

# BMT Tax Depreciation

QUANTITY SURVEYORS

## Tax Depreciation Estimate

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Maximising the cash return from investment properties

123 Any Street

TYPICAL NSW SUBURB, NSW 2000

6 November, 2014

**Example Person**

**123 Any Street**

**TYPICAL NSW SUBURB, NSW 2000**

**123 Any Street, TYPICAL NSW SUBURB, NSW 2000 - 210413**

Dear Example,

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 Example Person.

**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

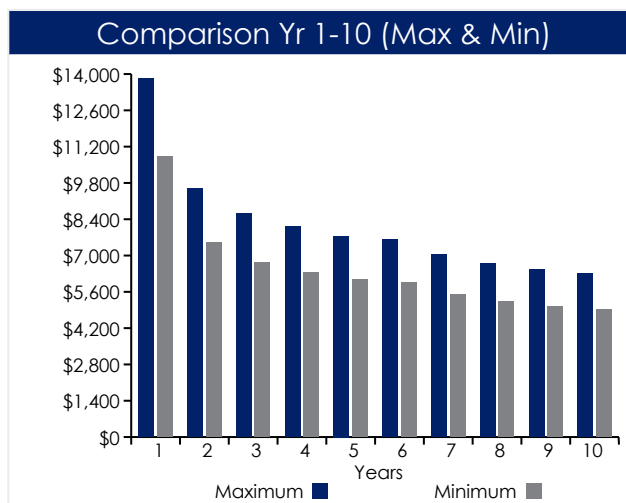
# BMT Tax Depreciation Estimate

123 Any Street

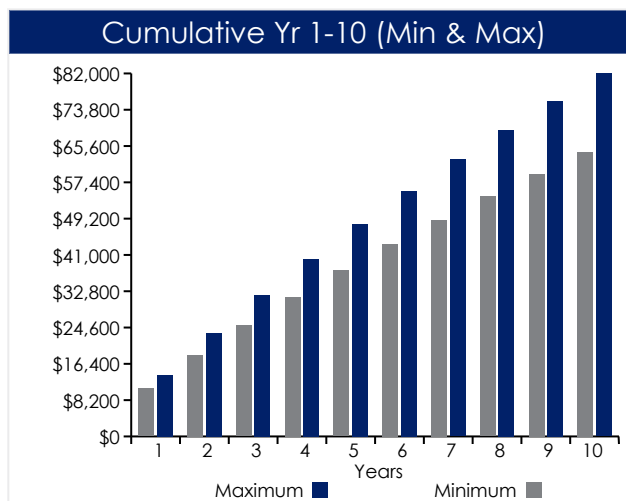
TYPICAL NSW SUBURB, NSW 2000

## Estimate of Depreciation Claimable Typical 1 Bedroom Apartment 123 Any Street, TYPICAL NSW SUBURB, NSW 2000 Purchase Price \$385,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,995	5,851	13,846
2	3,725	5,851	9,576
3	2,757	5,851	8,608
4	2,269	5,851	8,120
5	1,902	5,851	7,753
6	1,770	5,851	7,621
7	1,194	5,851	7,045
8	827	5,851	6,678
9	595	5,851	6,446
10	444	5,851	6,295
11 +	3,434	175,534	178,968
<b>Total</b>	<b>\$26,912</b>	<b>\$234,044</b>	<b>\$260,956</b>



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,257	4,579	10,836
2	2,915	4,579	7,494
3	2,157	4,579	6,736
4	1,776	4,579	6,355
5	1,489	4,579	6,068
6	1,385	4,579	5,964
7	934	4,579	5,513
8	647	4,579	5,226
9	465	4,579	5,044
10	347	4,579	4,926
11 +	2,687	137,374	140,061
<b>Total</b>	<b>\$21,059</b>	<b>\$183,164</b>	<b>\$204,223</b>



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

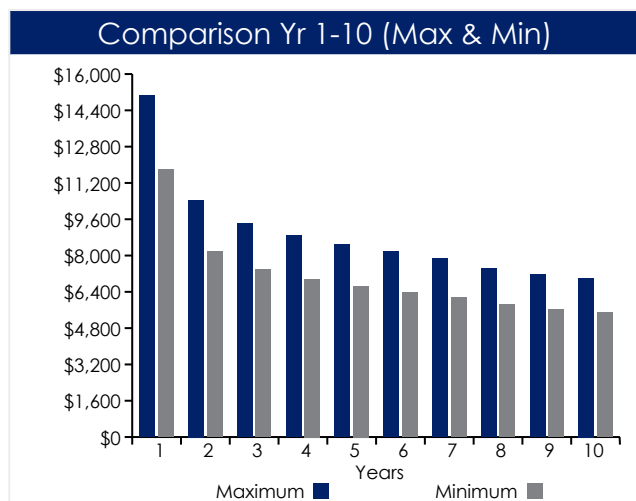
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate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

### This Estimate Cannot Be Used For Taxation Purposes

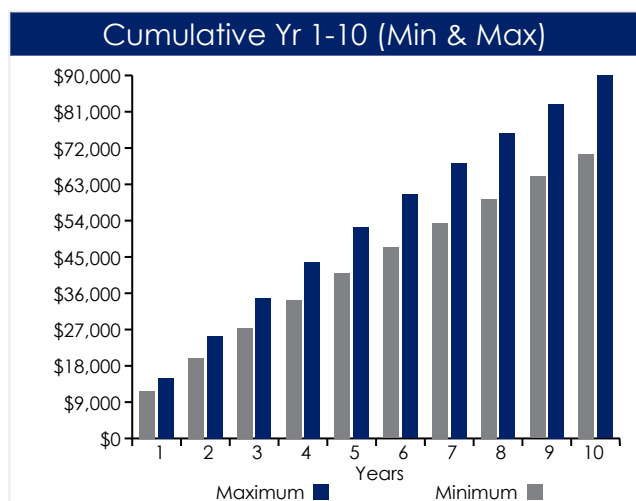
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 02 9241 6477

## Estimate of Depreciation Claimable Typical 1 Bedroom + Study Apartment 123 Any Street, TYPICAL NSW SUBURB, NSW 2000 Purchase Price \$405,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,541	6,511	15,052
2	3,938	6,511	10,449
3	2,911	6,511	9,422
4	2,389	6,511	8,900
5	1,995	6,511	8,506
6	1,649	6,511	8,160
7	1,344	6,511	7,855
8	930	6,511	7,441
9	669	6,511	7,180
10	499	6,511	7,010
11 +	3,840	195,369	199,209
<b>Total</b>	<b>\$28,705</b>	<b>\$260,479</b>	<b>\$289,184</b>



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,684	5,096	11,780
2	3,082	5,096	8,178
3	2,278	5,096	7,374
4	1,869	5,096	6,965
5	1,562	5,096	6,658
6	1,291	5,096	6,387
7	1,052	5,096	6,148
8	728	5,096	5,824
9	524	5,096	5,620
10	391	5,096	5,487
11 +	3,005	152,897	155,902
<b>Total</b>	<b>\$22,466</b>	<b>\$203,857</b>	<b>\$226,323</b>



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

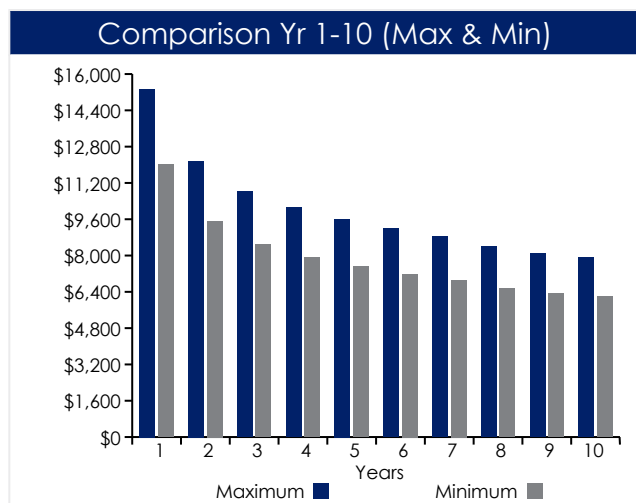
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### This Estimate Cannot Be Used For Taxation Purposes

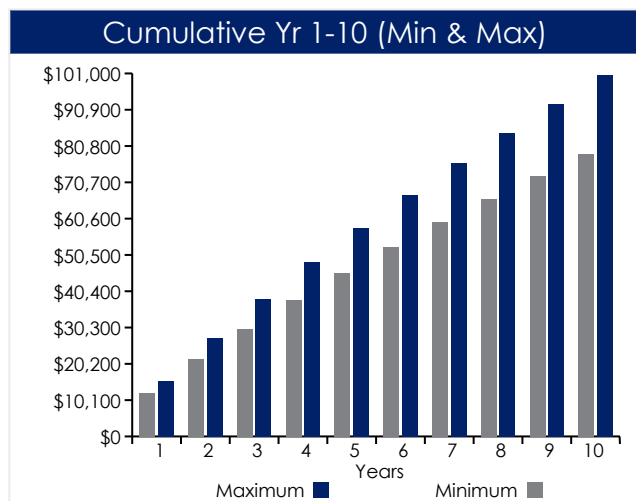
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## Estimate of Depreciation Claimable Typical 2 Bedroom Apartment 123 Any Street, TYPICAL NSW SUBURB, NSW 2000 Purchase Price \$455,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,991	7,350	15,341
2	4,816	7,350	12,166
3	3,489	7,350	10,839
4	2,772	7,350	10,122
5	2,260	7,350	9,610
6	1,834	7,350	9,184
7	1,495	7,350	8,845
8	1,040	7,350	8,390
9	746	7,350	8,096
10	553	7,350	7,903
11 +	4,296	220,457	224,753
Total	\$31,292	\$293,957	\$325,249



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,254	5,752	12,006
2	3,769	5,752	9,521
3	2,731	5,752	8,483
4	2,169	5,752	7,921
5	1,769	5,752	7,521
6	1,436	5,752	7,188
7	1,170	5,752	6,922
8	814	5,752	6,566
9	584	5,752	6,336
10	433	5,752	6,185
11 +	3,362	172,532	175,894
Total	\$24,491	\$230,052	\$254,543



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

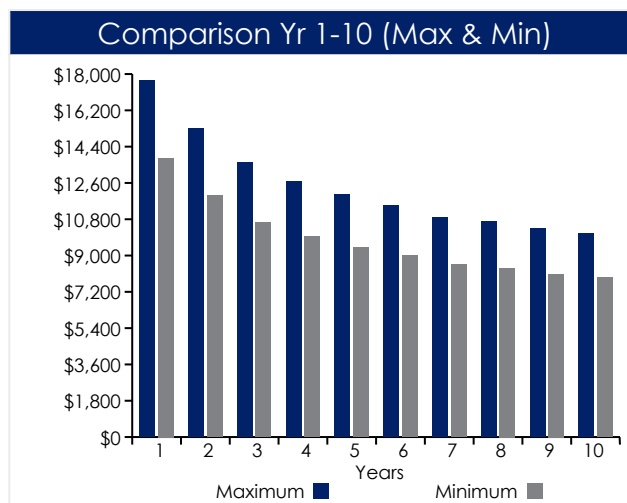
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate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

### This Estimate Cannot Be Used For Taxation Purposes

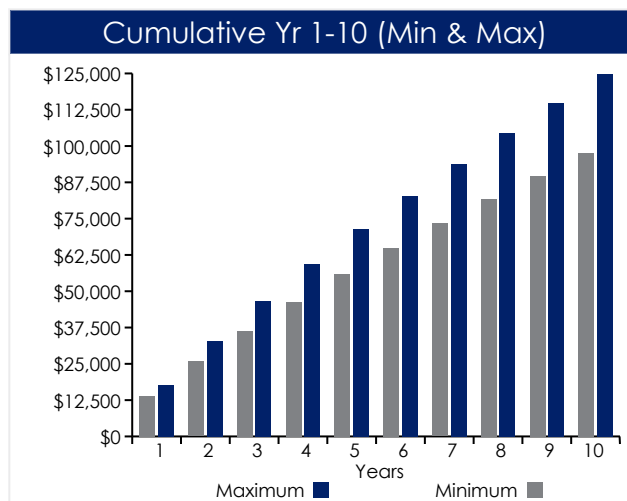
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## Estimate of Depreciation Claimable Typical 3 Bedroom Apartment 123 Any Street, TYPICAL NSW SUBURB, NSW 2000 Purchase Price \$585,000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,302	9,378	17,680
2	5,908	9,378	15,286
3	4,240	9,378	13,618
4	3,302	9,378	12,680
5	2,643	9,378	12,021
6	2,123	9,378	11,501
7	1,527	9,378	10,905
8	1,332	9,378	10,710
9	951	9,378	10,329
10	710	9,378	10,088
11 +	5,448	281,333	286,781
<b>Total</b>	<b>\$36,486</b>	<b>\$375,113</b>	<b>\$411,599</b>



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,497	7,340	13,837
2	4,623	7,340	11,963
3	3,318	7,340	10,658
4	2,584	7,340	9,924
5	2,068	7,340	9,408
6	1,661	7,340	9,001
7	1,195	7,340	8,535
8	1,042	7,340	8,382
9	744	7,340	8,084
10	555	7,340	7,895
11 +	4,263	220,173	224,436
<b>Total</b>	<b>\$28,550</b>	<b>\$293,573</b>	<b>\$322,123</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

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