

Tax Depreciation Estimate

Maximising the cash return from investment properties

123 Any Street
TYPICAL NSW SUBURB, NSW 2000

13 June, 2023

Example Person

123 Any Street

TYPICAL NSW SUBURB NSW 2000

123 Any Street, TYPICAL SUBURB NSW 2000 - 999999

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 Barry Plant Mordialloc.

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 (2020/3).

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 (division 40 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.

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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

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Appendix One

BMT Tax Depreciation Estimate

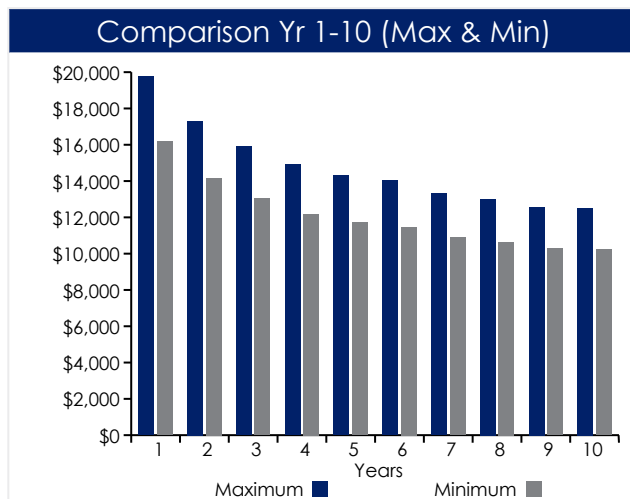
123 Any Street

Typical NSW SUBURB, NSW 2000

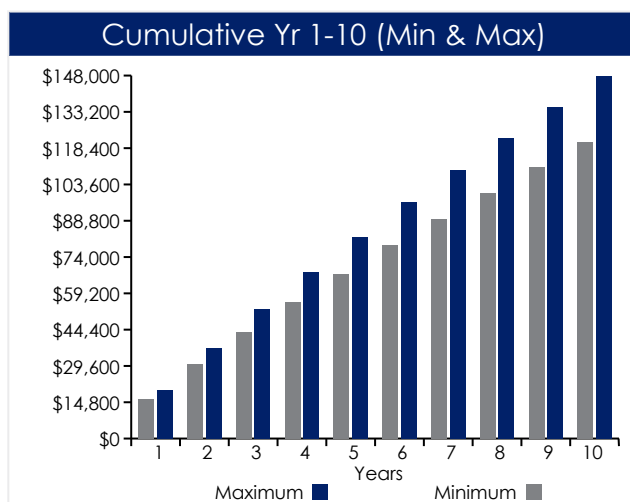
Estimate of Depreciation Claimable

Typical 2 Bedroom 1 Bathroom Townhouse, TYPICAL NSW SUBURB 123 Any Street, Typical NSW SUBURB, NSW 2000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,491	11,279	19,770
2	6,037	11,279	17,316
3	4,634	11,279	15,913
4	3,621	11,279	14,900
5	3,026	11,279	14,305
6	2,743	11,279	14,022
7	2,049	11,279	13,328
8	1,727	11,279	13,006
9	1,290	11,279	12,569
10	1,229	11,279	12,508
11 +	4,301	338,346	342,647
Total	\$39,148	\$451,136	\$490,284



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,947	9,229	16,176
2	4,939	9,229	14,168
3	3,792	9,229	13,021
4	2,963	9,229	12,192
5	2,476	9,229	11,705
6	2,245	9,229	11,474
7	1,677	9,229	10,906
8	1,413	9,229	10,642
9	1,056	9,229	10,285
10	1,005	9,229	10,234
11 +	3,519	276,828	280,347
Total	\$32,032	\$369,118	\$401,150



* 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

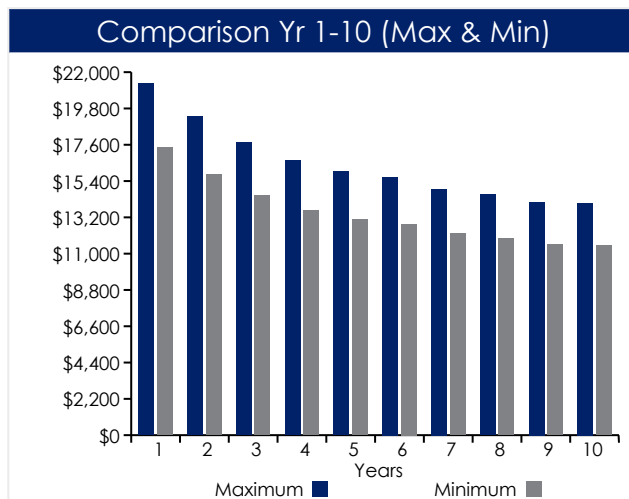
To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 02 8265 5500

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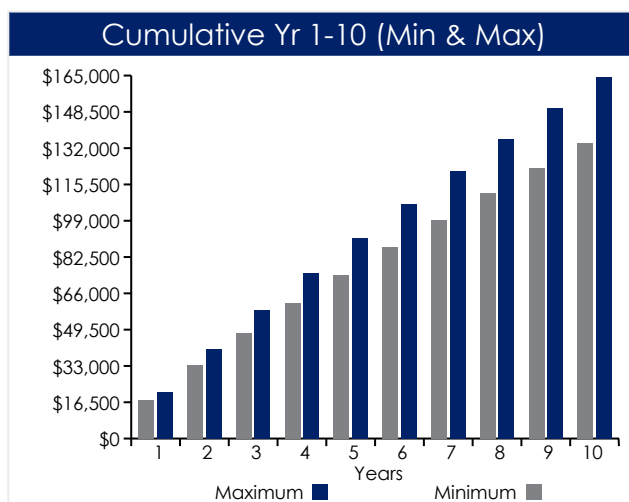
Estimate of Depreciation Claimable

Typical 2 Bedroom 1.5-2 Bathroom Townhouse, TYPICAL NSW SUBURB 123 Any Street, TYPICAL NSW SUBURB, NSW 2000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,537	12,774	21,311
2	6,537	12,774	19,311
3	4,982	12,774	17,756
4	3,865	12,774	16,639
5	3,203	12,774	15,977
6	2,872	12,774	15,646
7	2,148	12,774	14,922
8	1,811	12,774	14,585
9	1,353	12,774	14,127
10	1,296	12,774	14,070
11 +	4,519	383,250	387,769
Total	\$41,123	\$510,990	\$552,113



Minimum			
Year	Plant & Equipment	Division 43	Total
1	6,985	10,452	17,437
2	5,349	10,452	15,801
3	4,076	10,452	14,528
4	3,163	10,452	13,615
5	2,621	10,452	13,073
6	2,350	10,452	12,802
7	1,758	10,452	12,210
8	1,481	10,452	11,933
9	1,107	10,452	11,559
10	1,060	10,452	11,512
11 +	3,697	313,568	317,265
Total	\$33,647	\$418,088	\$451,735



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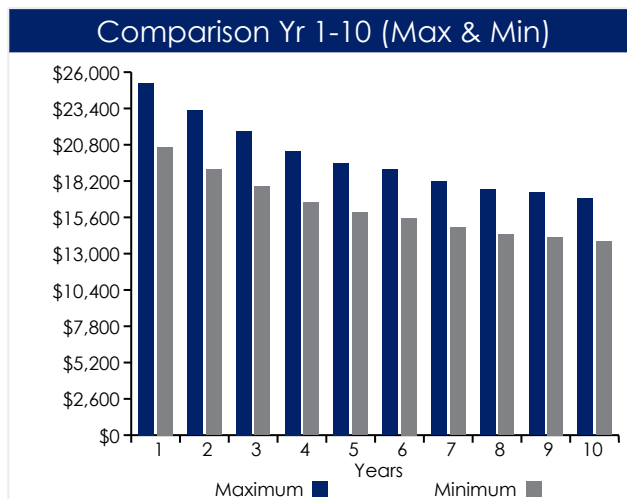
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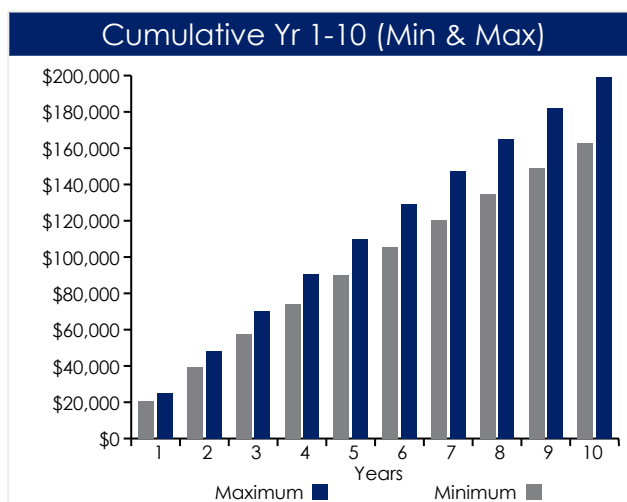
Estimate of Depreciation Claimable

Typical 3 Bedroom 2 Bathroom Townhouse, TYPICAL NSW SUBURB 123 Any Street, TYPICAL NSW SUBURB, NSW 2000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	9,590	15,639	25,229
2	7,615	15,639	23,254
3	6,137	15,639	21,776
4	4,721	15,639	20,360
5	3,850	15,639	19,489
6	3,377	15,639	19,016
7	2,547	15,639	18,186
8	1,958	15,639	17,597
9	1,722	15,639	17,361
10	1,308	15,639	16,947
11 +	5,987	469,148	475,135
Total	\$48,812	\$625,538	\$674,350



Minimum			
Year	Plant & Equipment	Division 43	Total
1	7,846	12,795	20,641
2	6,231	12,795	19,026
3	5,021	12,795	17,816
4	3,863	12,795	16,658
5	3,150	12,795	15,945
6	2,763	12,795	15,558
7	2,084	12,795	14,879
8	1,602	12,795	14,397
9	1,409	12,795	14,204
10	1,070	12,795	13,865
11 +	4,899	383,848	388,747
Total	\$39,938	\$511,798	\$551,736



* assumes settlement on 1 July in any given year.

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