report details the individual “Depreciating Assets” calculations based on the Prime Cost Method.

Appendix B of this report details the individual “Depreciating Assets” calculations based on the Diminishing Value Method.

2.2 Capital Allowance

Capital Allowance deductions are available for the construction costs of buildings. The amount for Capital Allowance deductions, in accordance with Section 43 of the Act, have been based upon the estimated costs at the time of construction including fees, charges and associated builders preliminary costs but excluding developer’s profit as required by the Act.

The Capital Allowance may be claimed from the date of completion of construction (May 2016, as advised by DHA), generally at the rate of 2.5% for 40 years.

2.3 Disclaimer

These schedules have been prepared as an indication of the approximate allowances that may be claimable for Section 40 Depreciating Assets and Section 43 Capital Allowances and are used for the purpose of marketing.

Turner & Townsend does not accept contractual, tortious or other form of liability for any consequential loss or damage which may arise as a result of: -

- any person using these schedules to claim tax allowances as they are preliminary and therefore only indicative;
- any errors in information supplied to Turner & Townsend from any third party and included in this report.

Appendix A

Preliminary Tax Depreciation Schedule
Depreciation Summary

DEPRECIATION SUMMARY

Turner & Townsend

PROPERTY ID:	PROPERTY ID: 4204153
LOCATION:	NEWTOWN, NSW
PURCHASE PRICE:	\$ 990,000
ESTIMATED CONSTRUCTION COST:	\$ 376,068
PROPERTY TYPE:	RESIDENTIAL

TOTAL DEPRECIATING ASSETS DEDUCTIONS:	\$ 39,114
TOTAL CAPITAL ALLOWANCE DEDUCTIONS:	\$ 331,401
TOTAL STRUCTURAL IMPROVEMENTS DEDUCTIONS:*	\$ 4,054

PRIME COST DEDUCTIONS AT INTERVALS:	
3 YEARS	\$ 3,716
5 YEARS	\$ 2,655
10 YEARS	\$ 2,034
15 YEARS	\$ 1,316
20 YEARS	\$ 257

DIMINISHING VALUE DEDUCTIONS AT INTERVALS:	
3 YEARS	\$ 4,844
5 YEARS	\$ 2,970
10 YEARS	\$ 1,174
15 YEARS	\$ 571
20 YEARS	\$ 302

Depreciating assets can be depreciated based on a choice between two methods to calculate depreciation in value. The methods are as follows:

Prime Cost Method: This method assumes the value of a depreciating asset decreases at a uniform rate over its effective life. The depreciation for a depreciable asset will generally be constant for each year.

Diminishing Value Method: This method assumes that the depreciable asset declines in value each year as a constant proportion of the remaining value. This produces a progressively smaller decline over time.

* Structural Improvements include driveway, fencing, clothesline, letterbox and other associated external works.

Appendix B

Preliminary Tax Depreciation Schedule
2.5% Capital Works Allowance

PROPERTY ID: 4204153

NEWTOWN, NSW

PRELIMINARY
TAX DEPRECIATION SCHEDULE

Apartment

(based on 2.5% capital allowance)

CONSTRUCTION COST ANALYSIS

PURCHASE PRICE (P.P)	ESTIMATED CONSTRUCTION COST (C.C)	DEPRECIATING ASSETS (D.A)	% OF D.A TO P.P
\$990,000	\$376,068	\$39,114	3.95%

DEPRECIATION ALLOWANCE

PRIME COST METHOD	1-Dec-16	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	to 30-Jun-17									
1. DEPRECIATING ASSETS	\$2,864	\$4,760	\$3,716	\$3,063	\$2,655	\$2,400	\$2,240	\$2,137	\$2,073	\$2,034
2. CAPITAL ALLOWANCE (2.5%)	\$4,823	\$8,285	\$8,285	\$8,285	\$8,285	\$8,285	\$8,285	\$8,285	\$8,285	\$8,285
3. STRUCT. IMPROVEMENTS. (2.5%)	\$59	\$101	\$101	\$101	\$101	\$101	\$101	\$101	\$101	\$101
TOTAL DEPRECIATION	\$7,746	\$13,147	\$12,102	\$11,449	\$11,041	\$10,786	\$10,627	\$10,524	\$10,459	\$10,420

DIMINISHING VALUE METHOD	1-Dec-16	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	to 30-Jun-17									
1. DEPRECIATING ASSETS	\$4,017	\$6,408	\$4,844	\$3,751	\$2,970	\$2,398	\$1,969	\$1,640	\$1,381	\$1,174
2. CAPITAL ALLOWANCE (2.5%)	\$4,823	\$8,285	\$8,285	\$8,285	\$8,285	\$8,285	\$8,285	\$8,285	\$8,285	\$8,285
3. STRUCT. IMPROVEMENTS. (2.5%)	\$59	\$101	\$101	\$101	\$101	\$101	\$101	\$101	\$101	\$101
TOTAL DEPRECIATION	\$8,899	\$14,795	\$13,230	\$12,137	\$11,356	\$10,784	\$10,356	\$10,026	\$9,768	\$9,561

DISCLAIMER

This schedule has been prepared as an indication of the approximate Capital Allowance that may be claimable under section 43 and approximate allowances for Depreciating Assets for the purpose of tax depreciation. Turner & Townsend Pty Ltd does not accept any contractual, tortious or other form of liability for any consequential loss or damage which may arise as a result of:

- any person using this schedule to claim actual tax allowances. This schedule is preliminary and therefore only indicative;
- any errors or changes in information supplied to Turner & Townsend Pty Ltd from any third party and used in preparation of this schedule.

THIS FORM SHALL NOT BE USED FOR TAX RETURNS

Property ID: 4204153, Newtown, NSW Preliminary Tax Depreciation Schedule

Depreciation Calculations

Apartment

Description	Capital Construction Cost	Prime Cost %	PRIME COST METHOD										
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Air-conditioning:													
- Packaged air-conditioning units	8,478	6.7	329	565	565	565	565	565	565	565	565	565	565
Floor Finishes:													
- Carpet/residential	1,211	10.0	71	121	121	121	121	121	121	121	121	121	121
- Floating timber flooring	7,321	6.7	284	488	488	488	488	488	488	488	488	488	488
Electrical & Equipment:													
- Access control readers proximity/door controls	39	14.3	3	6	6	6	6	6	6	6	2	0	0
- Access control readers swipe cards under \$1000*	67	37.5	12	20	13	8	5	3	2	1	1	0	0
- Intercom system assets	1,025	10.0	60	102	102	102	102	102	102	102	102	102	102
- Fire indicator panels	391	8.3	19	33	33	33	33	33	33	33	33	33	33
- Smoke alarms under \$1000*	731	37.5	137	223	139	87	54	34	21	13	8	5	5
Telecommunication Assets:													
- General	1,331	5.0	39	67	67	67	67	67	67	67	67	67	67
Plumbing:													
- Hot water installation	1,198	8.3	58	100	100	100	100	100	100	100	100	100	100
- Fire hoses and nozzles	196	10.0	11	20	20	20	20	20	20	20	20	20	20
Kitchen & Laundry Equipment:													
- Oven	1,464	8.3	71	122	122	122	122	122	122	122	122	122	122
- Appliances under \$1000*	2,196	37.5	412	669	418	261	163	102	64	40	25	16	16
- Dishwasher	1,597	10.0	93	160	160	160	160	160	160	160	160	160	160
Sundry Fittings:													
- Bathroom exhaust fans under \$1000*	1,198	37.5	225	365	228	143	89	56	35	22	14	8	8
- Window blinds, internal under \$1000*	4,286	37.5	804	1,306	816	510	319	199	125	78	49	30	30
- Door closers under \$1000*	399	37.5	75	122	76	48	30	19	12	7	5	3	3
- Auto garage door controls under \$1000*	266	37.5	50	81	51	32	20	12	8	5	3	2	2
- Auto garage door motors	27	10.0	2	3	3	3	3	3	3	3	3	3	3
Lifts:													
- Lifts	5,694	3.3	111	190	190	190	190	190	190	190	190	190	190
Total (Depreciating Assets)	\$ 39,114		\$ 2,864	\$ 4,760	\$ 3,716	\$ 3,063	\$ 2,655	\$ 2,400	\$ 2,240	\$ 2,137	\$ 2,073	\$ 2,034	\$ 2,034

* Low value pooled items depreciated at 37.5% p.a. on diminishing value basis

Property ID: 4204153, Newtown, NSW Preliminary Tax Depreciation Schedule

Depreciation Calculations

Apartment

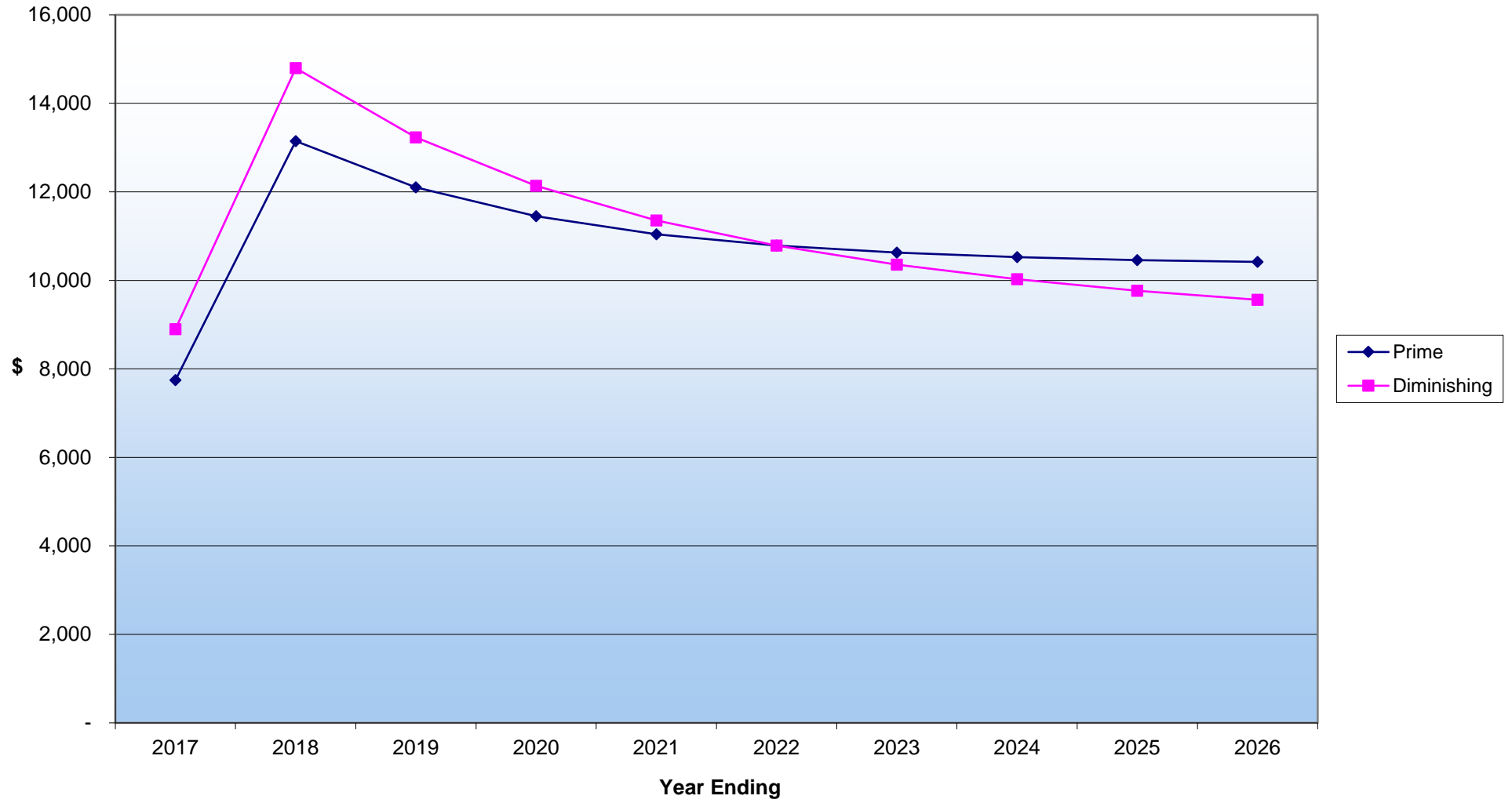
Description	Capital Construction Cost	Dim. Value %	DIMINISHING VALUE METHOD										
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Air-conditioning:													
- Packaged air-conditioning units	8,478	13.3	658	1,043	904	783	679	588	510	442	383	332	
Floor Finishes:													
- Carpet/residential	1,211	20.0	141	214	171	137	110	88	70	56	45	36	
- Floating timber flooring	7,321	13.3	568	900	780	676	586	508	440	382	331	287	
Electrical & Equipment:													
- Access control readers proximity/door controls	39	28.6	6	9	7	5	3	2	2	1	1	1	
- Access control readers swipe cards under \$1000*	67	37.5	12	20	13	8	5	3	2	1	1	0	
- Intercom system assets	1,025	20.0	119	181	145	116	93	74	59	47	38	30	
- Fire indicator panels	391	16.7	38	59	49	41	34	28	24	20	16	14	
- Smoke alarms under \$1000*	731	37.5	137	223	139	87	54	34	21	13	8	5	
Telecommunication Assets:													
- General	1,331	10.0	77	125	113	102	91	82	74	67	60	54	
Plumbing:													
- Hot water installation	1,198	16.7	116	180	150	125	104	87	72	60	50	42	
- Fire hoses and nozzles	196	20.0	23	35	28	22	18	14	11	9	7	6	
Kitchen & Laundry Equipment:													
- Oven	1,464	17.0	145	224	186	154	128	106	88	73	61	51	
- Appliances under \$1000*	2,196	37.5	412	669	418	261	163	102	64	40	25	16	
- Dishwasher	1,597	20.0	186	282	226	181	145	116	92	74	59	47	
Sundry Fittings:													
- Bathroom exhaust fans under \$1000*	1,198	37.5	225	365	228	143	89	56	35	22	14	8	
- Window blinds, internal under \$1000*	4,286	37.5	804	1,306	816	510	319	199	125	78	49	30	
- Door closers under \$1000*	399	37.5	75	122	76	48	30	19	12	7	5	3	
- Auto garage door controls under \$1000*	266	37.5	50	81	51	32	20	12	8	5	3	2	
- Auto garage door motors	27	20.0	3	5	4	3	2	2	2	1	1	1	
Lifts:													
- Lifts	5,694	6.7	221	365	341	318	297	277	258	241	225	210	
Total (Depreciating Assets)	\$ 39,114		\$ 4,017	\$ 6,408	\$ 4,844	\$ 3,751	\$ 2,970	\$ 2,398	\$ 1,969	\$ 1,640	\$ 1,381	\$ 1,174	

* Low value pooled items depreciated at 37.5% p.a. on diminishing value basis

Appendix C

Comparative Analysis

Comparative Analysis



Appendix D

40 Year Projection

40 Year Projection

Years 1 - 21		
Period	Depreciation Allowance	
	\$ Prime Cost	\$ Diminishing Value
1-Dec-16 30-Jun-17	7,746	8,899
Jun-18	13,147	14,795
Jun-19	12,102	13,230
Jun-20	11,449	12,137
Jun-21	11,041	11,356
Jun-22	10,786	10,784
Jun-23	10,627	10,356
Jun-24	10,524	10,026
Jun-25	10,459	9,768
Jun-26	10,420	9,561
Jun-27	10,160	9,392
Jun-28	9,975	9,254
Jun-29	9,824	9,138
Jun-30	9,706	9,040
Jun-31	9,702	8,957
Jun-32	9,087	8,887
Jun-33	8,645	8,826
Jun-34	8,644	8,773
Jun-35	8,644	8,728
Jun-36	8,643	8,689
Jun-37	8,604	8,654

Years 22 - 41		
Period	Depreciation Allowance	
	\$ Prime Cost	\$ Diminishing Value
Jun-38	8,576	8,625
Jun-39	8,576	8,598
Jun-40	8,576	8,576
Jun-41	8,576	8,555
Jun-42	8,576	8,538
Jun-43	8,576	8,522
Jun-44	8,576	8,508
Jun-45	8,576	8,496
Jun-46	8,576	8,485
Jun-47	8,466	8,476
Jun-48	8,386	8,467
Jun-49	8,386	8,459
Jun-50	8,386	8,453
Jun-51	8,386	8,446
Jun-52	8,386	8,441
Jun-53	8,386	8,436
Jun-54	8,386	8,432
Jun-55	8,386	8,428
Jun-56	8,386	8,424
Total	\$371,065	\$370,615