

# Tax Depreciation Estimate

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Maximising the cash return from investment properties

Parc Villas  
2 Bowman Street  
MACQUARIE ACT 2614

9 April, 2018

**Colliers International Canberra**  
**Ground Floor 21-23 Marcus Clarke Street**  
**CANBERRA ACT 2600**

**2 Bowman Street, MACQUARIE ACT 2614 - 581200**

Dear Sir/Madam,

Please find attached the BMT Tax Depreciation Estimates for the above property detailing the depreciation and associated tax allowances that may be available to the owner under the Income Tax Assessment Act 1997 (ITAA97).

This document is intended to provide a guide to the potential depreciation and building allowances available from the purchase of the above residential property, facilitating the estimation of the after tax return on the investment over the first 10 full years of ownership.

### **1.0 Information**

The following information was used in the preparation of the schedules:

- Written and verbal information provided by Colliers International Canberra.

### **2.0 Depreciation Potential – Plant and Capital Allowance**

The purchaser of the property, intending to use it for income producing purposes, is entitled to depreciation including:

- Division 40, Depreciation of Plant and Equipment; and
- Division 43, Capital Works Allowance (2.5 % pa).

The depreciation of plant and equipment items is based on the diminishing value effective life rates as published by the commissioner of taxation (2015/2).

In the scenario where plant and equipment items are not sold at an agreed value these items will be depreciated on the basis of a just attribution of the total expenditure (42-65 ITAA97).

### **3.0 Capital Work Allowance**

The special building write off allowance is based on the industry specific eligible dates. If the property qualifies for the special building write off, the applicable depreciation rate will be used. Where properties do not qualify for the special building write off allowance, no capital works allowance will be used.

The allowance for capital works will be based on the historical cost of construction less non-depreciable items.

#### 4.0 Estimate Calculation

This report is based on a just attribution of the total expenditure to estimate the allowances for plant. The estimates provided are based on the sale price as indicated, as the final purchase price at this time is not known.

This estimate has been provided for the purpose of informing the investor of the depreciation potential. Different depreciation returns are available and are influenced by the purchase price of the property.

Please note that the first year calculations are based on ownership over a full financial year.

#### 5.0 Disclaimer

This report has been based on very preliminary documentation, and the figures provided should be treated as a guide only.

As documentation improves, BMT Tax Depreciation will be able to provide more accurate estimates of depreciation.

#### 6.0 Conclusion

As can be extracted from the attached tables, the units will obtain maximum depreciation potential within the first 5 years of ownership.

BMT Tax Depreciation would be pleased to provide a complete detailed tax depreciation report on any of the units in the above property upon request.

Our results suggest employing a specialist to maximise the various tax allowances has a significant effect on improving the after tax return.

Should you or the purchaser wish to discuss the contents of this report in more detail, please do not hesitate to contact Bradley Beer at the office.

Yours Sincerely,



BMT Tax Depreciation Pty Ltd  
Quantity Surveyors

## Appendix One

### **BMT Tax Depreciation Estimate**

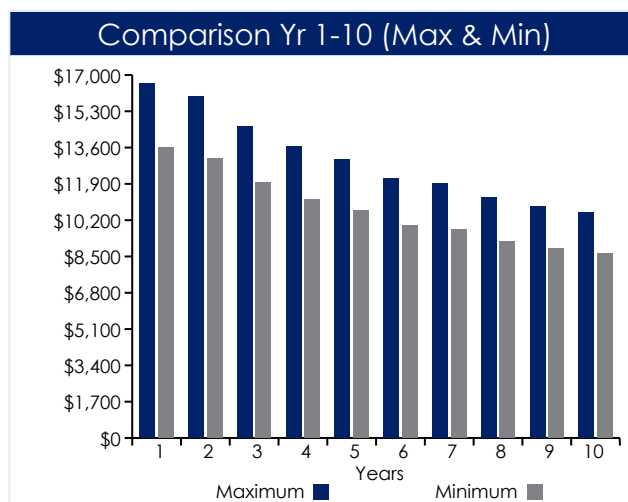
Parc Villas

2 Bowman Street

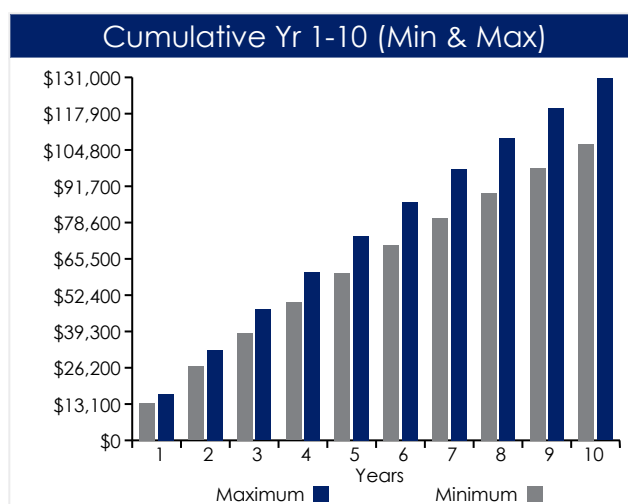
MACQUARIE ACT 2614

## Estimate of Depreciation Claimable Typical 3 Bedroom Townhouse, Parc Villas 2 Bowman Street, MACQUARIE ACT 2614

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,930	9,686	16,616
2	6,294	9,686	15,980
3	4,923	9,686	14,609
4	3,951	9,686	13,637
5	3,342	9,686	13,028
6	2,459	9,686	12,145
7	2,226	9,686	11,912
8	1,587	9,686	11,273
9	1,163	9,686	10,849
10	876	9,686	10,562
11 +	4,015	290,535	294,550
Total	\$37,766	\$387,395	\$425,161



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,670	7,925	13,595
2	5,150	7,925	13,075
3	4,028	7,925	11,953
4	3,233	7,925	11,158
5	2,734	7,925	10,659
6	2,012	7,925	9,937
7	1,822	7,925	9,747
8	1,299	7,925	9,224
9	951	7,925	8,876
10	716	7,925	8,641
11 +	3,285	237,711	240,996
Total	\$30,900	\$316,961	\$347,861



\* assumes settlement on 1 July in any given year.

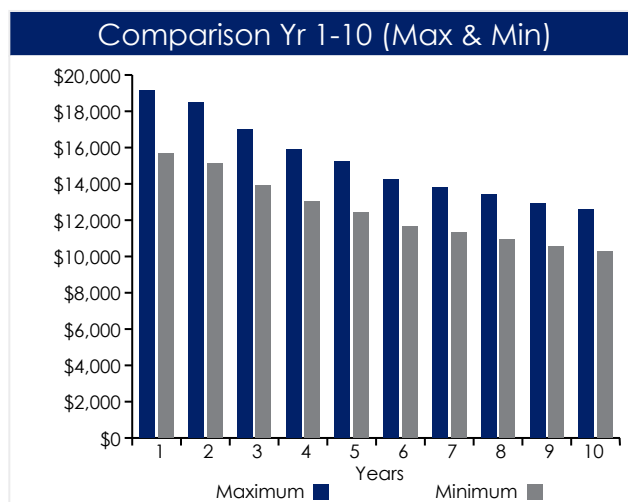
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate is based upon legislation in force at the date of report production.

### This Estimate Cannot Be Used For Taxation Purposes

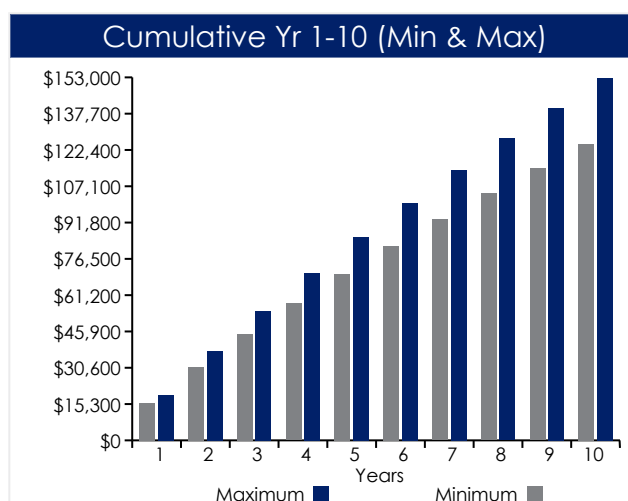
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 02 6257 4800

## Estimate of Depreciation Claimable Typical 4 Bedroom Townhouse, Parc Villas 2 Bowman Street, MACQUARIE ACT 2614

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,613	11,527	19,140
2	6,982	11,527	18,509
3	5,455	11,527	16,982
4	4,374	11,527	15,901
5	3,683	11,527	15,210
6	2,737	11,527	14,264
7	2,279	11,527	13,806
8	1,873	11,527	13,400
9	1,377	11,527	12,904
10	1,040	11,527	12,567
11 +	4,816	345,795	350,611
Total	\$42,229	\$461,065	\$503,294



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,229	9,431	15,660
2	5,712	9,431	15,143
3	4,463	9,431	13,894
4	3,578	9,431	13,009
5	3,013	9,431	12,444
6	2,239	9,431	11,670
7	1,865	9,431	11,296
8	1,533	9,431	10,964
9	1,127	9,431	10,558
10	851	9,431	10,282
11 +	3,940	282,923	286,863
Total	\$34,550	\$377,233	\$411,783



\* assumes settlement on 1 July in any given year.

This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate is based upon legislation in force at the date of report production.

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