BMT Tax Depreciation
QUANTITY SURVEYORS

Capital Allowance and Tax Depreciation Schedule

Maximising the cash return from investment properties

Mr John M Iannello
1A Ada Street
PADSTOW NSW 2211

11 June 2019

Mr John M Iannello
PO Box 28
GLADESVILLE NSW 1675

Dear John,

Thank you for selecting BMT Tax Depreciation to complete your Capital Allowance and Tax Depreciation Schedule.

This document outlines the relevant information, legislation and methodology used in the assessment of the potential capital works deductions for 1A Ada Street, PADSTOW NSW 2211.

For your convenience we have included an explanation and summary of the calculations used in this schedule.

We trust our service and the deductions outlined in the following schedules will exceed your expectations. BMT strive for excellence and appreciate any feedback you may have.

Our commitment to the continuous development of our service ensures you receive the maximum depreciation deductions you're entitled to.

We invite you to register for our online portal MyBMT. MyBMT allows you to view and update your schedule, access and download existing schedules, upload property files including photos and receipts, add members of your investment team and share your schedule with your Accountant or Tax Adviser all in one convenient location. For more information and to register visit www.mybmt.bmtqs.com.au.

To learn more about property depreciation visit www.bmtqs.com.au. We have a range of free tools and resources to assist you on your property investing journey.

Should you require any further information or clarification, please contact one of our depreciation experts or our Chief Executive Officer, Mr Bradley Beer.

Once again, thank you for choosing BMT Tax Depreciation and we look forward to working with you in the future.

Yours sincerely,

BMT Tax Depreciation

BMT Tax Depreciation Pty Ltd
Quantity Surveyors
AIQS, RICS, AVAA, Tax Agent: 53712009

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BMT Capital Allowance and Tax Depreciation Schedule overview

The following is a summary of the information used by BMT Tax Depreciation when preparing this Capital Allowance and Tax Depreciation Schedule. The ownership details and structure play a significant part in the methodology that is used and subsequently changes the results of the schedule and the calculations used within it. Any changes to the ownership entity or structure may make this report inaccurate. To update your details please contact the expert team at BMT Tax Depreciation on 1300 728 726 or log in to MyBMT at www.mybmt.bmtqs.com.au.

Schedule prepared for:	Mr John M Iannello
Property address:	1A Ada Street, PADSTOW NSW 2211
Ownership interest:	100 per cent

Co-owners must divide the income and expenses for the rental property in line with their ‘interest’ in the property. The two co-owner structures are:

- Joint tenants - each holds an equal interest in the property, or
- Tenants in common - may hold unequal interests in the property, for example, one may hold a 20 per cent interest and the other an 80 per cent interest

Co-owned depreciating assets, as outlined in section 40-35 of the Income Tax Assessment Act 1997 (ITAA 1997), are able to be calculated and deducted based on each owner’s interest in the asset, and not the whole asset. For example, joint tenants with an equal 50 per cent share can claim an immediate write-off for items costing $600 or less as each co-owner’s share is no more than $300 each. When an owner's share of an asset is valued at less than $1,000, it can be added to a low-value pool assuming there is no immediate write-off.

Property type:	Residential
Purchase price:	$855,000
Settlement date:	6 May 2019
Construction completion date:	1 September 2017
Schedule start date:	7 May 2019
Date available to provide income:	7 May 2019

Methodology

The Capital Allowance and Tax Depreciation Schedule prepared for Mr John M Iannello on 1A Ada Street, PADSTOW NSW 2211 has been prepared and calculated in accordance with the legislation applicable on 11 June 2019.

The Capital Allowance and Tax Depreciation Schedule is based on BMT Tax Depreciation's understanding of the Commissioner of Taxation's assumed intent and the interpretation of the relevant tax rulings and supportive documents:

- Capital allowances in accordance with Division 10D ITAA 1936, (Sections 124ZEB-ZM and Section 124ZFB), Division 40 and 43 ITAA 1997

It is a requirement to advise BMT Tax Depreciation when any actual costs in whole or part thereof are available prior to the preparation of the Capital Allowance and Tax Depreciation Schedule. Where costs have been provided, they have been used and noted accordingly in this schedule. In the event that costs are not available, BMT Tax Depreciation use estimating procedures and methodology to adjust estimates to that on the historical date in which the actual construction or installation took place.

The construction expenditure has been determined on the basis of the estimated cost incurred in relation to the construction of a building including fixed elements, extensions, alterations and structural improvements.

Construction expenditure calculated includes:

- Preliminary expenses such as professional Architect, Engineer and Surveyor's fees and the cost of foundation excavations
- Builder's or Contractor's margin
- Allowance for contingencies

Construction expenditure calculated excludes:

- Site clearance, earthworks that are permanent, can be economically maintained and are not integral to the installation or construction of a structure
- Demolition of existing structures
- Soft landscaping
- Cost of acquiring land
- Developer's profit and overheads

The following additional information has been used in the preparation of the Capital Allowance and Tax Depreciation Schedule:

- Written and verbal information provided by Mr John M Iannello
- Verbal information provided by Canterbury-Bankstown Council
- Site inspection conducted by BMT Tax Depreciation on 4 June 2019
- Purchase price of $855,000

The following assumptions have been made in the preparation of the Capital Allowance and Tax Depreciation Schedule:

- That you are not entitled to input tax credits and therefore GST is included in the appropriate items within the schedule
- That no schedule of capital allowances existed or formed a condition of the purchase documentation
- Qualifying expenditure and capital allowance 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
- No additional actual costs in whole or part thereof are available at this time
- The owners are not carrying on a rental property business

Owners are advised to discuss and confirm the above assumptions with their Tax Adviser prior to using the Capital Allowance and Tax Depreciation Schedule.

Recent law changes were made relating to plant and equipment deductions (i.e., depreciation deductions).

The amendments to the ITAA 1997 will generally affect asset holders who acquired depreciating assets after 7:30pm on 9 May 2017, and will additionally affect some asset holders who acquired assets before this time, but were not using the asset for a taxable purpose at anytime during the 2017 income year. For completeness, the amendments should not affect asset holders who are using the assets in the course of carrying on a business. Additionally, the amendments should not apply to certain entity classes, such as corporate tax entities.

The key changes include the following:

- Subsequent owners (those who purchase a second-hand residential property) who exchange contracts after 9 May 2017 will not be able to claim depreciation on existing plant and equipment assets
- Any qualifying additional assets added to a property can be depreciated as normal if the only use at that time will be or has been for a taxable purpose
- Owners of brand new properties will generally be able to depreciate plant and equipment assets within the property if the only use at that time will be or has been for a taxable purpose
- Investors will still be eligible to claim qualifying capital works deductions, which are deductions available on the structure of the building. This includes any additional capital works carried out by themselves or a previous owner. The capital works deduction is available on residential properties whose construction commenced after 16 September 1987; and structural improvements are claimable for alterations whose construction commenced after 26 February 1992
- Under the changes, existing residential property investments will be grandfathered. This means that any investor who exchanged contracts for the acquisition of a property prior to 7.30pm 9 May 2017 can still claim plant and equipment depreciation (for assets within the property) per normal. However, if the property was not used for a taxable purpose at all during the 2017 income year and became income producing after 1 July 2017 then the amendments will apply.

The contents of this page are subject to and must be read in conjunction with the disclaimer on page 7

Disclaimer

The contents of this page and the totality of this document are subject to this disclaimer. The information contained within this document has been prepared by BMT Tax Depreciation Pty Ltd on the basis of estimated costs and information provided to BMT Tax Depreciation Pty Ltd. This document is intended for use by the client only. No information in this document may be interpreted as legal, accounting or taxation advice. Individuals should consult with their legal, accounting or taxation advisers before relying on any part of this document. This document is prepared in accordance with legislation in force at the time the asset was acquired and the date this document was produced.

Should the client not elect to use the pooling system, then the total cost figure can be used and the applicable depreciation rates applied. All pooled items have been depreciated at 18.75 per cent in the year of acquisition and 37.5 per cent each year thereafter. The cumulative capital loss total row of figures displays the amount of division 40 deductions that have not been able to be claimed during ownership up until the end of the financial year.

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Experience and qualifications

Quantity Surveyors are recognised by the Commissioner of Taxation to have appropriate construction costing skills to estimate building costs for the purpose of determining your capital works and tax depreciation deductions (see Tax Ruling 97/25).

Please find below BMT Tax Depreciation's relevant qualifications and associations with governing bodies:

- **AIQS - Australian Institute of Quantity Surveyors**

  As a member of the AIQS, a professional standards body, BMT Tax Depreciation upholds its professionalism and standards to the highest level. The institute plays an important role by ensuring that industry standards and information are continuously updated.

- **RICS - Royal Institute of Chartered Surveyors**

  BMT Tax Depreciation are proud members of RICS, allowing us access to the latest methodology used by Surveyors across Australia and the world.

- **AVAA - Auctioneers & Valuers Association of Australia**

  BMT Tax Depreciation is also a member of the AVAA. The AVAA works to elevate and maintain the standards of professional knowledge and sound practice relating to accurately valuing a variety of plant and equipment.

- **PIPA - Property Investment Professionals of Australia**

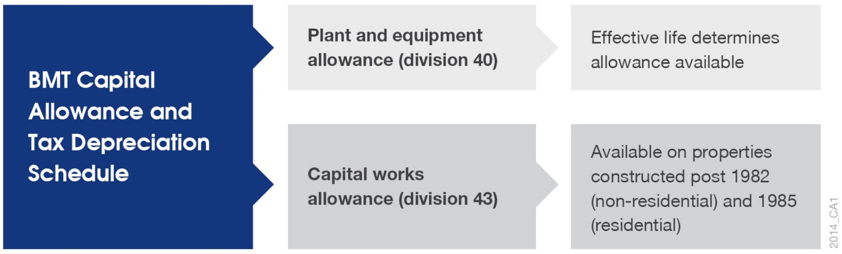
  As a member of PIPA, BMT Tax Depreciation are committed to maintaining high levels of professional standards through their work in educating property investors on the benefits of tax depreciation.

- **Registered Tax Agent**

  BMT Tax Depreciation are registered Tax Agents qualified to prepare depreciation schedules for any rental, commercial or investment property under the Tax Agents Services Act 2009. **Our Tax Agents number is 53712009.**

Summary of capital expenditure

Purchase price	$855,000
Division 43 - expenditure after purchase	$0
Total expenditure	$855,000



Division 43 – capital works allowance total as at 6 May 2019	$335,521
Division 43 – original capital works allowance total	$350,201

Division 43 as outlined in ITAA 1997, allows a deduction for capital expenditure incurred in the construction of any capital works. The deduction claimed as a capital works allowance depends on the type of construction and the date construction commenced. See the definition of division 43 within the glossary of key terms for further clarification on the qualifying dates for capital works deductions. The deductible amount for division 43 excludes both division 40 and any non qualifying balance of capital expenditure.

Division 40 - plant and equipment

The owner of the property exchanged contracts after 7.30pm 9 May 2017 or were not using the property for a taxable purpose prior to 1 July 2017. Therefore, the owner of this property is unable to claim depreciation under division 40 in relation to existing plant and equipment assets (within the property). However, the owner is able to claim any qualifying plant and equipment assets they add to the property after purchase (which are used for a taxable purpose and not second hand) and an updated schedule should be prepared when this occurs.

Balance of capital expenditure	$519,479

This represents all items included in the purchase price that do not qualify for capital works deductions or decline in value and any capital works deductions which are already exhausted. Construction expenditure that cannot be claimed (as per Australian Taxation Office (ATO) guidelines) include:

- Land
- Expenditure on clearing the land prior to construction
- Earthworks that are permanent, and are not integral to the construction
- Expenditure on soft landscaping
- Demolition

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Division 43 – capital works allowance

The table below outlines the division 43 building write-off allowance available to be claimed over forty years from the construction completion date. The depreciation calculated has been deemed to be on structural elements only completed after the legislated dates.

Works	Date	Rate	Original cost ($)
Original works	1-Sep-17	2.5 %	350,201

Calculation for write-off provision:

Years 1-21	
Period	Division 43
7-May-19 to 30-Jun-19	1,343
1-Jul-19 to 30-Jun-20	8,755
1-Jul-20 to 30-Jun-21	8,755
1-Jul-21 to 30-Jun-22	8,755
1-Jul-22 to 30-Jun-23	8,755
1-Jul-23 to 30-Jun-24	8,755
1-Jul-24 to 30-Jun-25	8,755
1-Jul-25 to 30-Jun-26	8,755
1-Jul-26 to 30-Jun-27	8,755
1-Jul-27 to 30-Jun-28	8,755
1-Jul-28 to 30-Jun-29	8,755
1-Jul-29 to 30-Jun-30	8,755
1-Jul-30 to 30-Jun-31	8,755
1-Jul-31 to 30-Jun-32	8,755
1-Jul-32 to 30-Jun-33	8,755
1-Jul-33 to 30-Jun-34	8,755
1-Jul-34 to 30-Jun-35	8,755
1-Jul-35 to 30-Jun-36	8,755
1-Jul-36 to 30-Jun-37	8,755
1-Jul-37 to 30-Jun-38	8,755
1-Jul-38 to 30-Jun-39	8,755

Years 22-41	
Period	Division 43
1-Jul-39 to 30-Jun-40	8,755
1-Jul-40 to 30-Jun-41	8,755
1-Jul-41 to 30-Jun-42	8,755
1-Jul-42 to 30-Jun-43	8,755
1-Jul-43 to 30-Jun-44	8,755
1-Jul-44 to 30-Jun-45	8,755
1-Jul-45 to 30-Jun-46	8,755
1-Jul-46 to 30-Jun-47	8,755
1-Jul-47 to 30-Jun-48	8,755
1-Jul-48 to 30-Jun-49	8,755
1-Jul-49 to 30-Jun-50	8,755
1-Jul-50 to 30-Jun-51	8,755
1-Jul-51 to 30-Jun-52	8,755
1-Jul-52 to 30-Jun-53	8,755
1-Jul-53 to 30-Jun-54	8,755
1-Jul-54 to 30-Jun-55	8,755
1-Jul-55 to 30-Jun-56	8,755
1-Jul-56 to 30-Jun-57	8,755
1-Jul-57 to 30-Jun-58	1,488
1-Jul-58 to 30-Jun-59	0
Total	335,521

Appendix - capital loss (plant and equipment)

Capital Gains Tax (CGT) is a form of income tax which a property owner is liable to pay within the financial year that they sell their property.

Introduced on 20 September 1985, CGT is the tax payable on the difference between what it cost you to purchase an asset and the amount you received when you disposed of it.

Selling price **minus** transaction costs	Minus	Original purchase price **plus** associated transaction costs	Equals	Capital gain (or loss)

When you sell a property this triggers a 'CGT event'. Investors may not be liable for paying CGT if they fall within any of the exemption rules provided by the ATO. This includes a main residence exemption, and the CGT discount available to those who sell a property they have held for longer than twelve months. For further details, refer to www.bmtqs.com.au/capital-gains-tax

The recent law changes affecting claims for plant and equipment in a residential investment property allow a capital loss to be calculated when an asset is disposed of (e.g., scrapped or sold as part of the sale of the property) for less than its original cost, and depreciation claims for the asset were denied because of the changes. Under the CGT rules, a capital loss can generally be offset against a capital gain and if there is no capital gain in the current year, the capital loss can generally be carried forward and offset against a future capital gain.

In order to calculate a capital loss on disposal, the original value or cost of the asset would need to have been determined at the time of purchase. The asset's termination value (e.g., selling price or scrap value) would then need to be determined on the disposal of the asset. The capital loss as outlined above would be calculated as the difference between the asset's termination value and its original value or cost, assuming no depreciation amounts for the asset were allowed as deductions.

The calculation of a capital loss is particularly relevant in certain situations, including when an asset is scrapped, where there is a partial or full CGT main residence exemption, and where the contract date and settlement date for the sale of the property occur in separate financial years.

The capital loss amount on the disposal of an asset will include the depreciation amount that could not be claimed by the owner (as a result of the recent changes). Further, the capital loss on disposal should be equal to the depreciation amount that could not be claimed in relation to the asset, where the termination value happens to be equal to the asset's written down value. However, in accordance with ATO guidelines, an asset's termination value does not necessarily equate to its selling or market value.

The following tables allow a property investor to calculate a capital loss when a depreciating asset (affected by the recent changes) is disposed of, by providing information on the values of such assets at the time of purchase. The tables also provide information on the depreciation amount that could not be claimed for each affected asset as a result of the recent changes. We recommend that property investors speak with an Accountant or Tax Adviser when using these tables and completing the above calculation process.

Original division 40 cost $31,220

Capital loss as @	Capital loss division 40 diminishing value ($)	Cumulative capital loss division 40 diminishing value ($)	Capital loss division 40 prime cost ($)	Cumulative capital loss division 40 prime cost ($)
7-May-19 to 30-Jun-19	2,528	2,528	948	948
1-Jul-19 to 30-Jun-20	5,646	8,174	2,479	3,427
1-Jul-20 to 30-Jun-21	4,438	12,612	2,479	5,906
1-Jul-21 to 30-Jun-22	3,489	16,101	2,479	8,385
1-Jul-22 to 30-Jun-23	2,646	18,747	2,479	10,864
1-Jul-23 to 30-Jun-24	2,243	20,990	2,468	13,332
1-Jul-24 to 30-Jun-25	1,885	22,875	2,398	15,730
1-Jul-25 to 30-Jun-26	1,418	24,293	2,354	18,084
1-Jul-26 to 30-Jun-27	1,255	25,548	2,354	20,438
1-Jul-27 to 30-Jun-28	932	26,480	2,354	22,792
1-Jul-28 to 30-Jun-29	714	27,194	2,179	24,971
1-Jul-29 to 30-Jun-30	563	27,757	1,189	26,160
1-Jul-30 to 30-Jun-31	679	28,436	1,125	27,285
1-Jul-31 to 30-Jun-32	487	28,923	697	27,982
1-Jul-32 to 30-Jun-33	359	29,282	697	28,679
1-Jul-33 to 30-Jun-34	275	29,557	646	29,325
1-Jul-34 to 30-Jun-35	217	29,774	393	29,718
1-Jul-35 to 30-Jun-36	176	29,950	393	30,111
1-Jul-36 to 30-Jun-37	147	30,097	393	30,504
1-Jul-37 to 30-Jun-38	125	30,222	393	30,897
1-Jul-38 to 30-Jun-39	375	30,597	323	31,220
1-Jul-39 to 30-Jun-40	234	30,831	0	31,220
1-Jul-40 to 30-Jun-41	147	30,978	0	31,220
1-Jul-41 to 30-Jun-42	91	31,069	0	31,220
1-Jul-42 to 30-Jun-43	57	31,126	0	31,220
1-Jul-43 to 30-Jun-44	36	31,162	0	31,220
1-Jul-44 to 30-Jun-45	22	31,184	0	31,220
1-Jul-45 to 30-Jun-46	14	31,198	0	31,220
1-Jul-46 to 30-Jun-47	8	31,206	0	31,220
1-Jul-47 to 30-Jun-48	5	31,211	0	31,220
1-Jul-48 to 30-Jun-49	3	31,214	0	31,220
1-Jul-49 to 30-Jun-50	2	31,216	0	31,220
1-Jul-50 to 30-Jun-51	2	31,218	0	31,220
1-Jul-51 to 30-Jun-52	1	31,219	0	31,220
1-Jul-52 to 30-Jun-53	1	31,220	0	31,220
1-Jul-53 to 30-Jun-54	0	31,220	0	31,220
1-Jul-54 to 30-Jun-55	0	31,220	0	31,220
1-Jul-55 to 30-Jun-56	0	31,220	0	31,220
1-Jul-56 to 30-Jun-57	0	31,220	0	31,220
1-Jul-57 to 30-Jun-58	0	31,220	0	31,220
1-Jul-58 to 30-Jun-59	0	31,220	0	31,220

Capital loss diminishing value method schedule (years 1 - 5)

Tax grouping	Total cost @ 7-May-19 ($)	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-23 ($)
				7-May-19 30-Jun-19 Year 1 ($)	1-Jul-19 30-Jun-20 Year 2 ($)	1-Jul-20 30-Jun-21 Year 3 ($)	1-Jul-21 30-Jun-22 Year 4 ($)	1-Jul-22 30-Jun-23 Year 5 ($)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air Conditioning - Packaged Unit	7,312	20	10.0 %	110	720	648	583	525	4,726
Automatic Garage Door - Controls	151	5	100.0 %	151	0	0	0	0	0
Automatic Garage Door - Motors	619	10	37.5 %	0*	0	0	0	0	76
Bathroom Accessories - Freestanding	355	5	37.5 %	0*	0	0	0	0	44
Blinds	4,613	10	37.5 %	0*	0	0	0	0	572
Carpet	4,579	10	20.0 %	138	888	711	568	455	1,819
Cooktops	1,130	12	16.7 %	28	184	0*	0	0	224
Dishwashers	1,290	10	20.0 %	39	250	200	0*	0	313
Floating Timber Floors	4,555	15	13.3 %	92	595	516	447	387	2,518
Garbage Bins	247	10	100.0 %	247	0	0	0	0	0
Heat, Light & Exhaust Units	549	10	37.5 %	0*	0	0	0	0	68
Hot Water Systems	1,936	12	16.7 %	49	315	262	218	182	910
Light Shades	177	5	100.0 %	177	0	0	0	0	0
Ovens	2,151	12	16.7 %	54	350	291	243	202	1,011
Rangehoods	697	12	37.5 %	0*	0	0	0	0	86
Smoke Alarms	322	6	37.5 %	0*	0	0	0	0	40
Water Pumps	537	20	37.5 %	0*	0	0	0	0	66
Subtotal	31,220			1,085	3,302	2,628	2,059	1,751	12,473
Total division 40 - effective life rate	23,528			1,085	3,302	2,628	2,059	1,751	10,074
Total division 40 - pooled (Page 17)	7,692			1,443	2,344	1,810	1,430	895	2,399
Total division 40	31,220			2,528	5,646	4,438	3,489	2,646	12,473
Cumulative capital loss total				2,528	8,174	12,612	16,101	18,747	

*Low cost assets and low value assets have been allocated to the low value pooling table.

Capital loss diminishing value method schedule (years 6 - 10)

Tax grouping	Total cost @ 1-Jul-23 ($)	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-28 ($)
				1-Jul-23 30-Jun-24 Year 6 ($)	1-Jul-24 30-Jun-25 Year 7 ($)	1-Jul-25 30-Jun-26 Year 8 ($)	1-Jul-26 30-Jun-27 Year 9 ($)	1-Jul-27 30-Jun-28 Year 10 ($)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air Conditioning - Packaged Unit	4,726	20	10.0 %	473	425	383	345	310	2,790
Automatic Garage Door - Controls	0	5	100.0 %	0	0	0	0	0	0
Automatic Garage Door - Motors	76	10	37.5 %	0	0	0	0	0	7
Bathroom Accessories - Freestanding	44	5	37.5 %	0	0	0	0	0	4
Blinds	572	10	37.5 %	0	0	0	0	0	54
Carpet	1,819	10	20.0 %	364	291	233	0*	0	364
Cooktops	224	12	37.5 %	0	0	0	0	0	21
Dishwashers	313	10	37.5 %	0	0	0	0	0	29
Floating Timber Floors	2,518	15	13.3 %	336	291	252	219	189	1,231
Garbage Bins	0	10	100.0 %	0	0	0	0	0	0
Heat, Light & Exhaust Units	68	10	37.5 %	0	0	0	0	0	6
Hot Water Systems	910	12	37.5 %	0*	0	0	0	0	87
Light Shades	0	5	100.0 %	0	0	0	0	0	0
Ovens	1,011	12	16.7 %	169	0*	0	0	0	129
Rangehoods	86	12	37.5 %	0	0	0	0	0	8
Smoke Alarms	40	6	37.5 %	0	0	0	0	0	4
Water Pumps	66	20	37.5 %	0	0	0	0	0	6
Subtotal	12,473			1,342	1,007	868	564	499	4,740
Total division 40 - effective life rate	10,074			1,342	1,007	868	564	499	4,021
Total division 40 - pooled (Page 18)	2,399			901	878	550	691	433	719
Total division 40	12,473			2,243	1,885	1,418	1,255	932	4,740
Cumulative capital loss total				20,990	22,875	24,293	25,548	26,480	

*Low cost assets and low value assets have been allocated to the low value pooling table.

Capital loss diminishing value method schedule (years 11 - 15)

Tax grouping	Total cost @ 1-Jul-28 ($)	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-33 ($)
				1-Jul-28 30-Jun-29 Year 11 ($)	1-Jul-29 30-Jun-30 Year 12 ($)	1-Jul-30 30-Jun-31 Year 13 ($)	1-Jul-31 30-Jun-32 Year 14 ($)	1-Jul-32 30-Jun-33 Year 15 ($)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air Conditioning - Packaged Unit	2,790	20	10.0 %	279	251	226	203	183	1,648
Automatic Garage Door - Controls	0	5	100.0 %	0	0	0	0	0	0
Automatic Garage Door - Motors	7	10	37.5 %	0	0	0	0	0	0
Bathroom Accessories - Freestanding	4	5	37.5 %	0	0	0	0	0	0
Blinds	54	10	37.5 %	0	0	0	0	0	5
Carpet	364	10	37.5 %	0	0	0	0	0	35
Cooktops	21	12	37.5 %	0	0	0	0	0	2
Dishwashers	29	10	37.5 %	0	0	0	0	0	2
Floating Timber Floors	1,231	15	13.3 %	164	142	0*	0	0	226
Garbage Bins	0	10	100.0 %	0	0	0	0	0	0
Heat, Light & Exhaust Units	6	10	37.5 %	0	0	0	0	0	0
Hot Water Systems	87	12	37.5 %	0	0	0	0	0	8
Light Shades	0	5	100.0 %	0	0	0	0	0	0
Ovens	129	12	37.5 %	0	0	0	0	0	12
Rangehoods	8	12	37.5 %	0	0	0	0	0	0
Smoke Alarms	4	6	37.5 %	0	0	0	0	0	0
Water Pumps	6	20	37.5 %	0	0	0	0	0	0
Subtotal	4,740			443	393	226	203	183	1,938
Total division 40 - effective life rate	4,021			443	393	226	203	183	1,648
Total division 40 - pooled (Page 19)	719			271	170	453	284	176	290
Total division 40	4,740			714	563	679	487	359	1,938
Cumulative capital loss total				27,194	27,757	28,436	28,923	29,282	

*Low cost assets and low value assets have been allocated to the low value pooling table.

Capital loss diminishing value method schedule (years 16 - 20)

Tax grouping	Total cost @ 1-Jul-33 ($)	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-38 ($)
				1-Jul-33 30-Jun-34 Year 16 ($)	1-Jul-34 30-Jun-35 Year 17 ($)	1-Jul-35 30-Jun-36 Year 18 ($)	1-Jul-36 30-Jun-37 Year 19 ($)	1-Jul-37 30-Jun-38 Year 20 ($)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air Conditioning - Packaged Unit	1,648	20	10.0 %	165	148	134	120	108	973
Automatic Garage Door - Controls	0	5	100.0 %	0	0	0	0	0	0
Automatic Garage Door - Motors	0	10	37.5 %	0	0	0	0	0	0
Bathroom Accessories - Freestanding	0	5	37.5 %	0	0	0	0	0	0
Blinds	5	10	37.5 %	0	0	0	0	0	0
Carpet	35	10	37.5 %	0	0	0	0	0	4
Cooktops	2	12	37.5 %	0	0	0	0	0	0
Dishwashers	2	10	37.5 %	0	0	0	0	0	0
Floating Timber Floors	226	15	37.5 %	0	0	0	0	0	21
Garbage Bins	0	10	100.0 %	0	0	0	0	0	0
Heat, Light & Exhaust Units	0	10	37.5 %	0	0	0	0	0	0
Hot Water Systems	8	12	37.5 %	0	0	0	0	0	0
Light Shades	0	5	100.0 %	0	0	0	0	0	0
Ovens	12	12	37.5 %	0	0	0	0	0	0
Rangehoods	0	12	37.5 %	0	0	0	0	0	0
Smoke Alarms	0	6	37.5 %	0	0	0	0	0	0
Water Pumps	0	20	37.5 %	0	0	0	0	0	0
Subtotal	1,938			165	148	134	120	108	998
Total division 40 - effective life rate	1,648			165	148	134	120	108	0
Total division 40 - pooled (Page 20)	290			110	69	42	27	17	998
Total division 40	1,938			275	217	176	147	125	998
Cumulative capital loss total				29,557	29,774	29,950	30,097	30,222	

*Low cost assets and low value assets have been allocated to the low value pooling table.

Capital loss diminishing value method pooling schedule (years 1 - 5)

Tax grouping	Total cost @ Pooling start ($)	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-23 ($)
				7-May-19 30-Jun-19 Year 1 ($)	1-Jul-19 30-Jun-20 Year 2 ($)	1-Jul-20 30-Jun-21 Year 3 ($)	1-Jul-21 30-Jun-22 Year 4 ($)	1-Jul-22 30-Jun-23 Year 5 ($)	
Division 40 - plant & equipment (Pooling rates)									
Existing unit specific									
Air Conditioning - Packaged Unit	*973	20	0.0 %	0	0	0	0	0	0
Automatic Garage Door - Controls	0	5	0.0 %	0	0	0	0	0	0
Automatic Garage Door - Motors	619	10	37.5 %	116	189	118	74	46	76
Bathroom Accessories - Freestanding	355	5	37.5 %	67	108	68	42	26	44
Blinds	4,613	10	37.5 %	865	1,406	878	549	343	572
Carpet	*931	10	0.0 %	0	0	0	0	0	0
Cooktops	*918	12	37.5 %	0	0	344	215	135	224
Dishwashers	*801	10	37.5 %	0	0	0	300	188	313
Floating Timber Floors	*925	15	0.0 %	0	0	0	0	0	0
Garbage Bins	0	10	0.0 %	0	0	0	0	0	0
Heat, Light & Exhaust Units	549	10	37.5 %	103	167	105	65	41	68
Hot Water Systems	*910	12	0.0 %	0	0	0	0	0	910
Light Shades	0	5	0.0 %	0	0	0	0	0	0
Ovens	*842	12	0.0 %	0	0	0	0	0	0
Rangehoods	697	12	37.5 %	131	212	133	83	52	86
Smoke Alarms	322	6	37.5 %	60	98	62	38	24	40
Water Pumps	537	20	37.5 %	101	164	102	64	40	66
Subtotal	7,692			1,443	2,344	1,810	1,430	895	2,399
Total - pooled items	7,692			1,443	2,344	1,810	1,430	895	2,399
Cumulative capital loss total				1,443	3,787	5,597	7,027	7,922	

Items marked by an * are allocated to the low-value pool in later years.

Capital loss diminishing value method pooling schedule (years 6 - 10)

Tax grouping	Total cost @ Pooling start ($)	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-28 ($)
				1-Jul-23 30-Jun-24 Year 6 ($)	1-Jul-24 30-Jun-25 Year 7 ($)	1-Jul-25 30-Jun-26 Year 8 ($)	1-Jul-26 30-Jun-27 Year 9 ($)	1-Jul-27 30-Jun-28 Year 10 ($)	
Division 40 - plant & equipment (Pooling rates)									
Existing unit specific									
Air Conditioning - Packaged Unit	*973	20	0.0 %	0	0	0	0	0	0
Automatic Garage Door - Controls	0	5	0.0 %	0	0	0	0	0	0
Automatic Garage Door - Motors	76	10	37.5 %	29	18	11	7	4	7
Bathroom Accessories - Freestanding	44	5	37.5 %	17	10	6	4	3	4
Blinds	572	10	37.5 %	215	134	84	52	33	54
Carpet	*931	10	37.5 %	0	0	0	349	218	364
Cooktops	224	12	37.5 %	84	53	33	20	13	21
Dishwashers	313	10	37.5 %	117	74	46	29	18	29
Floating Timber Floors	*925	15	0.0 %	0	0	0	0	0	0
Garbage Bins	0	10	0.0 %	0	0	0	0	0	0
Heat, Light & Exhaust Units	68	10	37.5 %	26	16	10	6	4	6
Hot Water Systems	910	12	37.5 %	341	213	134	83	52	87
Light Shades	0	5	0.0 %	0	0	0	0	0	0
Ovens	*842	12	37.5 %	0	316	197	123	77	129
Rangehoods	86	12	37.5 %	32	20	13	8	5	8
Smoke Alarms	40	6	37.5 %	15	9	6	4	2	4
Water Pumps	66	20	37.5 %	25	15	10	6	4	6
Subtotal	2,399			901	878	550	691	433	719
Total - pooled items	2,399			901	878	550	691	433	719
Cumulative capital loss total				8,823	9,701	10,251	10,942	11,375	

Items marked by an * are allocated to the low-value pool in later years.

Capital loss diminishing value method pooling schedule (years 11 - 15)

Tax grouping	Total cost @ Pooling start ($)	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-33 ($)
				1-Jul-28 30-Jun-29 Year 11 ($)	1-Jul-29 30-Jun-30 Year 12 ($)	1-Jul-30 30-Jun-31 Year 13 ($)	1-Jul-31 30-Jun-32 Year 14 ($)	1-Jul-32 30-Jun-33 Year 15 ($)	
Division 40 - plant & equipment (Pooling rates)									
Existing unit specific									
Air Conditioning - Packaged Unit	*973	20	0.0 %	0	0	0	0	0	0
Automatic Garage Door - Controls	0	5	0.0 %	0	0	0	0	0	0
Automatic Garage Door - Motors	7	10	37.5 %	3	2	1	1	0	0
Bathroom Accessories - Freestanding	4	5	37.5 %	2	1	1	0	0	0
Blinds	54	10	37.5 %	20	13	8	5	3	5
Carpet	364	10	37.5 %	137	85	53	33	21	35
Cooktops	21	12	37.5 %	8	5	3	2	1	2
Dishwashers	29	10	37.5 %	11	7	4	3	2	2
Floating Timber Floors	*925	15	37.5 %	0	0	347	217	135	226
Garbage Bins	0	10	0.0 %	0	0	0	0	0	0
Heat, Light & Exhaust Units	6	10	37.5 %	2	2	1	1	0	0
Hot Water Systems	87	12	37.5 %	33	20	13	8	5	8
Light Shades	0	5	0.0 %	0	0	0	0	0	0
Ovens	129	12	37.5 %	48	30	19	12	8	12
Rangehoods	8	12	37.5 %	3	2	1	1	1	0
Smoke Alarms	4	6	37.5 %	2	1	1	0	0	0
Water Pumps	6	20	37.5 %	2	2	1	1	0	0
Subtotal	719			271	170	453	284	176	290
Total - pooled items	719			271	170	453	284	176	290
Cumulative capital loss total				11,646	11,816	12,269	12,553	12,729	

Items marked by an * are allocated to the low-value pool in later years.

Capital loss diminishing value method pooling schedule (years 16 - 20)

Tax grouping	Total cost @ Pooling start ($)	Effective life (Years)	Basic rate (DV)	Depreciation allowance					TWDV @ 1-Jul-38 ($)
				1-Jul-33 30-Jun-34 Year 16 ($)	1-Jul-34 30-Jun-35 Year 17 ($)	1-Jul-35 30-Jun-36 Year 18 ($)	1-Jul-36 30-Jun-37 Year 19 ($)	1-Jul-37 30-Jun-38 Year 20 ($)	
Division 40 - plant & equipment (Pooling rates)									
Existing unit specific									
Air Conditioning - Packaged Unit	*973	20	0.0 %	0	0	0	0	0	973
Automatic Garage Door - Controls	0	5	0.0 %	0	0	0	0	0	0
Automatic Garage Door - Motors	0	10	0.0 %	0	0	0	0	0	0
Bathroom Accessories - Freestanding	0	5	0.0 %	0	0	0	0	0	0
Blinds	5	10	37.5 %	2	1	1	1	0	0
Carpet	35	10	37.5 %	13	8	5	3	2	4
Cooktops	2	12	37.5 %	1	1	0	0	0	0
Dishwashers	2	10	37.5 %	1	1	0	0	0	0
Floating Timber Floors	226	15	37.5 %	85	53	33	21	13	21
Garbage Bins	0	10	0.0 %	0	0	0	0	0	0
Heat, Light & Exhaust Units	0	10	0.0 %	0	0	0	0	0	0
Hot Water Systems	8	12	37.5 %	3	2	1	1	1	0
Light Shades	0	5	0.0 %	0	0	0	0	0	0
Ovens	12	12	37.5 %	5	3	2	1	1	0
Rangehoods	0	12	0.0 %	0	0	0	0	0	0
Smoke Alarms	0	6	0.0 %	0	0	0	0	0	0
Water Pumps	0	20	0.0 %	0	0	0	0	0	0
Subtotal	290			110	69	42	27	17	998
Total - pooled items	290			110	69	42	27	17	998
Cumulative capital loss total				12,839	12,908	12,950	12,977	12,994	

Items marked by an * are allocated to the low-value pool in later years.

Capital loss prime cost method schedule (years 1 - 5)

Tax grouping	Total cost @ 7-May-19 ($)	Effective life (Years)	Basic rate (PC)	Deferred depreciation					TWDV @ 1-Jul-23 ($)
				7-May-19 30-Jun-19 Year 1 ($)	1-Jul-19 30-Jun-20 Year 2 ($)	1-Jul-20 30-Jun-21 Year 3 ($)	1-Jul-21 30-Jun-22 Year 4 ($)	1-Jul-22 30-Jun-23 Year 5 ($)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air Conditioning - Packaged Unit	7,312	20	5.0 %	55	366	366	366	366	5,793
Automatic Garage Door - Controls	151	5	100.0 %	151	0	0	0	0	0
Automatic Garage Door - Motors	619	10	10.0 %	9	62	62	62	62	362
Bathroom Accessories - Freestanding	355	5	20.0 %	11	71	71	71	71	60
Blinds	4,613	10	10.0 %	70	461	461	461	461	2,699
Carpet	4,579	10	10.0 %	69	458	458	458	458	2,678
Cooktops	1,130	12	8.3 %	14	94	94	94	94	740
Dishwashers	1,290	10	10.0 %	19	129	129	129	129	755
Floating Timber Floors	4,555	15	6.7 %	46	304	304	304	304	3,293
Garbage Bins	247	10	100.0 %	247	0	0	0	0	0
Heat, Light & Exhaust Units	549	10	10.0 %	8	55	55	55	55	321
Hot Water Systems	1,936	12	8.3 %	24	161	161	161	161	1,268
Light Shades	177	5	100.0 %	177	0	0	0	0	0
Ovens	2,151	12	8.3 %	27	179	179	179	179	1,408
Rangehoods	697	12	8.3 %	9	58	58	58	58	456
Smoke Alarms	322	6	16.7 %	8	54	54	54	54	98
Water Pumps	537	20	5.0 %	4	27	27	27	27	425
Subtotal	31,220			948	2,479	2,479	2,479	2,479	20,356
Total division 40	31,220			948	2,479	2,479	2,479	2,479	20,356
Cumulative capital loss total				948	3,427	5,906	8,385	10,864	

The contents of this page are subject to and must be read in conjunction with the disclaimer on page 7

Capital loss prime cost method schedule (years 6 - 10)

Tax grouping	Total cost @ 1-Jul-23 ($)	Effective life (Years)	Basic rate (PC)	Deferred depreciation					TWDV @ 1-Jul-28 ($)
				1-Jul-23 30-Jun-24 Year 6 ($)	1-Jul-24 30-Jun-25 Year 7 ($)	1-Jul-25 30-Jun-26 Year 8 ($)	1-Jul-26 30-Jun-27 Year 9 ($)	1-Jul-27 30-Jun-28 Year 10 ($)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air Conditioning - Packaged Unit	5,793	20	5.0 %	366	366	366	366	366	3,963
Automatic Garage Door - Controls	0	5	100.0 %	0	0	0	0	0	0
Automatic Garage Door - Motors	362	10	10.0 %	62	62	62	62	62	52
Bathroom Accessories - Freestanding	60	5	20.0 %	60	0	0	0	0	0
Blinds	2,699	10	10.0 %	461	461	461	461	461	394
Carpet	2,678	10	10.0 %	458	458	458	458	458	388
Cooktops	740	12	8.3 %	94	94	94	94	94	270
Dishwashers	755	10	10.0 %	129	129	129	129	129	110
Floating Timber Floors	3,293	15	6.7 %	304	304	304	304	304	1,773
Garbage Bins	0	10	100.0 %	0	0	0	0	0	0
Heat, Light & Exhaust Units	321	10	10.0 %	55	55	55	55	55	46
Hot Water Systems	1,268	12	8.3 %	161	161	161	161	161	463
Light Shades	0	5	100.0 %	0	0	0	0	0	0
Ovens	1,408	12	8.3 %	179	179	179	179	179	513
Rangehoods	456	12	8.3 %	58	58	58	58	58	166
Smoke Alarms	98	6	16.7 %	54	44	0	0	0	0
Water Pumps	425	20	5.0 %	27	27	27	27	27	290
Subtotal	20,356			2,468	2,398	2,354	2,354	2,354	8,428
Total division 40	20,356			2,468	2,398	2,354	2,354	2,354	8,428
Cumulative capital loss total				13,332	15,730	18,084	20,438	22,792	

Capital loss prime cost method schedule (years 11 - 15)

Tax grouping	Total cost @ 1-Jul-28 ($)	Effective life (Years)	Basic rate (PC)	Deferred depreciation					TWDV @ 1-Jul-33 ($)
				1-Jul-28 30-Jun-29 Year 11 ($)	1-Jul-29 30-Jun-30 Year 12 ($)	1-Jul-30 30-Jun-31 Year 13 ($)	1-Jul-31 30-Jun-32 Year 14 ($)	1-Jul-32 30-Jun-33 Year 15 ($)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air Conditioning - Packaged Unit	3,963	20	5.0 %	366	366	366	366	366	2,133
Automatic Garage Door - Controls	0	5	100.0 %	0	0	0	0	0	0
Automatic Garage Door - Motors	52	10	10.0 %	52	0	0	0	0	0
Bathroom Accessories - Freestanding	0	5	20.0 %	0	0	0	0	0	0
Blinds	394	10	10.0 %	394	0	0	0	0	0
Carpet	388	10	10.0 %	388	0	0	0	0	0
Cooktops	270	12	8.3 %	94	94	82	0	0	0
Dishwashers	110	10	10.0 %	110	0	0	0	0	0
Floating Timber Floors	1,773	15	6.7 %	304	304	304	304	304	253
Garbage Bins	0	10	100.0 %	0	0	0	0	0	0
Heat, Light & Exhaust Units	46	10	10.0 %	46	0	0	0	0	0
Hot Water Systems	463	12	8.3 %	161	161	141	0	0	0
Light Shades	0	5	100.0 %	0	0	0	0	0	0
Ovens	513	12	8.3 %	179	179	155	0	0	0
Rangehoods	166	12	8.3 %	58	58	50	0	0	0
Smoke Alarms	0	6	16.7 %	0	0	0	0	0	0
Water Pumps	290	20	5.0 %	27	27	27	27	27	155
Subtotal	8,428			2,179	1,189	1,125	697	697	2,541
Total division 40	8,428			2,179	1,189	1,125	697	697	2,541
Cumulative capital loss total				24,971	26,160	27,285	27,982	28,679	

Capital loss prime cost method schedule (years 16 - 20)

Tax grouping	Total cost @ 1-Jul-33 ($)	Effective life (Years)	Basic rate (PC)	Deferred depreciation					TWDV @ 1-Jul-38 ($)
				1-Jul-33 30-Jun-34 Year 16 ($)	1-Jul-34 30-Jun-35 Year 17 ($)	1-Jul-35 30-Jun-36 Year 18 ($)	1-Jul-36 30-Jun-37 Year 19 ($)	1-Jul-37 30-Jun-38 Year 20 ($)	
Division 40 - plant & equipment (Effective life rates)									
Existing unit specific									
Air Conditioning - Packaged Unit	2,133	20	5.0 %	366	366	366	366	366	303
Automatic Garage Door - Controls	0	5	100.0 %	0	0	0	0	0	0
Automatic Garage Door - Motors	0	10	10.0 %	0	0	0	0	0	0
Bathroom Accessories - Freestanding	0	5	20.0 %	0	0	0	0	0	0
Blinds	0	10	10.0 %	0	0	0	0	0	0
Carpet	0	10	10.0 %	0	0	0	0	0	0
Cooktops	0	12	8.3 %	0	0	0	0	0	0
Dishwashers	0	10	10.0 %	0	0	0	0	0	0
Floating Timber Floors	253	15	6.7 %	253	0	0	0	0	0
Garbage Bins	0	10	100.0 %	0	0	0	0	0	0
Heat, Light & Exhaust Units	0	10	10.0 %	0	0	0	0	0	0
Hot Water Systems	0	12	8.3 %	0	0	0	0	0	0
Light Shades	0	5	100.0 %	0	0	0	0	0	0
Ovens	0	12	8.3 %	0	0	0	0	0	0
Rangehoods	0	12	8.3 %	0	0	0	0	0	0
Smoke Alarms	0	6	16.7 %	0	0	0	0	0	0
Water Pumps	155	20	5.0 %	27	27	27	27	27	20
Subtotal	2,541			646	393	393	393	393	323
Total division 40	2,541			646	393	393	393	393	323
Cumulative capital loss total				29,325	29,718	30,111	30,504	30,897	

Glossary of terms

Building first use

Refers to a new property which has not been previously used. Capital works deductions can be claimed for forty years from the construction completion date. When a purchaser becomes the first owner of a brand new investment property, they are entitled to claim both the capital works deduction and depreciation of plant and equipment assets as long as they own the property and it is being used to produce income for a taxable purpose.

Building cost index

The building cost index is a statistical based method of measuring building price movements over time. It is a composite index with weighted factors on an industry-wide basis.

Division 40 - plant and equipment

Division 40 refers to the plant and equipment assets contained within the property. These assets are deemed to be mechanical or easily removed from the property as opposed to items that are permanently fixed to the structure of the building. These are assets which are also listed as recognised plant and equipment assets by the ATO. Unlike deductions available for division 43, depreciation of plant and equipment is not limited by its age. It is the condition and quality of each item as well as the individual effective life of the asset as set by the ATO which contributes to the depreciable amount. Examples of plant and equipment assets include carpet, blinds, ovens as well as less obvious items such as door closers.

For an easy way to search for all depreciable plant and equipment assets in residential properties download our app BMT Resi Rates. Alternatively, to search for plant and equipment assets in other property types download our app BMT Rate Finder. Both of these apps are available free of charge in the App Store™ and Google Play™.

Division 43

Division 43 refers to a deduction available for the structural element of a building and assets that are fixed to the building. This is commonly referred to as a capital works deduction. A deduction can be claimed for the building, structural improvements and fixed assets of a property at a rate of either 2.5 per cent or 4 per cent each year depending on the classification of the property's use and the property's construction commencement date.

Current ATO legislation states that a property owner is eligible to claim a deduction for the division 43 on income producing properties that commenced construction after the 15th of September 1987 and the present time. The capital works deduction can only be claimed for a maximum of forty years after the construction completion date. Examples of assets that will qualify for division 43 include walls, roof, tiles, built in robes, cabinets, fixed bathroom fittings and vanities.

Property owners may also be able to claim building write-off for renovations that have been completed to a property, even if these renovations were completed by a previous owner of the property.

Diminishing value method

The diminishing value method is one of two methods used to claim depreciation for plant and equipment assets. Under the diminishing value method the decline in value is calculated using the asset's base value. The base value of an asset is, broadly, its cost plus any costs incurred on the asset since you first held it less the decline in value of the asset up to the end of the prior year.

The formulas for the diminishing value method are:

Diminishing value method				
For depreciating assets you started to hold on or after 10th May 2006				
Base value*	X	Days held --------- 365	X	200 per cent --------- asset's effective life
For depreciating assets you started to hold prior to 10th May 2006				
Base value*	X	Days held --------- 365	X	150 per cent --------- asset's effective life

* For the income year in which an asset is first used or installed ready for use for any purpose, the **base value** is the asset's cost. For a later income year, the base value is the asset's opening adjustable value plus any amounts included in the asset's second element of cost for that year.

This method assumes that the decline in value each year is a constant proportion of the amount not yet written off and produces a progressively smaller decline in value over time.

This method results in a higher rate of depreciation deductions in the first five to ten years of owning the property.

Once a method has been chosen, this cannot be changed. For this reason, it is recommended that the property owner consult with an Accountant or a Financial Adviser for advice on which method will best suit their individual investment strategy and to ensure the best results are obtained.

Effective life

The effective life of depreciable assets is set by the Tax Commissioner and is used to show how long an asset is likely to last and be effective. Legislation in place at the time this schedule is completed provides an effective life for each individual asset claimable as plant and equipment. The value of depreciation is determined based upon this effective life.

Immediate write-off

Individual assets which cost $300 or less can usually be written off as an immediate deduction in the year of their acquisition. This means an investor can claim 100 per cent of the value of an asset in the same financial year as its purchase so long as the asset meets certain criteria as set by the ATO.

To be eligible for the immediate write-off, an asset must be used for the purpose of producing assessable income that was not income from carrying out a business. The asset also cannot be part of a set of assets acquired in the income year that together cost more than $300. The cost of individual assets that have been acquired after the 1 July 2001 that are the same asset type (or are considered to be identical or substantially identical in accordance with ATO legislation) must be added together when applying the $300 threshold. If their combined total cost is more than $300, they cannot be written off in the year of purchase (unless there are multiple owners and their interest in the asset is less than $300). Alternatively, you may be able to allocate the asset to a low-value pool.

Low-value pooling

From 1 July 2000, an optional low-value pooling arrangement for plant was introduced. This applied to certain plant and equipment costing less than $1,000 or having an undeducted cost of less than $1,000.

Under Uniform Capital Allowance (UCA) rules, you can allocate low-cost assets and low value assets to a low-value pool.

You work out the decline in value of an asset you hold jointly with others based on the cost of your interest in the asset. This means if you hold an asset jointly and the cost of your interest in the asset or the opening adjustable value of your interest is less than $1,000, you can allocate your interest in the asset to your low-value pool. Once you choose to create a low-value pool and allocate a low-cost asset to it, you must pool all other low-cost assets you start to hold in that income year and in later income years. However, this rule does not apply to low-value assets. You can decide whether to allocate low-value assets to the pool on an asset-by-asset basis.

Assets which are placed into a low-value pool are able to be claimed by the property owner at an accelerated rate of 18.75 per cent in the year of purchase and 37.5 per cent every year thereafter.

Low-cost assets

A low-cost asset is a depreciable asset that has an opening value of less than $1,000 in the year of acquisition.

Low-value assets

A low-value asset is a depreciable asset that has a written down value of less than $1,000. That is, the value of the asset may have been greater than $1,000 in the year of acquisition however the value remaining after a previous year's depreciation deduction is less than $1,000.

Non-depreciable components

Examples of non-depreciable components include land value, market premiums, rates, taxes, holding costs and assets which have not been deemed to be depreciable according to current legislation, for example soft landscaping.

Preliminaries
Construction preliminaries refers to the associated expenses or costs that contractors incur in the completion of a project, for example a site office or temporary fencing, rather than the actual materials and fees used during construction such as bricks and mortar and labour costs.

Prime cost method
The prime cost method is one of two methods used to claim depreciation for plant and equipment. Under the prime cost method the decline in value is generally calculated as a constant percentage of the asset's cost and reflects a uniform decline in value over time. The formula is:

Prime cost method				
Asset's cost	X	Days held --------- 365	X	100 per cent --------- asset's effective life

* The cost of an asset includes both the amount you pay for it as well as any additional amounts you spend on transporting it and installing it. Cost also includes amounts you spend on improving the asset.

Once a method has been chosen, this cannot be changed. For this reason, it is recommended that the property owner consult with an Accountant or a Financial Adviser for advice on which method will best suit their individual investment strategy and to ensure the best results are obtained.

Pro-rata calculations
Pro-rata calculations are used to show a portion of a total quantity. When an investment property is rented partway through a year, capital works deductions and plant and equipment depreciation deductions are required to be based on a pro-rata calculation of the time that the property (or asset acquired and installed within the property) was income producing.

Substantial renovations
Substantial renovations of a building is defined under Section 195-1 of the GST Act as renovations in which all, or substantially all, of a building is removed or replaced. However, the renovations need not involve removal or replacement of foundations, external walls, interior supporting walls, floors, roof or staircases.

Split schedule
Ownership structures influence how depreciation deductions are calculated. Properties with multiple owners can create a complex tax situation. A BMT Tax Depreciation Schedule makes the process easier for Accountants by splitting depreciation deductions to ensure the owners’ claims are maximised. BMT Tax Depreciation can take into account any number of owners and ownership percentages from two owners at 60:40 or even four owners at 70:15:10:5.

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