



**WASHINGTON BROWN**  
We know property



[www.washingtonbrown.com.au](http://www.washingtonbrown.com.au)



FILE NO: SAMPLE

9-Mar-10



CLIENT NAME



Dear Client,

**PROPERTY ADDRESS**

Thank you for choosing Washington Brown to prepare your depreciation report.



We attach for your information our assessment of depreciation for the above project based upon the Diminishing Value method and the Prime Cost method.



You must choose either the Prime Cost method or Diminishing Value method. Once you choose your method of claim, you cannot alternate between the two options.

The final page of this report is a graphical representation of the both methods in order to assist in the decision making process.



This depreciation schedule has been prepared for the sole purpose of depreciation claims and may not be used for any other purpose.

We have based our assessment upon the information as provided, together with the property inspection and our estimate of probable construction costs.

A depreciating asset as defined in the Income Tax Assessment Act (ITAA) 1997 sect. 40-30(1), is an asset that has a limited effective life and can reasonably be expected to decline in value over the time it is used.

The calculation of the amount of a deduction allowed with respect to a depreciating asset in part depends upon the cost of that asset. The cost has been determined by the amount you have paid to hold a depreciating asset



**Sydney**  
Level 2, 270 Pacific Highway  
Crows Nest NSW 2065

**Melbourne**  
Level 2, 222 Latrobe Street  
Melbourne VIC 3000

**Brisbane**  
Level 23, 127 Creek Street  
Brisbane QLD 4000

**Perth**  
Level 3, 1060 Hay Street  
West Perth WA 6005

**Cairns**  
129A Lake Street  
Cairns QLD 4870

**Adelaide**  
213 Greenhill Road  
Eastwood SA 5063

**Hobart**  
127 Bathurst Street  
Hobart Tasmania 7000



The building allowance as defined in Section 43 of the ITAA 1997 is the amount of the deduction determined by the construction cost of the entity which incurred the expenditure (and not by what an entity incurred to acquire the capital work).

We have not included items such as soft landscaping, demolition and the developers profit. However, we have included such items as design, council fees, authority fees and building preliminaries.

The items classified as plant and equipment have been determined, in part, by TR2009/4.

Where depreciating assets are co-owned, but are not partnership assets, the capital allowances provisions applies to the asset as if an individual's interest in the asset is the relevant asset. Each co-owner therefore must treat their depreciating asset (their interest in the underlying asset) in accordance with their own tax profile.

**This report will become void if you sell this property. Future owners should contact this office to discuss any future claims.**

Please refer to the year end summary pages in order to make your claim.

Washington Brown Depreciation Pty. Ltd. does not accept any contractual, tortious or other form of liability for any consequences, loss or damage which may arise as a result of any other person acting upon or using this valuation.

Yours faithfully,

*Washington Brown Depreciation Pty Ltd*

Washington Brown Depreciation Pty. Ltd.



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PURCHASE OF A BUILDING

KNOWN AS

PROPERTY ADDRESS

DATE OF SETTLEMENT  
June 15, 2008

CONTRACT EXCHANGE DATE  
April 13, 2008

CONSTRUCTION COMMENCEMENT YEAR  
2007

CERTIFICATE OF CAPITAL EXPENDITURE  
INCURRED UPON PLANT AND EQUIPMENT  
ATTRACTING DEPRECIATION AND THE BUILDING ALLOWANCE

We hereby certify that the following costs in our opinion relate to the Plant and Equipment as included within the Purchase Contract between the relevant parties.  
This certification is in accordance with Division 40 of the Income Tax Assessment Act 1997.

We hereby certify that the following costs in our opinion relate to the Capital Works Allowance as included within the Purchase Contract between the relevant parties.  
This certification is in accordance with Division 43 of the Income Tax Assessment Act 1997.



CERTIFICATE  
BASED UPON  
THE DIMINISHING VALUE METHOD

<b>CONSTRUCTION SUMMARY - DIMINISHING VALUE</b>		
DEPRECIATION & BUILDING ALLOWANCES BASED ON THE DIMINISHING VALUE METHOD AS OUTLINED IN THE NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES ) ACT1999. AMENDMENTS TO INCOME TAX ASSESSMENT ACT 1997 BY NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES) ACT 1999 (ACT 164 of 1999, ROYAL ASSENT 10 DECEMBER 1999).		
PROJECT: PROPERTY ADDRESS		DATE: 9-Mar-10
CLIENT: CLIENT NAME		JOB: SAMPLE
DESCRIPTION	VALUE	CALCULATIONS
PURCHASE PRICE	\$600,000	
BUILDING COST (CIRCA 2008)	\$291,375	
ADD BUILDERS PRELIMINARIES	\$58,712	
ADD PROFESSIONAL FEES	\$17,075	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$367,162</b>	<b>\$367,162</b>
LESS TOTAL INSTALLED COST OF PLANT & EQUIPMENT ITEMS AS SHOWN OVER	\$48,887	
LESS ALLOWANCE FOR ITEMS NOT ELIGIBLE FOR DEPRECIATION:	\$11,926	
LESS TOTAL VALUE OF LOW POOL ITEMS	\$6,213	
<b>SUB TOTAL</b>	<b>\$67,026</b>	<b>-\$67,026</b>
<b>ORIGINAL BUILDING COSTS - DIVISION 43 ALLOWANCE</b>		<b>\$300,136</b>
PLANT AND EQUIPMENT		\$11,715
LOW VALUE POOL ITEMS		\$1,165
CAPITAL WORKS ALLOWANCE (Incl. any Client added items)		\$7,503
NETT DEPRECIATION CLAIMABLE IF A FULL 365 DAYS OF THE YEAR APPLIED: <b>REFER OVER FOR THE YEAR END SUMMARY BREAKDOWN</b>		<b>\$20,383</b>

**SCHEDULE OF DEPRECIABLE ITEMS BASED UPON THE DIMINISHING VALUE METHOD**

PROJECT: PROPERTY ADDRESS  
 CLIENT: CLIENT NAME

DATE: 9-Mar-10  
 JOB: SAMPLE

**Category : ASSETS GENERALLY (10 items)**

Depreciable Item	Installed Cost	Effective Life (DV)	Diminishing Value
Air Cond - Mini split systems	\$ 12,689	10	20%
Floor coverings - Carpet	\$ 4,396	10	20%
Gym assets	\$ 276	<= \$300**	100%
Hot water systems (excluding piping) - Gas	\$ 1,740	12	16.66%
Lifts	\$ 14,226	30	6.66%
Ventilation fans	\$ 2,979	20	10%
Water pumps	\$ 257	<= \$300**	100%
Window blinds, internal	\$ 2,128	<= \$300**	100%

**Category : BATHROOM ASSETS (1 item)**

Depreciable Item	Installed Cost	Effective Life (DV)	Diminishing Value
Exhaust fans (including light/heating)	\$ 990	<= \$300**	100%

**Category : FIRE CONTROL ASSETS (7 items)**

Depreciable Item	Installed Cost	Effective Life (DV)	Diminishing Value
Detector - Alarm bells	\$ 16	<= \$300**	100%
Extinguishers	\$ 99	<= \$300**	100%

**Category : KITCHEN ASSETS (5 items)**

Depreciable Item	Installed Cost	Effective Life (DV)	Diminishing Value
Cook top	\$ 1,503	12	16.66%
Dishwasher	\$ 2,338	10	20%
Oven	\$ 1,933	12	16.66%

**Category : OUTDOOR ASSETS (7 items)**

Depreciable Item	Installed Cost	Effective Life (DV)	Diminishing Value
Automatic garage doors - Motors	\$ 44	<= \$300**	100%
Sauna heating assets	\$ 179	<= \$300**	100%
Spas - Fixed: Chlorinators & filtration (including pumps)	\$ 172	<= \$300**	100%
Spas - Heaters (Electric or gas)	\$ 150	<= \$300**	100%
Swimming pool assets - Chlorinators & filtration (including pumps)	\$ 115	<= \$300**	100%
Swimming pool assets - Cleaning assets	\$ 148	<= \$300**	100%

**Category : SECURITY & MONITORING ASSETS (2 items)**

Depreciable Item	Installed Cost	Effective Life (DV)	Diminishing Value
Access control systems - Code pads & door controllers	\$ 2,266	5	40%
Access control systems - Readers (Proximity)	\$ 243	<= \$300**	100%

<b>VALUE OF PLANT ITEMS</b>	<b>\$ 48,887</b>
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\*\* Indicates items that are less than or equal to \$300.00.

**Category : LOW VALUE POOL ITEMS (11 items)**

Depreciable Item	Installed Cost	Effective Life (DV)	Diminishing Value
Door closers	\$ 381	Low Pool*	18.75%
Master antenna television (MATV) assets	\$ 346	Low Pool*	18.75%
Detector - Detectors	\$ 337	Low Pool*	18.75%
Detector - Fire indicator panels	\$ 766	Low Pool*	18.75%
Hoses & nozzles	\$ 579	Low Pool*	18.75%
Pumps (including diesel & electric)	\$ 367	Low Pool*	18.75%
Stair - Pressurisation & extraction fans	\$ 882	Low Pool*	18.75%
Microwave oven	\$ 789	Low Pool*	18.75%
Range hood	\$ 708	Low Pool*	18.75%
Clothes dryer	\$ 727	Low Pool*	18.75%
Gardening watering system (excluding pipes)	\$ 331	Low Pool*	18.75%

<b>VALUE OF LOW POOL ITEMS</b>	<b>\$ 6,213</b>
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\* Indicates items allocated to Low Pool Category. These items must be calculated using Diminishing Value Method. Low Pool items are depreciated at 18.75% in the year of acquisition. In the following year the opening tax value of the pool is written down using the Diminishing Value rate of 37.5% p.a.

**Category : RESIDUAL BUILDING ALLOWANCE (Capital Works)**

Depreciable Item	Installed Cost	Effective Life (DV)	Diminishing Value
Residual building allowance	\$ 300,136	40	2.50%

<b>VALUE OF RESIDUAL BUILDING ALLOWANCE</b>	<b>\$ 300,136</b>
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DIMINISHING VALUE - YEAR END SUMMARY				
PROPERTY ADDRESS				
DEPRECIATION PLANT & EQUIPMENT	LOW VALUE POOL ITEMS	CAPITAL WORKS DEDUCTIONS	FINANCIAL YEAR END	AMOUNT CLAIMABLE
\$5,118	\$1,165	\$328	2007/2008	\$6,611
\$6,839	\$1,893	\$7,503	2008/2009	\$16,235
\$5,477	\$1,183	\$7,503	2009/2010	\$14,163
\$4,443	\$739	\$7,503	2010/2011	\$12,685
\$3,644	\$462	\$7,503	2011/2012	\$11,609
\$3,017	\$289	\$7,503	2012/2013	\$10,809
\$2,520	\$181	\$7,503	2013/2014	\$10,203
\$2,120	\$113	\$7,503	2014/2015	\$9,736
\$1,797	\$71	\$7,503	2015/2016	\$9,370
\$1,532	\$44	\$7,503	2016/2017	\$9,079
\$1,315	\$28	\$7,503	2017/2018	\$8,845
\$1,135	\$17	\$7,503	2018/2019	\$8,655
\$985	\$11	\$7,503	2019/2020	\$8,499
\$860	\$7	\$7,503	2020/2021	\$8,369
\$754	\$4	\$7,503	2021/2022	\$8,261
\$665	\$3	\$7,503	2022/2023	\$8,170
\$589	\$2	\$7,503	2023/2024	\$8,093
\$524	\$1	\$7,503	2024/2025	\$8,028
\$468	\$1	\$7,503	2025/2026	\$7,971
\$419	\$0	\$7,503	2026/2027	\$7,923
\$377	\$0	\$7,503	2027/2028	\$7,881
\$341	\$0	\$7,503	2028/2029	\$7,844
\$309	\$0	\$7,503	2029/2030	\$7,812
\$281	\$0	\$7,503	2030/2031	\$7,784
\$256	\$0	\$7,503	2031/2032	\$7,759
\$233	\$0	\$7,503	2032/2033	\$7,736
\$213	\$0	\$7,503	2033/2034	\$7,717
\$196	\$0	\$7,503	2034/2035	\$7,699
\$180	\$0	\$7,503	2035/2036	\$7,683
\$165	\$0	\$7,503	2036/2037	\$7,668
\$152	\$0	\$7,503	2037/2038	\$7,655
\$140	\$0	\$7,503	2038/2039	\$7,643
\$130	\$0	\$7,503	2039/2040	\$7,633
\$120	\$0	\$7,503	2040/2041	\$7,623
\$111	\$0	\$7,503	2041/2042	\$7,614
\$103	\$0	\$7,503	2042/2043	\$7,606
\$95	\$0	\$7,503	2043/2044	\$7,598
\$88	\$0	\$7,503	2044/2045	\$7,591
\$82	\$0	\$7,503	2045/2046	\$7,585
\$76	\$0	\$7,503	2046/2047	\$7,579
\$70	\$0	\$7,175	2047/2048	\$7,245



CONSTRUCTION SUMMARY - PRIME COST		
DEPRECIATION & BUILDING ALLOWANCES BASED ON THE PRIME COST METHOD AS OUTLINED IN THE NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES ) ACT1999. AMENDMENTS TO INCOME TAX ASSESSMENT ACT 1997 BY NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES) ACT 1999 (ACT 164 of 1999, ROYAL ASSENT 10 DECEMBER 1999).		
PROJECT: PROPERTY ADDRESS		DATE: 9-Mar-10
CLIENT: CLIENT NAME		JOB: SAMPLE
DESCRIPTION	VALUE	CALCULATIONS
PURCHASE PRICE	\$600,000	
BUILDING COST (CIRCA 2008)	\$291,375	
ADD BUILDERS PRELIMINARIES	\$58,712	
ADD PROFESSIONAL FEES	\$17,075	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$367,162</b>	<b>\$367,162</b>
LESS TOTAL INSTALLED COST OF PLANT & EQUIPMENT ITEMS AS SHOWN OVER	\$55,100	
LESS ALLOWANCE FOR ITEMS NOT ELIGIBLE FOR DEPRECIATION:	\$11,926	
LESS TOTAL VALUE OF LOW POOL ITEMS	N/A	
<b>SUB TOTAL</b>	<b>\$67,026</b>	<b>-\$67,026</b>
<b>ORIGINAL BUILDING COSTS - DIVISION 43 ALLOWANCE</b>		<b>\$300,136</b>
PLANT AND EQUIPMENT		\$4,456
LOW VALUE POOL ITEMS		N/A
CAPITAL WORKS ALLOWANCE (Incl. any Client added items)		\$7,503
NETT DEPRECIATION CLAIMABLE IF A FULL 365 DAYS OF THE YEAR APPLIED: <b>REFER OVER FOR THE YEAR END SUMMARY BREAKDOWN</b>		<b>\$11,959</b>

**SCHEDULE OF DEPRECIABLE ITEMS BASED UPON THE PRIME COST METHOD**

PROJECT: PROPERTY ADDRESS  
 CLIENT: CLIENT NAME

DATE: 9-Mar-10  
 JOB: SAMPLE

**Category : ASSETS GENERALLY (10 items)**

Depreciable Item	Installed Cost	Effective Life (PC)	Prime Cost
Air Cond - Mini split systems	\$ 12,689	10	10%
Door closers	\$ 381	10	10%
Floor coverings - Carpet	\$ 4,396	10	10%
Gym assets	\$ 276	10	10%
Hot water systems (excluding piping) - Gas	\$ 1,740	12	8.33%
Lifts	\$ 14,226	30	3.33%
Master antenna television (MATV) assets	\$ 346	10	10%
Ventilation fans	\$ 2,979	20	5%
Water pumps	\$ 257	20	5%
Window blinds, internal	\$ 2,128	10	10%

**Category : BATHROOM ASSETS (1 item)**

Depreciable Item	Installed Cost	Effective Life (PC)	Prime Cost
Exhaust fans (including light/heating)	\$ 990	10	10%

**Category : FIRE CONTROL ASSETS (7 items)**

Depreciable Item	Installed Cost	Effective Life (PC)	Prime Cost
Detector - Alarm bells	\$ 16	12	8.33%
Detector - Detectors	\$ 337	20	5%
Detector - Fire indicator panels	\$ 766	12	8.33%
Extinguishers	\$ 99	15	6.67%
Hoses & nozzles	\$ 579	10	10%
Pumps (including diesel & electric)	\$ 367	25	4%
Stair - Pressurisation & extraction fans	\$ 882	25	4%

**Category : KITCHEN ASSETS (5 items)**

Depreciable Item	Installed Cost	Effective Life (PC)	Prime Cost
Cook top	\$ 1,503	12	8.33%
Dishwasher	\$ 2,338	10	10%
Microwave oven	\$ 789	10	10%
Oven	\$ 1,933	12	8.33%
Range hood	\$ 708	12	8.33%

**Category : LAUNDRY ASSETS (1 item)**

Depreciable Item	Installed Cost	Effective Life (PC)	Prime Cost
Clothes dryer	\$ 727	10	10%

**Category : OUTDOOR ASSETS (7 items)**

Depreciable Item	Installed Cost	Effective Life (PC)	Prime Cost
Automatic garage doors - Motors	\$ 44	10	10%
Gardening watering system (excluding pipes)	\$ 331	5	20%
Sauna heating assets	\$ 179	15	6.67%
Spas - Fixed: Chlorinators & filtration (including pumps)	\$ 172	12	8.33%
Spas - Heaters (Electric or gas)	\$ 150	15	6.67%
Swimming pool assets - Chlorinators & filtration (including pumps)	\$ 115	12	8.33%
Swimming pool assets - Cleaning assets	\$ 148	7	14.29%

**Category : SECURITY & MONITORING ASSETS (2 items)**

Depreciable Item	Installed Cost	Effective Life (PC)	Prime Cost
Access control systems - Code pads & door controllers	\$ 2,266	5	20%
Access control systems - Readers (Proximity)	\$ 243	7	14.29%

<b>VALUE OF PLANT ITEMS</b>	<b>\$ 55,100</b>
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**Category : RESIDUAL BUILDING ALLOWANCE (Capital Works)**

Depreciable Item	Installed Cost	Effective Life (PC)	Prime Cost
Residual building allowance	\$ 300,136	40	2.50%

<b>VALUE OF RESIDUAL BUILDING ALLOWANCE</b>	<b>\$ 300,136</b>
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PRIME COST - YEAR END SUMMARY				
PROPERTY ADDRESS				
DEPRECIATION PLANT & EQUIPMENT	LOW VALUE POOL ITEMS	CAPITAL WORKS DEDUCTIONS	FINANCIAL YEAR END	AMOUNT CLAIMABLE
\$196	N/A	\$328	2007/2008	\$524
\$4,456	N/A	\$7,503	2008/2009	\$11,959
\$4,456	N/A	\$7,503	2009/2010	\$11,959
\$4,456	N/A	\$7,503	2010/2011	\$11,959
\$4,456	N/A	\$7,503	2011/2012	\$11,959
\$4,433	N/A	\$7,503	2012/2013	\$11,936
\$3,937	N/A	\$7,503	2013/2014	\$11,440
\$3,934	N/A	\$7,503	2014/2015	\$11,437
\$3,881	N/A	\$7,503	2015/2016	\$11,384
\$3,881	N/A	\$7,503	2016/2017	\$11,384
\$3,770	N/A	\$7,503	2017/2018	\$11,273
\$1,311	N/A	\$7,503	2018/2019	\$8,814
\$1,286	N/A	\$7,503	2019/2020	\$8,789
\$732	N/A	\$7,503	2020/2021	\$8,235
\$732	N/A	\$7,503	2021/2022	\$8,235
\$731	N/A	\$7,503	2022/2023	\$8,234
\$703	N/A	\$7,503	2023/2024	\$8,206
\$703	N/A	\$7,503	2024/2025	\$8,206
\$703	N/A	\$7,503	2025/2026	\$8,206
\$703	N/A	\$7,503	2026/2027	\$8,206
\$694	N/A	\$7,503	2027/2028	\$8,197
\$524	N/A	\$7,503	2028/2029	\$8,027
\$524	N/A	\$7,503	2029/2030	\$8,027
\$524	N/A	\$7,503	2030/2031	\$8,027
\$524	N/A	\$7,503	2031/2032	\$8,027
\$521	N/A	\$7,503	2032/2033	\$8,024
\$474	N/A	\$7,503	2033/2034	\$7,977
\$474	N/A	\$7,503	2034/2035	\$7,977
\$474	N/A	\$7,503	2035/2036	\$7,977
\$474	N/A	\$7,503	2036/2037	\$7,977
\$453	N/A	\$7,503	2037/2038	\$7,956
\$0	N/A	\$7,503	2038/2039	\$7,503
\$0	N/A	\$7,503	2039/2040	\$7,503
\$0	N/A	\$7,503	2040/2041	\$7,503
\$0	N/A	\$7,503	2041/2042	\$7,503
\$0	N/A	\$7,503	2042/2043	\$7,503
\$0	N/A	\$7,503	2043/2044	\$7,503
\$0	N/A	\$7,503	2044/2045	\$7,503
\$0	N/A	\$7,503	2045/2046	\$7,503
\$0	N/A	\$7,503	2046/2047	\$7,503
\$0	N/A	\$7,175	2047/2048	\$7,175

### Diminishing Value Method Vs. Prime Cost Method

