

# BMT Tax Depreciation

QUANTITY SURVEYORS

## Tax Depreciation Estimate

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Maximising the cash return from investment properties

14 Webb Street  
MARGATE, QLD 4019

3 July, 2015

**Develop2u**

**PO Box 1020**

**OXENFORD, QLD 4210**

**14 Webb Street, MARGATE, QLD 4019 - 383295**

Dear John,

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 Develop2u.

### **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 (TR2014/4).

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

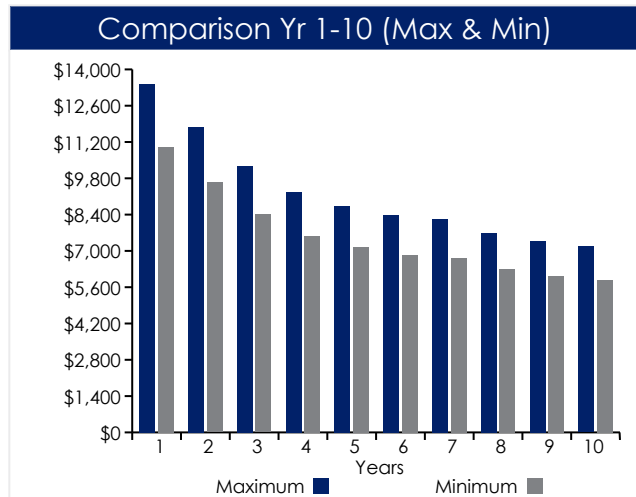
## Appendix One

# BMT Tax Depreciation Estimate

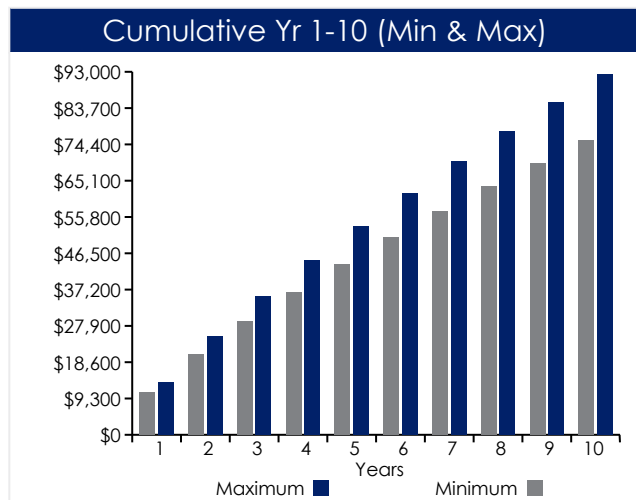
14 Webb Street  
MARGATE, QLD 4019

## Estimate of Depreciation Claimable 2 Bedroom Apartment - Unit 4 14 Webb Street, MARGATE, QLD 4019

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,608	6,830	13,438
2	4,949	6,830	11,779
3	3,439	6,830	10,269
4	2,430	6,830	9,260
5	1,909	6,830	8,739
6	1,546	6,830	8,376
7	1,398	6,830	8,228
8	875	6,830	7,705
9	547	6,830	7,377
10	343	6,830	7,173
11 +	564	204,897	205,461
<b>Total</b>	<b>\$24,608</b>	<b>\$273,197</b>	<b>\$297,805</b>



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,406	5,588	10,994
2	4,049	5,588	9,637
3	2,813	5,588	8,401
4	1,988	5,588	7,576
5	1,562	5,588	7,150
6	1,265	5,588	6,853
7	1,144	5,588	6,732
8	716	5,588	6,304
9	447	5,588	6,035
10	281	5,588	5,869
11 +	462	167,643	168,105
<b>Total</b>	<b>\$20,133</b>	<b>\$223,523</b>	<b>\$243,656</b>



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

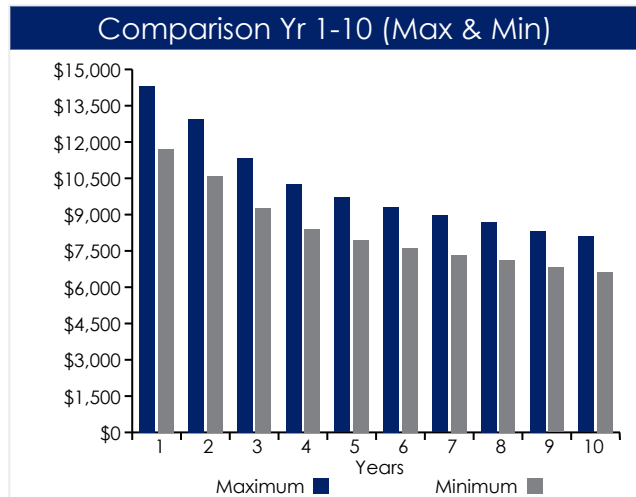
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate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

### This Estimate Cannot Be Used For Taxation Purposes

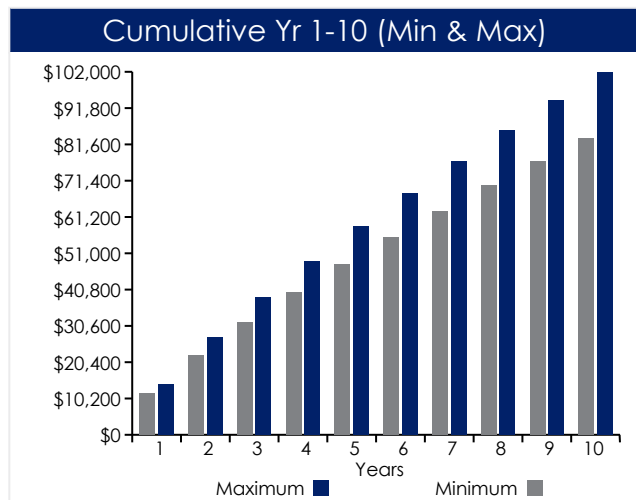
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 07 3221 9922

## Estimate of Depreciation Claimable 2 Bedroom Apartment - Unit 3 14 Webb Street, MARGATE, QLD 4019

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,602	7,710	14,312
2	5,235	7,710	12,945
3	3,630	7,710	11,340
4	2,555	7,710	10,265
5	1,994	7,710	9,704
6	1,604	7,710	9,314
7	1,255	7,710	8,965
8	985	7,710	8,695
9	617	7,710	8,327
10	385	7,710	8,095
11 +	637	231,281	231,918
Total	\$25,499	\$308,381	\$333,880



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,402	6,308	11,710
2	4,283	6,308	10,591
3	2,970	6,308	9,278
4	2,091	6,308	8,399
5	1,632	6,308	7,940
6	1,312	6,308	7,620
7	1,027	6,308	7,335
8	806	6,308	7,114
9	505	6,308	6,813
10	315	6,308	6,623
11 +	521	189,230	189,751
Total	\$20,864	\$252,310	\$273,174



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

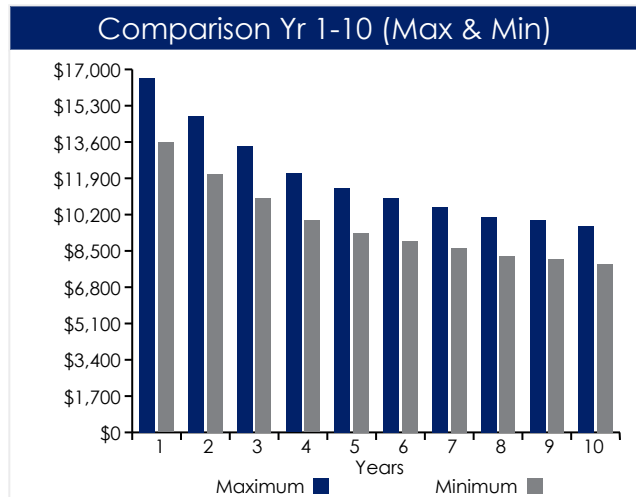
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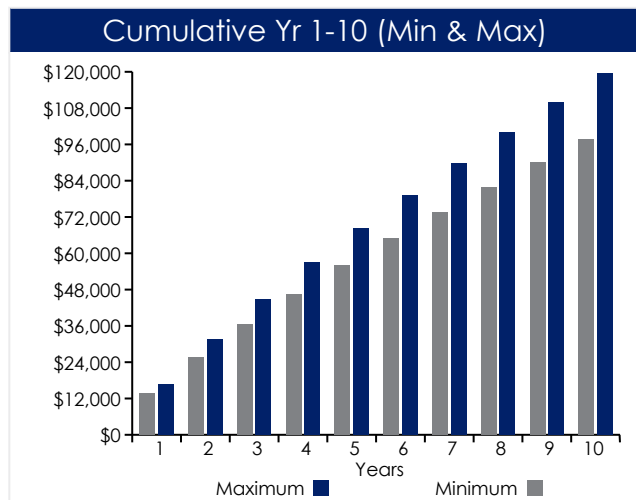
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## Estimate of Depreciation Claimable 3 Bedroom Apartment - Unit 5 14 Webb Street, MARGATE, QLD 4019

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,426	9,171	16,597
2	5,640	9,171	14,811
3	4,225	9,171	13,396
4	2,954	9,171	12,125
5	2,266	9,171	11,437
6	1,788	9,171	10,959
7	1,384	9,171	10,555
8	916	9,171	10,087
9	778	9,171	9,949
10	484	9,171	9,655
11 +	801	275,128	275,929
<b>Total</b>	<b>\$28,662</b>	<b>\$366,838</b>	<b>\$395,500</b>



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,076	7,503	13,579
2	4,614	7,503	12,117
3	3,457	7,503	10,960
4	2,417	7,503	9,920
5	1,854	7,503	9,357
6	1,463	7,503	8,966
7	1,132	7,503	8,635
8	750	7,503	8,253
9	636	7,503	8,139
10	396	7,503	7,899
11 +	655	225,104	225,759
<b>Total</b>	<b>\$23,450</b>	<b>\$300,134</b>	<b>\$323,584</b>



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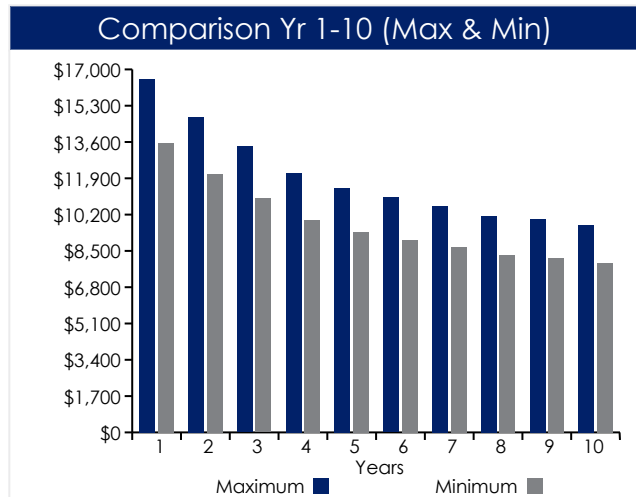
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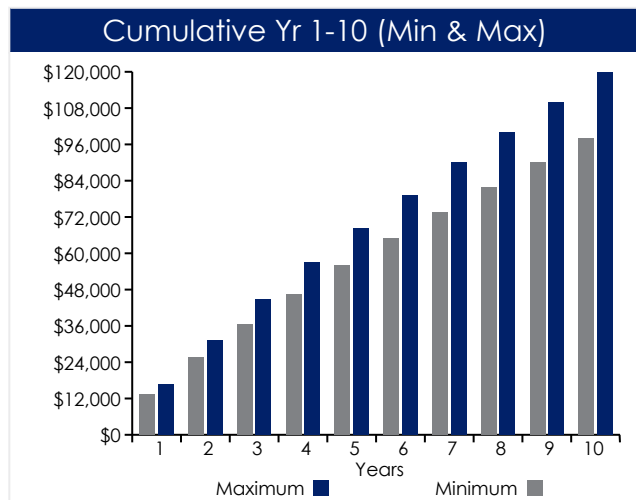
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## Estimate of Depreciation Claimable 3 Bedroom Apartment - Unit 1 14 Webb Street, MARGATE, QLD 4019

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,330	9,224	16,554
2	5,559	9,224	14,783
3	4,169	9,224	13,393
4	2,918	9,224	12,142
5	2,239	9,224	11,463
6	1,773	9,224	10,997
7	1,373	9,224	10,597
8	908	9,224	10,132
9	769	9,224	9,993
10	482	9,224	9,706
11 +	792	276,722	277,514
<b>Total</b>	<b>\$28,312</b>	<b>\$368,962</b>	<b>\$397,274</b>



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,998	7,547	13,545
2	4,549	7,547	12,096
3	3,411	7,547	10,958
4	2,388	7,547	9,935
5	1,832	7,547	9,379
6	1,451	7,547	8,998
7	1,123	7,547	8,670
8	743	7,547	8,290
9	629	7,547	8,176
10	394	7,547	7,941
11 +	648	226,409	227,057
<b>Total</b>	<b>\$23,166</b>	<b>\$301,879</b>	<b>\$325,045</b>



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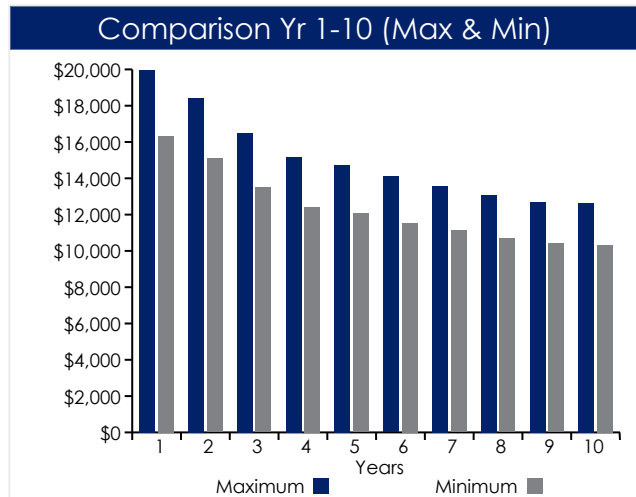
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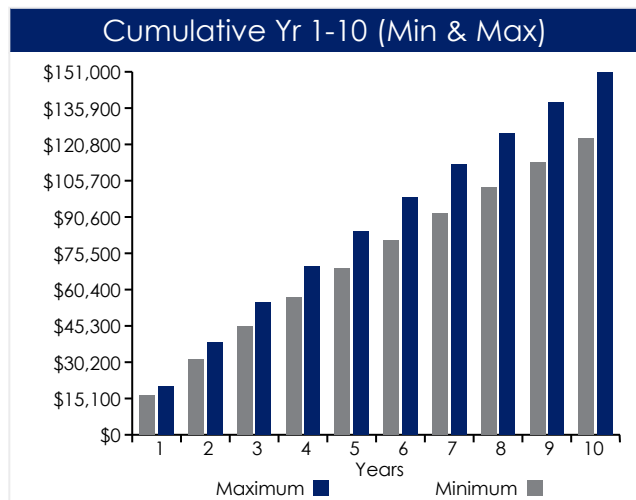


## Estimate of Depreciation Claimable 4 Bedroom Apartment - Unit 2 14 Webb Street, MARGATE, QLD 4019

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,984	12,001	19,985
2	6,446	12,001	18,447
3	4,491	12,001	16,492
4	3,183	12,001	15,184
5	2,742	12,001	14,743
6	2,104	12,001	14,105
7	1,597	12,001	13,598
8	1,060	12,001	13,061
9	715	12,001	12,716
10	645	12,001	12,646
11 +	1,069	360,036	361,105
<b>Total</b>	<b>\$32,036</b>	<b>\$480,046</b>	<b>\$512,082</b>



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,532	9,819	16,351
2	5,274	9,819	15,093
3	3,675	9,819	13,494
4	2,605	9,819	12,424
5	2,244	9,819	12,063
6	1,722	9,819	11,541
7	1,307	9,819	11,126
8	868	9,819	10,687
9	585	9,819	10,404
10	527	9,819	10,346
11 +	875	294,575	295,450
<b>Total</b>	<b>\$26,214</b>	<b>\$392,765</b>	<b>\$418,979</b>



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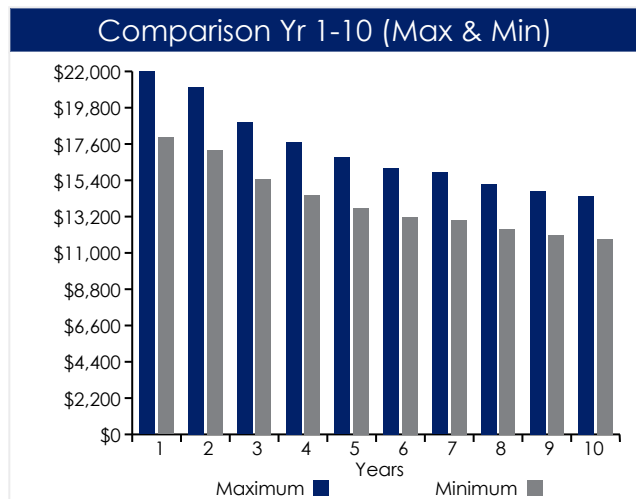
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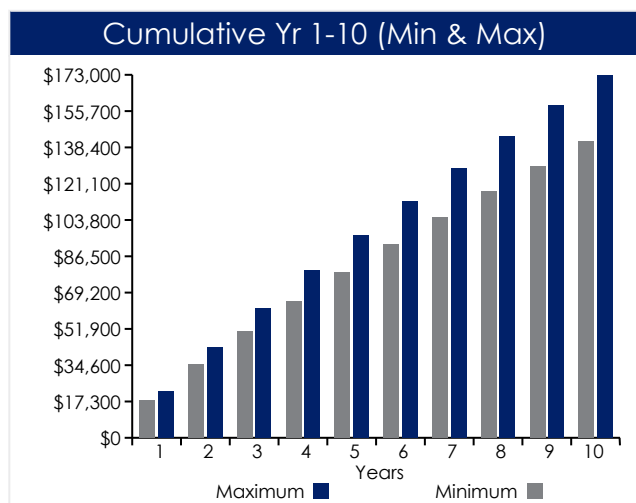
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## Estimate of Depreciation Claimable 3 Bedroom Penthouse - Unit 6 14 Webb Street, MARGATE, QLD 4019

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,148	13,842	21,990
2	7,222	13,842	21,064
3	5,057	13,842	18,899
4	3,893	13,842	17,735
5	2,939	13,842	16,781
6	2,280	13,842	16,122
7	2,030	13,842	15,872
8	1,344	13,842	15,186
9	903	13,842	14,745
10	611	13,842	14,453
11 +	1,528	415,275	416,803
<b>Total</b>	<b>\$35,955</b>	<b>\$553,695</b>	<b>\$589,650</b>



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,666	11,326	17,992
2	5,909	11,326	17,235
3	4,137	11,326	15,463
4	3,185	11,326	14,511
5	2,405	11,326	13,731
6	1,866	11,326	13,192
7	1,661	11,326	12,987
8	1,100	11,326	12,426
9	739	11,326	12,065
10	500	11,326	11,826
11 +	1,250	339,771	341,021
<b>Total</b>	<b>\$29,418</b>	<b>\$453,031</b>	<b>\$482,449</b>



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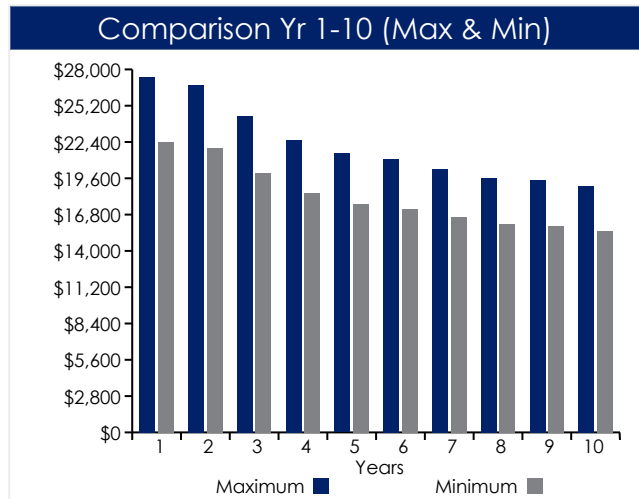
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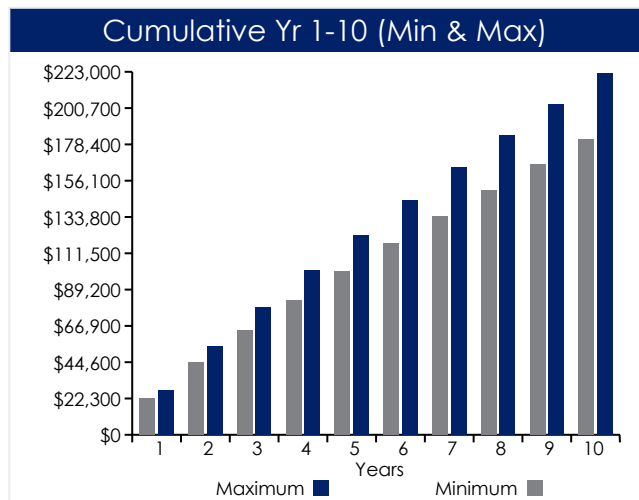
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**Estimate of Depreciation Claimable**  
**4 Bedroom Penthouse - Unit 7**  
**14 Webb Street, MARGATE, QLD 4019**

Maximum			
Year	Plant & Equipment	Division 43	Total
1	9,279	18,116	27,395
2	8,691	18,116	26,807
3	6,303	18,116	24,419
4	4,467	18,116	22,583
5	3,392	18,116	21,508
6	2,948	18,116	21,064
7	2,210	18,116	20,326
8	1,517	18,116	19,633
9	1,355	18,116	19,471
10	908	18,116	19,024
11 +	2,184	543,500	545,684
<b>Total</b>	<b>\$43,254</b>	<b>\$724,660</b>	<b>\$767,914</b>



Minimum			
Year	Plant & Equipment	Division 43	Total
1	7,592	14,822	22,414
2	7,111	14,822	21,933
3	5,157	14,822	19,979
4	3,655	14,822	18,477
5	2,776	14,822	17,598
6	2,412	14,822	17,234
7	1,808	14,822	16,630
8	1,241	14,822	16,063
9	1,109	14,822	15,931
10	743	14,822	15,565
11 +	1,787	444,682	446,469
<b>Total</b>	<b>\$35,391</b>	<b>\$592,902</b>	<b>\$628,293</b>



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