# BMT Tax Depreciation

QUANTITY SURVEYORS

## Maximising Property Depreciation Deductions

# BMT Tax Depreciation Estimate

5 Haran Street

MASCOT, NSW 2020

Level 33, 264 George Street
Sydney NSW 2000
PO Box N314
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Australia Wide Service ABN 44 115 282 392

9 August, 2013

**McGrath - Pymble**
**939 Pacific Highway**
**PYMBLE, NSW 2073**

**5 Haran Street, MASCOT, NSW 2020 - 261677**

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 McGrath - Pymble.

**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.

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 that are available to this property. This will have a significant effect on improving the after tax return of this investment.

Should you or the purchaser wish to discuss the contents of this report in more detail, please do not hesitate to contact Bradley Beer of this office.

Yours Sincerely,

BMT Tax Depreciation

BMT Tax Depreciation Pty Ltd
Quantity Surveyors

# Appendix One

## BMT Tax Depreciation Estimate

5 Haran Street

MASCOT, NSW 2020

BMT Tax Depreciation
QUANTITY SURVEYORS

# BMT Tax Depreciation Estimates & BMT Tax Depreciation Reports

## How the Documents Work

Marketing/Real Estate Agent engages BMT Tax Depreciation to complete a Tax Depreciation Estimate for a specific development, prior to, or during marketing phase

↓

Investor purchases the property

↓

After settlement the purchaser engages BMT Tax Depreciation to complete a Tax Depreciation Report. This document is offered by BMT Tax Depreciation at a discounted rate as BMT have knowledge of the property

↓

BMT Tax Depreciation Report contents are used in the purchaser's tax return preparation

### BMT Tax Depreciation Estimates

BMT Tax Depreciation Estimates ensure that investors are easily able to determine their after-tax cash position if they were to purchase a particular property. Presenting a potential investor with a BMT Tax Depreciation estimate assists the buyer, results in a value added service and often helps with early sales. The report will show the minimum and maximum range of depreciation along with the expected depreciable 'plant and equipment articles' within the building and the building write off allowance.

### BMT Tax Depreciation Reports

BMT Tax Depreciation Reports are used to claim depreciation deductions when completing your tax return. The report will provide the basis for maximising claims covering both plant and equipment depreciation and building write off. Many investment property owners remain unaware of the benefits that tax depreciation provides. There are usually thousands of dollars to be claimed in depreciation deductions on any investment property. BMT Tax Depreciation specialise in maximising the total depreciation available from a given property under current legislation.

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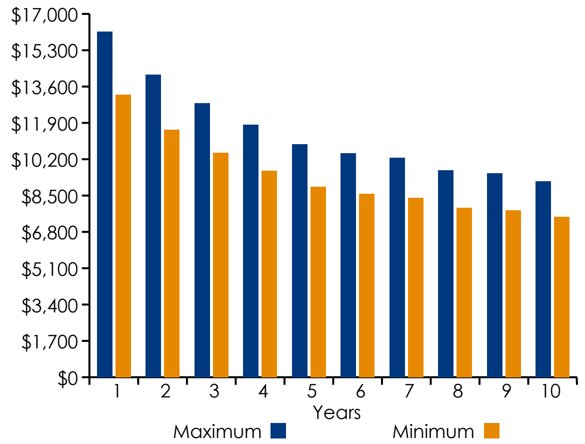
# Estimate of Depreciation Claimable
# Typical 1 Bedroom + Study Apartment
# 5 Haran Street, MASCOT, NSW 2020
# Purchase Price
# $639,000

## Maximum

| Year | Plant & Equipment | Division 43 | Total |
|---|---|---|---|
| 1 | 7,895 | 8,268 | 16,163 |
| 2 | 5,895 | 8,268 | 14,163 |
| 3 | 4,564 | 8,268 | 12,832 |
| 4 | 3,553 | 8,268 | 11,821 |
| 5 | 2,625 | 8,268 | 10,893 |
| 6 | 2,218 | 8,268 | 10,486 |
| 7 | 2,002 | 8,268 | 10,270 |
| 8 | 1,410 | 8,268 | 9,678 |
| 9 | 1,283 | 8,268 | 9,551 |
| 10 | 898 | 8,268 | 9,166 |
| 11 + | 5,235 | 248,036 | 253,271 |
| **Total** | **$37,578** | **$330,716** | **$368,294** |

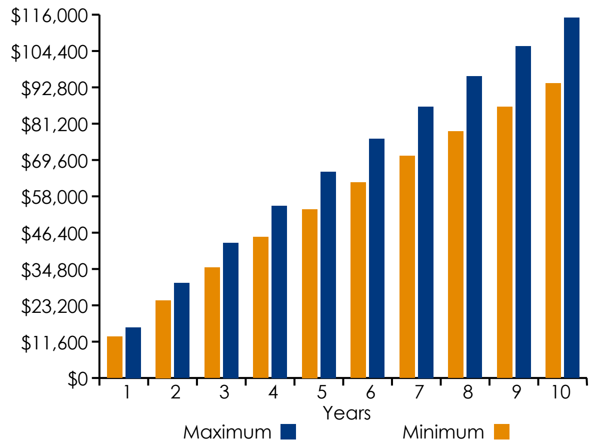
## Comparison Yr 1-10 (Min & Max)




## Minimum

| Year | Plant & Equipment | Division 43 | Total |
|---|---|---|---|
| 1 | 6,459 | 6,764 | 13,223 |
| 2 | 4,823 | 6,764 | 11,587 |
| 3 | 3,734 | 6,764 | 10,498 |
| 4 | 2,907 | 6,764 | 9,671 |
| 5 | 2,147 | 6,764 | 8,911 |
| 6 | 1,814 | 6,764 | 8,578 |
| 7 | 1,638 | 6,764 | 8,402 |
| 8 | 1,154 | 6,764 | 7,918 |
| 9 | 1,049 | 6,764 | 7,813 |
| 10 | 734 | 6,764 | 7,498 |
| 11 + | 4,283 | 202,938 | 207,221 |
| **Total** | **$30,742** | **$270,578** | **$301,320** |

## Cumulative Yr 1-10 (Min & Max)




* 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% or 4% 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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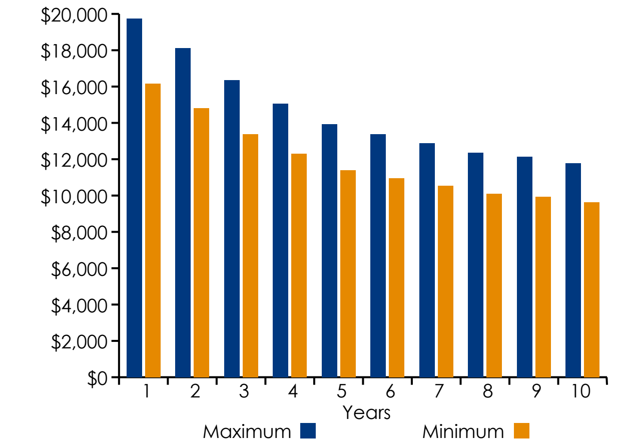
# Estimate of Depreciation Claimable
# Typical 2 Bedroom + Study Apartment
# 5 Haran Street, MASCOT, NSW 2020
# Purchase Price
# $784,000

## Maximum

| Year | Plant & Equipment | Division 43 | Total |
|---|---|---|---|
| 1 | 9,012 | 10,744 | 19,756 |
| 2 | 7,367 | 10,744 | 18,111 |
| 3 | 5,599 | 10,744 | 16,343 |
| 4 | 4,303 | 10,744 | 15,047 |
| 5 | 3,180 | 10,744 | 13,924 |
| 6 | 2,642 | 10,744 | 13,386 |
| 7 | 2,149 | 10,744 | 12,893 |
| 8 | 1,602 | 10,744 | 12,346 |
| 9 | 1,394 | 10,744 | 12,138 |
| 10 | 1,044 | 10,744 | 11,788 |
| 11 + | 7,387 | 322,329 | 329,716 |
| **Total** | **$45,679** | **$429,769** | **$475,448** |

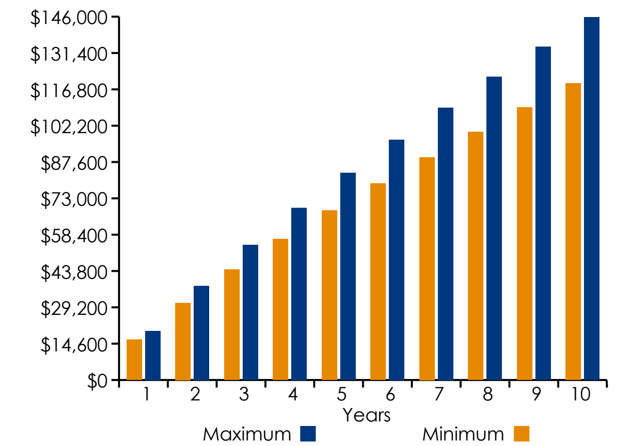
## Comparison Yr 1-10 (Min & Max)




## Minimum

| Year | Plant & Equipment | Division 43 | Total |
|---|---|---|---|
| 1 | 7,374 | 8,790 | 16,164 |
| 2 | 6,027 | 8,790 | 14,817 |
| 3 | 4,581 | 8,790 | 13,371 |
| 4 | 3,521 | 8,790 | 12,311 |
| 5 | 2,602 | 8,790 | 11,392 |
| 6 | 2,162 | 8,790 | 10,952 |
| 7 | 1,759 | 8,790 | 10,549 |
| 8 | 1,310 | 8,790 | 10,100 |
| 9 | 1,140 | 8,790 | 9,930 |
| 10 | 854 | 8,790 | 9,644 |
| 11 + | 6,044 | 263,723 | 269,767 |
| **Total** | **$37,374** | **$351,623** | **$388,997** |

## Cumulative Yr 1-10 (Min & Max)

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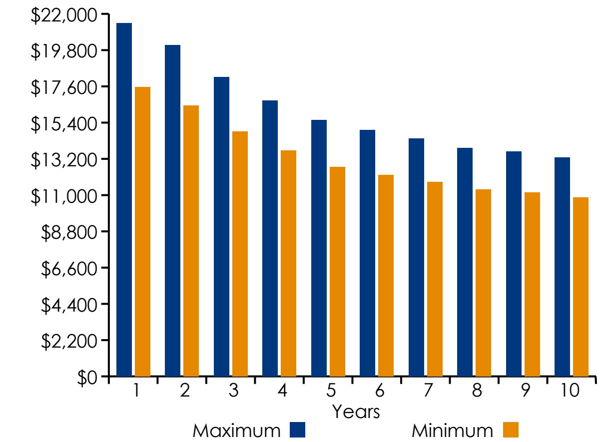
# Estimate of Depreciation Claimable
# Typical 2 Bedroom + Media + Study Apartment
# 5 Haran Street, MASCOT, NSW 2020
# Purchase Price
# $899,000

## Maximum

| Year | Plant & Equipment | Division 43 | Total |
|---|---|---|---|
| 1 | 9,303 | 12,154 | 21,457 |
| 2 | 7,954 | 12,154 | 20,108 |
| 3 | 6,008 | 12,154 | 18,162 |
| 4 | 4,602 | 12,154 | 16,756 |
| 5 | 3,401 | 12,154 | 15,555 |
| 6 | 2,812 | 12,154 | 14,966 |
| 7 | 2,281 | 12,154 | 14,435 |
| 8 | 1,707 | 12,154 | 13,861 |
| 9 | 1,495 | 12,154 | 13,649 |
| 10 | 1,125 | 12,154 | 13,279 |
| 11 + | 8,014 | 364,614 | 372,628 |
| **Total** | **$48,702** | **$486,154** | **$534,856** |

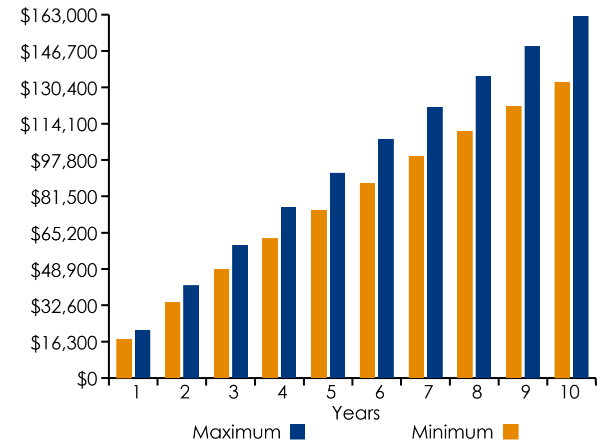
## Comparison Yr 1-10 (Min & Max)




## Minimum

| Year | Plant & Equipment | Division 43 | Total |
|---|---|---|---|
| 1 | 7,611 | 9,944 | 17,555 |
| 2 | 6,508 | 9,944 | 16,452 |
| 3 | 4,916 | 9,944 | 14,860 |
| 4 | 3,766 | 9,944 | 13,710 |
| 5 | 2,783 | 9,944 | 12,727 |
| 6 | 2,300 | 9,944 | 12,244 |
| 7 | 1,867 | 9,944 | 11,811 |
| 8 | 1,397 | 9,944 | 11,341 |
| 9 | 1,223 | 9,944 | 11,167 |
| 10 | 921 | 9,944 | 10,865 |
| 11 + | 6,557 | 298,320 | 304,877 |
| **Total** | **$39,849** | **$397,760** | **$437,609** |

## Cumulative Yr 1-10 (Min & Max)

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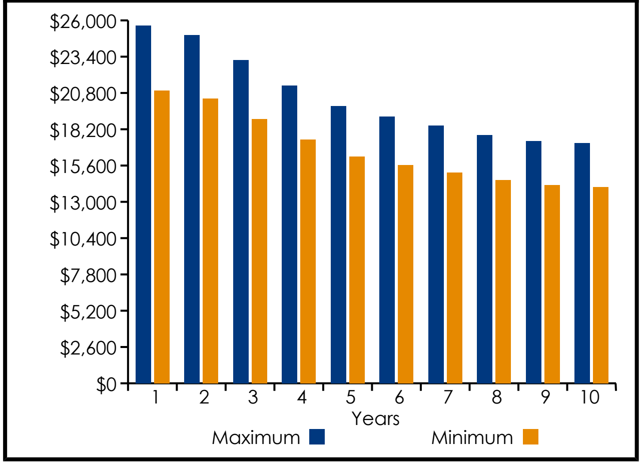
# Estimate of Depreciation Claimable
# Typical 3 Bedroom Apartment
# 5 Haran Street, MASCOT, NSW 2020
# Purchase Price
# $1,150,000

## Maximum

| Year | Plant & Equipment | Division 43 | Total |
|---|---|---|---|
| 1 | 9,874 | 15,754 | 25,628 |
| 2 | 9,197 | 15,754 | 24,951 |
| 3 | 7,390 | 15,754 | 23,144 |
| 4 | 5,576 | 15,754 | 21,330 |
| 5 | 4,109 | 15,754 | 19,863 |
| 6 | 3,342 | 15,754 | 19,096 |
| 7 | 2,695 | 15,754 | 18,449 |
| 8 | 2,035 | 15,754 | 17,789 |
| 9 | 1,588 | 15,754 | 17,342 |
| 10 | 1,445 | 15,754 | 17,199 |
| 11 + | 9,746 | 472,637 | 482,383 |
| **Total** | **$56,997** | **$630,177** | **$687,174** |

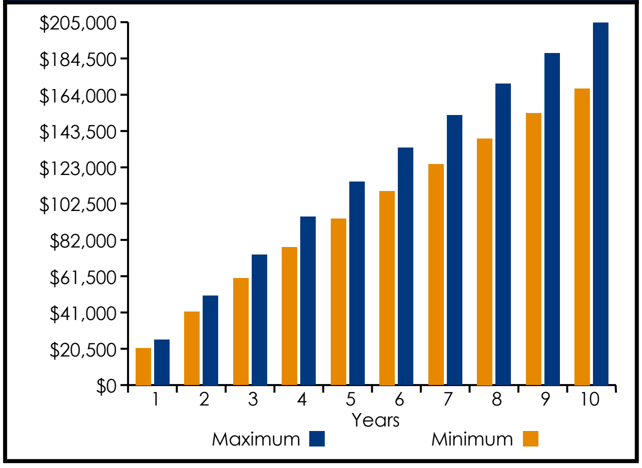
## Comparison Yr 1-10 (Min & Max)




## Minimum

| Year | Plant & Equipment | Division 43 | Total |
|---|---|---|---|
| 1 | 8,078 | 12,890 | 20,968 |
| 2 | 7,525 | 12,890 | 20,415 |
| 3 | 6,046 | 12,890 | 18,936 |
| 4 | 4,562 | 12,890 | 17,452 |
| 5 | 3,362 | 12,890 | 16,252 |
| 6 | 2,734 | 12,890 | 15,624 |
| 7 | 2,205 | 12,890 | 15,095 |
| 8 | 1,665 | 12,890 | 14,555 |
| 9 | 1,300 | 12,890 | 14,190 |
| 10 | 1,183 | 12,890 | 14,073 |
| 11 + | 7,974 | 386,703 | 394,677 |
| **Total** | **$46,634** | **$515,603** | **$562,237** |

## Cumulative Yr 1-10 (Min & Max)

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