

# Tax Depreciation Estimate

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Maximising the cash return from investment properties

396 Murray Street  
PERTH WA 6000

4 March, 2022

**LJ Hooker City Residential Perth**

**Shop 30 82 Royal Street**

**EAST PERTH WA 6004**

**396 Murray Street, PERTH WA 6000 - 717987r1**

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 PRD Nationwide Project Marketing WA.

### **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. Where properties do not qualify for the special building write off allowance, no capital works allowance will be used.

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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

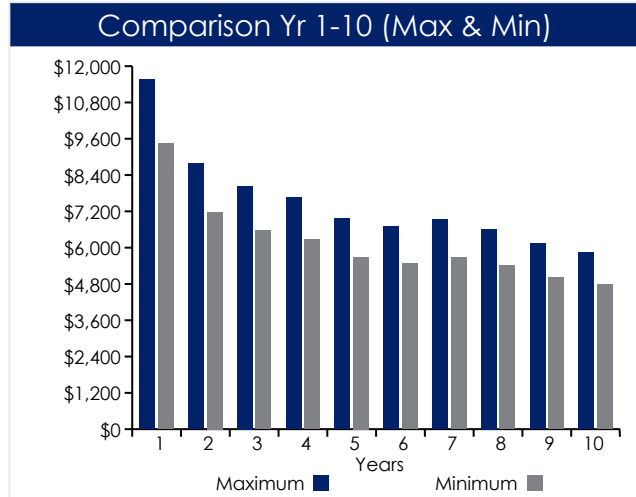
396 Murray Street

PERTH WA 6000

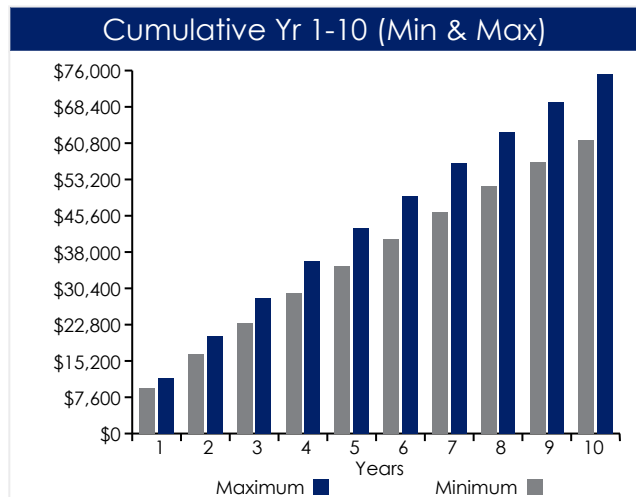
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## Estimate of Depreciation Claimable Typical Studio Apartment 396 Murray Street, PERTH WA 6000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	6,211	5,337	11,548
2	3,438	5,337	8,775
3	2,697	5,337	8,034
4	2,328	5,337	7,665
5	1,616	5,337	6,953
6	1,368	5,337	6,705
7	1,592	5,337	6,929
8	1,275	5,337	6,612
9	794	5,337	6,131
10	497	5,337	5,834
11 +	827	160,103	160,930
<b>Total</b>	<b>\$22,643</b>	<b>\$213,473</b>	<b>\$236,116</b>



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,081	4,367	9,448
2	2,813	4,367	7,180
3	2,207	4,367	6,574
4	1,904	4,367	6,271
5	1,322	4,367	5,689
6	1,120	4,367	5,487
7	1,302	4,367	5,669
8	1,043	4,367	5,410
9	650	4,367	5,017
10	407	4,367	4,774
11 +	677	130,993	131,670
<b>Total</b>	<b>\$18,526</b>	<b>\$174,663</b>	<b>\$193,189</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.

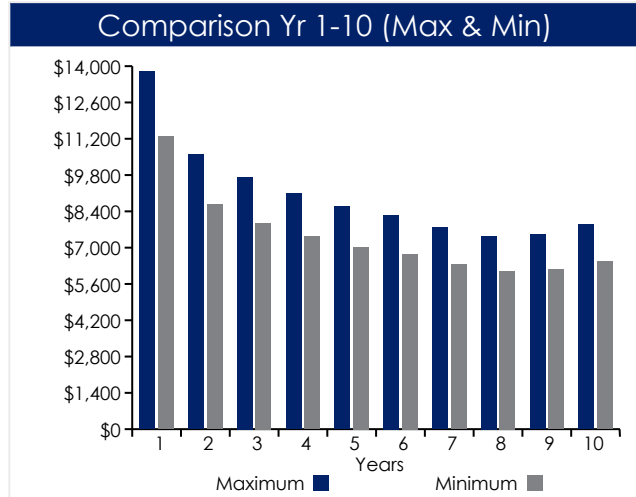
### This Estimate Cannot Be Used For Taxation Purposes

To discuss the contents of this report please contact Bradley Beer at BMT Tax Depreciation on 08 6318 8700

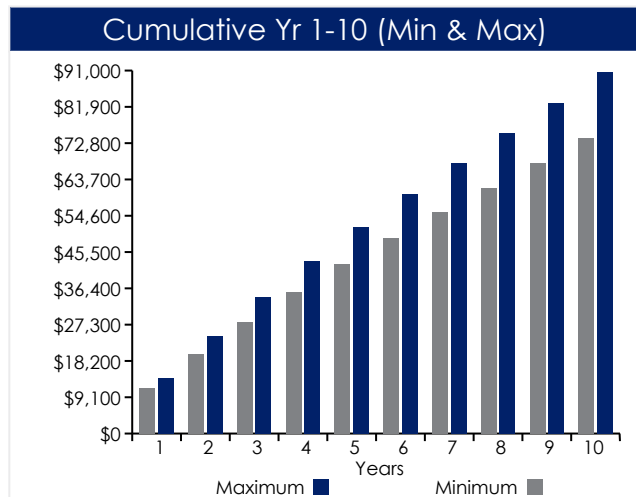
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## Estimate of Depreciation Claimable Typical 1 Bedroom Apartment 396 Murray Street, PERTH WA 6000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,139	6,663	13,802
2	3,938	6,663	10,601
3	3,061	6,663	9,724
4	2,419	6,663	9,082
5	1,932	6,663	8,595
6	1,592	6,663	8,255
7	1,107	6,663	7,770
8	792	6,663	7,455
9	853	6,663	7,516
10	1,241	6,663	7,904
11 +	2,068	199,845	201,913
<b>Total</b>	<b>\$26,142</b>	<b>\$266,475</b>	<b>\$292,617</b>



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,841	5,451	11,292
2	3,222	5,451	8,673
3	2,505	5,451	7,956
4	1,979	5,451	7,430
5	1,580	5,451	7,031
6	1,302	5,451	6,753
7	905	5,451	6,356
8	648	5,451	6,099
9	698	5,451	6,149
10	1,015	5,451	6,466
11 +	1,692	163,509	165,201
<b>Total</b>	<b>\$21,387</b>	<b>\$218,019</b>	<b>\$239,406</b>



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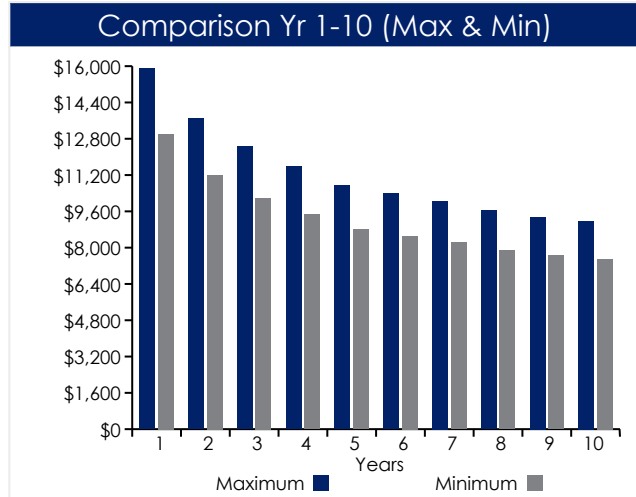
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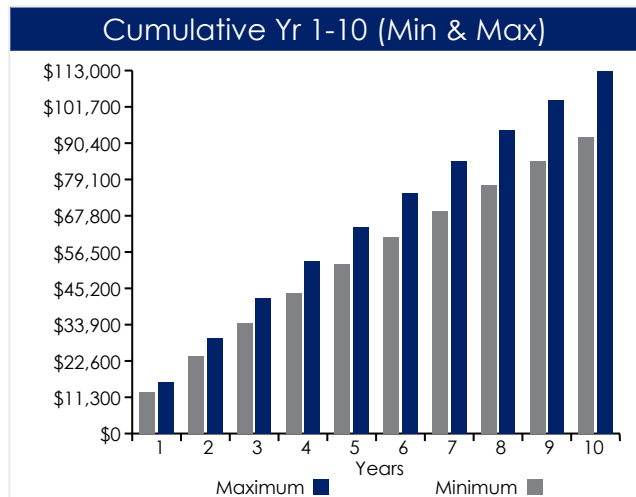
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## Estimate of Depreciation Claimable Typical 2 Bedroom Apartment 396 Murray Street, PERTH WA 6000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	7,329	8,570	15,899
2	5,127	8,570	13,697
3	3,885	8,570	12,455
4	3,005	8,570	11,575
5	2,176	8,570	10,746
6	1,832	8,570	10,402
7	1,487	8,570	10,057
8	1,064	8,570	9,634
9	787	8,570	9,357
10	603	8,570	9,173
11 +	4,143	257,105	261,248
<b>Total</b>	<b>\$31,438</b>	<b>\$342,805</b>	<b>\$374,243</b>



Minimum			
Year	Plant & Equipment	Division 43	Total
1	5,997	7,012	13,009
2	4,195	7,012	11,207
3	3,179	7,012	10,191
4	2,459	7,012	9,471
5	1,780	7,012	8,792
6	1,499	7,012	8,511
7	1,217	7,012	8,229
8	870	7,012	7,882
9	644	7,012	7,656
10	493	7,012	7,505
11 +	3,389	210,359	213,748
<b>Total</b>	<b>\$25,722</b>	<b>\$280,479</b>	<b>\$306,201</b>



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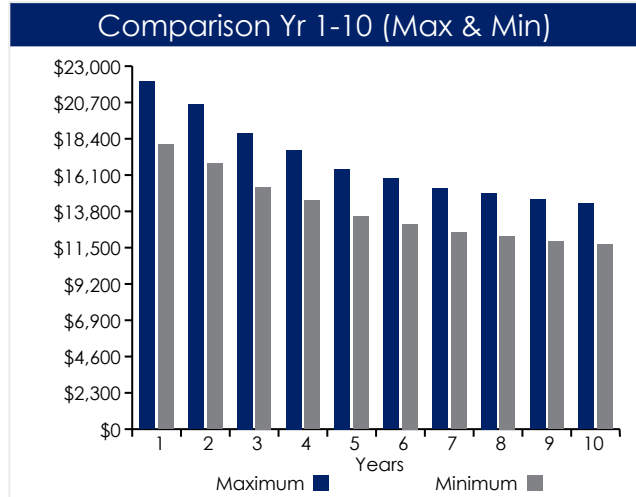
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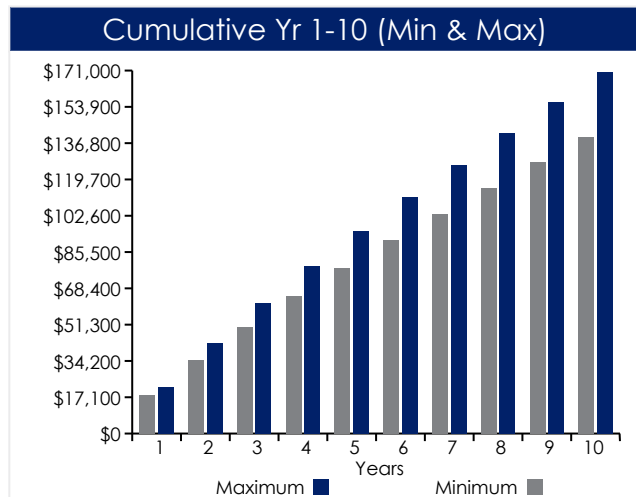
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## Estimate of Depreciation Claimable Typical 3 Bedroom Apartment 396 Murray Street, PERTH WA 6000

Maximum			
Year	Plant & Equipment	Division 43	Total
1	8,644	13,383	22,027
2	7,179	13,383	20,562
3	5,381	13,383	18,764
4	4,301	13,383	17,684
5	3,106	13,383	16,489
6	2,517	13,383	15,900
7	1,854	13,383	15,237
8	1,587	13,383	14,970
9	1,173	13,383	14,556
10	894	13,383	14,277
11 +	6,189	401,467	407,656
<b>Total</b>	<b>\$42,825</b>	<b>\$535,297</b>	<b>\$578,122</b>



Minimum			
Year	Plant & Equipment	Division 43	Total
1	7,072	10,949	18,021
2	5,873	10,949	16,822
3	4,403	10,949	15,352
4	3,519	10,949	14,468
5	2,542	10,949	13,491
6	2,059	10,949	13,008
7	1,517	10,949	12,466
8	1,299	10,949	12,248
9	959	10,949	11,908
10	732	10,949	11,681
11 +	5,063	328,473	333,536
<b>Total</b>	<b>\$35,038</b>	<b>\$437,963</b>	<b>\$473,001</b>



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

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