

# BMT Tax Depreciation

QUANTITY SURVEYORS

## Tax Depreciation Estimate

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Maximising the cash return from investment properties

320 Plummer Street  
PORT MELBOURNE, VIC 3207

4 February, 2016

**Charter Bond Pty Ltd**  
**Unit 3/160 Queen Street**  
**MELBOURNE, VIC 3000**

**320 Plummer Street, PORT MELBOURNE, VIC 3207 - 423974**

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 Charter Bond Pty Ltd.

### **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

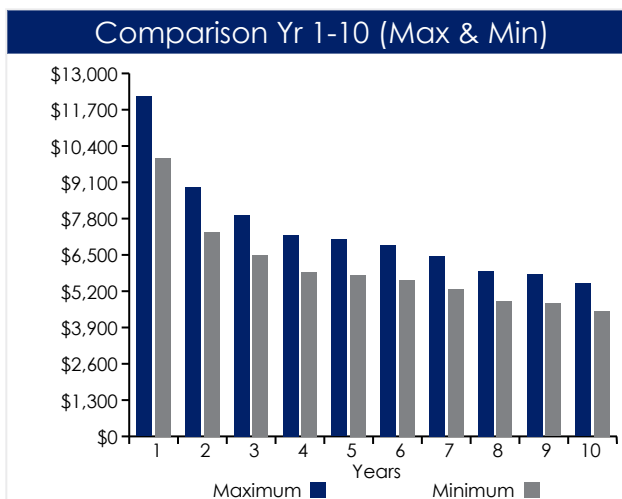
## Appendix One

### **BMT Tax Depreciation Estimate**

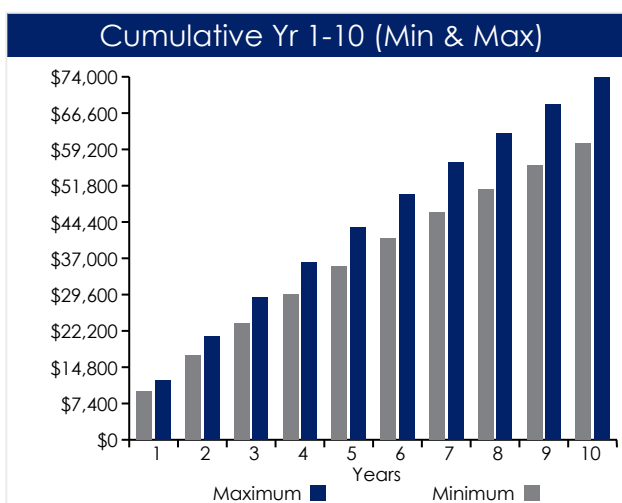
320 Plummer Street  
PORT MELBOURNE, VIC 3207

## Estimate of Depreciation Claimable Typical 1 Bedroom Apartment 320 Plummer Street, PORT MELBOURNE, VIC 3207

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,335	4,835	12,170
2	4,111	4,835	8,946
3	3,089	4,835	7,924
4	2,364	4,835	7,199
5	2,220	4,835	7,055
6	2,021	4,835	6,856
7	1,619	4,835	6,454
8	1,087	4,835	5,922
9	981	4,835	5,816
10	644	4,835	5,479
11 +	2,207	145,028	147,235
Total	\$27,678	\$193,378	\$221,056



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,001	3,956	9,957
2	3,363	3,956	7,319
3	2,527	3,956	6,483
4	1,934	3,956	5,890
5	1,816	3,956	5,772
6	1,653	3,956	5,609
7	1,325	3,956	5,281
8	889	3,956	4,845
9	803	3,956	4,759
10	527	3,956	4,483
11 +	1,805	118,660	120,465
Total	\$22,643	\$158,220	\$180,863



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

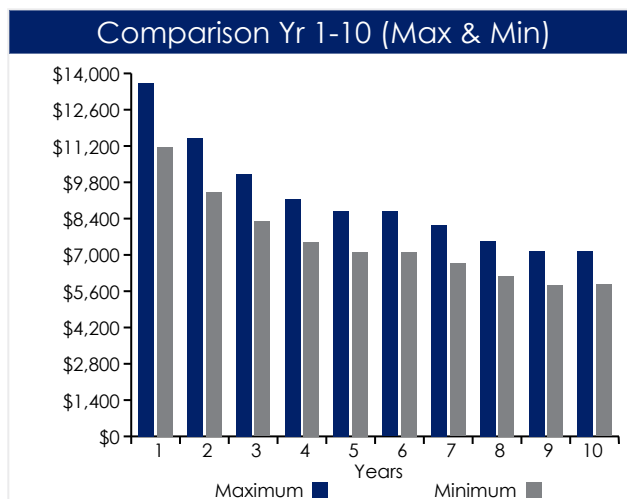
This is an estimate only and should not be applied or acted upon. Depreciation of plant is based on the Diminishing Value method of depreciation applying Low-Value Pooling. The Division 43 Write Off Allowance is calculated using 2.5% depending on the property type and date of construction. This estimate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

### This Estimate Cannot Be Used For Taxation Purposes

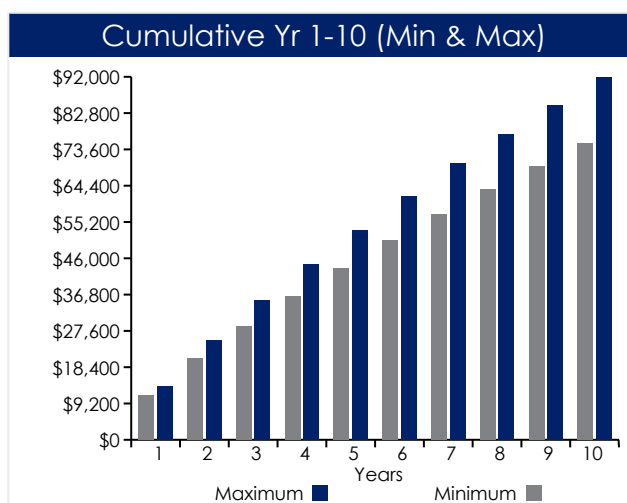
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 03 9654 2233

## Estimate of Depreciation Claimable Typical 2 Bedroom + 1 Bathroom Apartment 320 Plummer Street, PORT MELBOURNE, VIC 3207

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,376	6,265	13,641
2	5,254	6,265	11,519
3	3,865	6,265	10,130
4	2,904	6,265	9,169
5	2,420	6,265	8,685
6	2,412	6,265	8,677
7	1,890	6,265	8,155
8	1,277	6,265	7,542
9	887	6,265	7,152
10	899	6,265	7,164
11 +	2,966	187,938	190,904
Total	\$32,150	\$250,588	\$282,738



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,035	5,126	11,161
2	4,298	5,126	9,424
3	3,163	5,126	8,289
4	2,376	5,126	7,502
5	1,980	5,126	7,106
6	1,974	5,126	7,100
7	1,546	5,126	6,672
8	1,045	5,126	6,171
9	725	5,126	5,851
10	735	5,126	5,861
11 +	2,426	153,768	156,194
Total	\$26,303	\$205,028	\$231,331



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

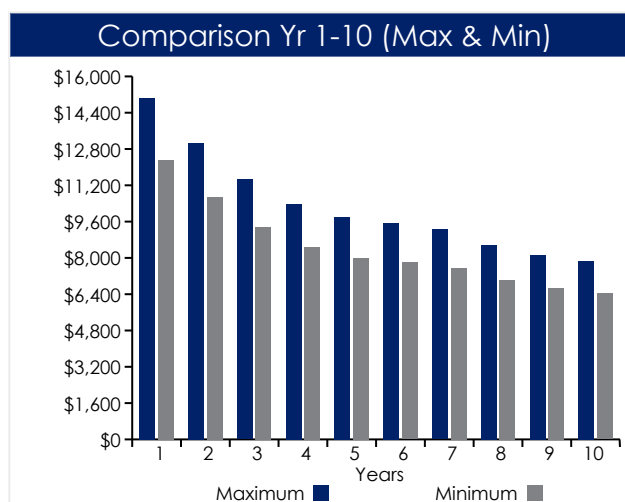
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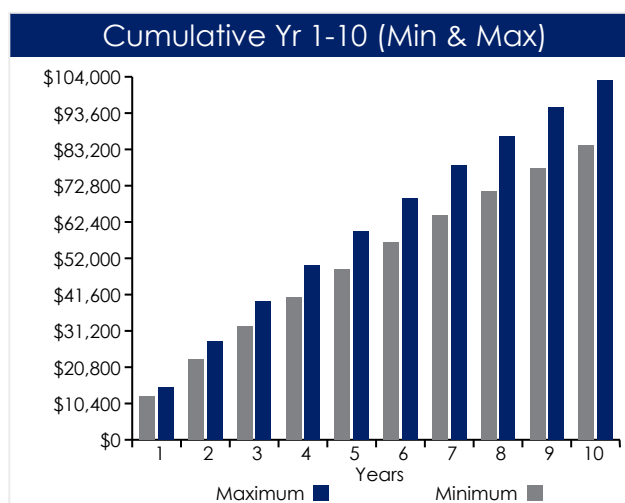
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## Estimate of Depreciation Claimable Typical 2 Bedroom + 2 Bathroom Apartment 320 Plummer Street, PORT MELBOURNE, VIC 3207

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,912	7,150	15,062
2	5,911	7,150	13,061
3	4,309	7,150	11,459
4	3,210	7,150	10,360
5	2,637	7,150	9,787
6	2,378	7,150	9,528
7	2,098	7,150	9,248
8	1,425	7,150	8,575
9	991	7,150	8,141
10	710	7,150	7,860
11 +	3,625	214,464	218,089
Total	\$35,206	\$285,964	\$321,170



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,474	5,850	12,324
2	4,837	5,850	10,687
3	3,525	5,850	9,375
4	2,626	5,850	8,476
5	2,157	5,850	8,007
6	1,946	5,850	7,796
7	1,716	5,850	7,566
8	1,166	5,850	7,016
9	811	5,850	6,661
10	581	5,850	6,431
11 +	2,966	175,470	178,436
Total	\$28,805	\$233,970	\$262,775



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

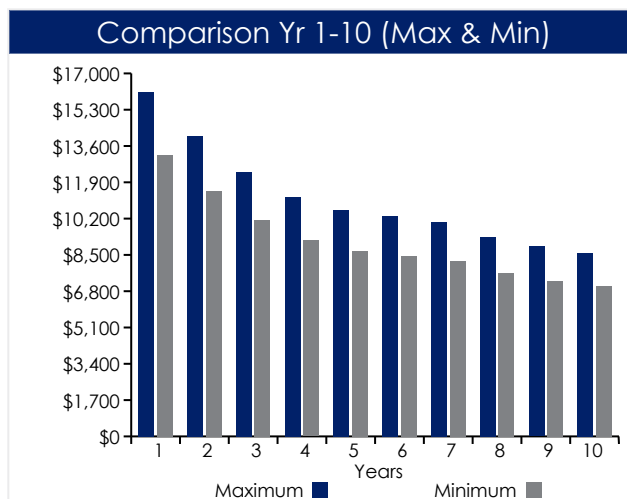
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### This Estimate Cannot Be Used For Taxation Purposes

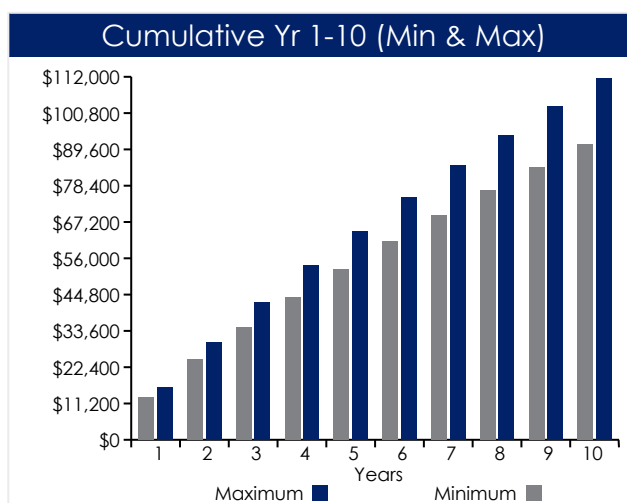
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## Estimate of Depreciation Claimable Typical 3 Bedroom Apartment 320 Plummer Street, PORT MELBOURNE, VIC 3207

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,257	7,869	16,126
2	6,181	7,869	14,050
3	4,498	7,869	12,367
4	3,343	7,869	11,212
5	2,732	7,869	10,601
6	2,451	7,869	10,320
7	2,166	7,869	10,035
8	1,470	7,869	9,339
9	1,024	7,869	8,893
10	738	7,869	8,607
11 +	3,837	236,058	239,895
Total	\$36,697	\$314,748	\$351,445



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,755	6,439	13,194
2	5,057	6,439	11,496
3	3,680	6,439	10,119
4	2,735	6,439	9,174
5	2,236	6,439	8,675
6	2,005	6,439	8,444
7	1,772	6,439	8,211
8	1,202	6,439	7,641
9	838	6,439	7,277
10	604	6,439	7,043
11 +	3,139	193,138	196,277
Total	\$30,023	\$257,528	\$287,551



\* 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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