



# The Property Depreciation Experts

## Sample Depreciation Report - Renovated Property Built Prior to 1987



**Washington Brown**

THE PROPERTY DEPRECIATION EXPERTS



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THE PROPERTY DEPRECIATION EXPERTS

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17-Mar-21

John Smith  
Delivered via Email  
FILE NO:96068-87

Dear John,

**123 Sample Street, SYDNEY NSW 2000**

Thank you for choosing Washington Brown to prepare your Building Depreciation Schedule.

Please find attached our estimate of the costs that relate to the Capital Works Allowance as included within the Purchase Contract between the relevant parties. This certification is in accordance with Division 43 of the Income Tax Assessment Act 1997.

The Capital Works Allowance, (or more commonly known as the Building Allowance), is based upon our estimate of the original construction costs, together with any additional Capital Allowances carried out by others after the original completion of the property.

In accordance with the ITAA 1997, residential property investors can claim an allowance of 2.5% of the original construction cost, per annum, based upon the actual cost of construction.

The property needs to have been built after 1987 in order to claim these deductions.

If brand new Plant & Equipment items have been installed by you they will also be included in your report and you will be provided with a choice of claiming these items based upon the Prime Cost Method or the Diminishing Value Method.



Washington Brown Depreciation Pty. Ltd. does not accept any contractual, tortious or other form of liability for any consequences, loss or damage which may arise as a result of any other person acting upon or using this valuation.

Regards,

*Washington Brown Depreciation Pty Ltd*

**Washington Brown Depreciation Pty Ltd**  
Registered Tax Agent 26956002

SAMPLE

# Thanks for choosing Washington Brown



## Powered by process

Consistency comes down to process. It's not sexy but it's what gets the job done right every time.

That's why we've built our offering around TAXMAX500™—our digitally powered quality assurance process that evaluates every single property across over 500 variables.

Constantly updated as ATO policies change, it ensures our more than 20 years of property depreciation expertise is put to work for every one of our clients.

It's how we can guarantee maximum depreciation every time—and if you're in our game, that's really sexy.



## Global made local

Australians with investment properties overseas usually have much more complex tax structures.

So if that's you, then it makes sense to choose the only property depreciation consultants in Australia with a global network—having worked across 22 countries on five continents and growing.

That gives us the ability to inspect and calculate costs overseas, which means maximum returns on your overseas investments within the Australian taxation system.

And that's a difference that makes those complex structures a lot simpler—and a lot more lucrative.



## Award-winning

It's not vanity that makes us call ourselves depreciation consultants instead of quantity surveyors. It's because we truly offer so much more.

That's not hot air either—we're the only multi award-winning Quantity Surveyor in Australia, including the Smart Property Investor Quantity Surveyor of the year 2015.

It's why we're trusted to provide the estimates for industry leaders like RP Data/Core Logic, Meriton Apartments, Finbar International and Knight Frank. So if you're unsure, don't take our word for it, take theirs.



## Upside only

It's usually not easy understanding the value in property depreciation schedules—but that's what we've achieved by simply taking risk off the table.

Our unique 'Washington Brown - Return on Investment Screening' process asks the questions that matter up front, ensuring we'll deliver a minimum of twice our fee in deductions within the first 12 months after settlement, or the report is free.

Coupled with the fact our depreciation schedules are for up to 40 years, compared with as little as five from some competitors, and it's clear that with Washington Brown there really is only upside.



## Depreciation Schedule Fact Sheet

### **What is a building depreciation schedule?**

A building depreciation schedule is a report supplied by a quantity surveyor that estimates the construction costs of a property, where the costs are unknown, having regard to the Division 43 Capital Works allowance available to you. This report also itemises Plant & Equipment items that are brand new and can be depreciated.

### **What has the report been based upon?**

We have based our assessment upon the information as provided, together with the plans and where applicable a property inspection. This, together with other documentation will form the basis of our estimate of probable construction costs.

### **What is this report used for?**

This building depreciation schedule has been prepared for the sole purpose of depreciation claims in order to identify the relative depreciation claims that can be made and may not be used for any other purpose. This report will become void if you sell this property. Future owners should contact this office to discuss any future claims.

### **What is a depreciating asset?**

Plant and Equipment refers to items within a building, such as ovens, dishwashers, carpets and blinds. The Plant and Equipment allowance comprises of a number of item categories which are claimed at specific percentages over the particular item's effective life.

The calculation of the amount of a deduction allowed with respect to a depreciating asset in part depends upon the cost of that asset. The cost has been determined by the amount you have paid for the depreciating asset.

In accordance with the Treasury Laws Amendment (Housing Tax Integrity) Bill 2017, "previously used" depreciating assets can no longer be depreciated.



## **What is the Diminishing Value method of Depreciation?**

This method depreciates items more quickly up front. This method recognises the fact that most Plant and Equipment items tend to lose a higher portion of their value early on.

## **What is the Prime Cost method of depreciation?**

This method evenly spreads out the depreciation you can claim on Plant and Equipment items.

## **What is the Building or Capital Works allowance?**

This deduction relates to the construction costs of the building itself (concrete and brickwork etc.). This allowance is calculated at either 2.5% or 4% per annum based upon the original construction cost and the date of completion.

## **What is effective life?**

Also known as useful life, effective life is the length of the life of an item of Plant and Equipment in an investment property as deemed by the tax office. Each item can be depreciated over a period of its effective life.

## **When does the \$300 immediate write off apply?**

You can claim immediate deductions (i.e. 100% of the cost price) for items costing \$300 or less.

## **What is a Low Value Pool Item?**

Items which cost more than \$300 but less than \$1000 can be allocated to a low value pool and are depreciated at a 37.5% per year under the Diminishing Value Method.

## **What are design and professional fees?**

These fees include architect fees, engineering costs and any other design fees involved in creating a property.



## **What are builder's preliminaries?**

These costs relate to items such as scaffolding, materials, handling insurances and labour costs.

## **What are owner inclusions?**

This relates to the work or additions that you made to your property after settlement of the property.

## **What if I co-own my property?**

Where depreciating assets are co-owned, the individual's interest (share) in the asset is applicable. Each co-owner therefore must treat their depreciating asset (their interest in the underlying asset) in accordance with their own tax profile.

## **Why are my claims for the Diminishing Value Method and the Prime Cost Method the same?**

This is due to having no eligible plant and equipment items to claim (likely because the assets have been "previously used"). The deductions on plant and equipment are accelerated using the Diminishing Value method.

However, regardless of the depreciation method chosen, the building allowance is calculated at 2.5% per annum, which is why the deductions in both methods are identical when there is no eligible plant and equipment.



## Your Property Details

<b>Property Address</b>	123 Sample Street, SYDNEY NSW 2000
<b>Purchase Price Of Property</b>	\$650,000
<b>Settlement Date</b>	1-Jan-21
<b>Contract Exchange Date</b>	15-Nov-20
<b>Year Of Construction</b>	Prior to July 18, 1985





## **CERTIFICATE OF DEPRECIATION**

We hereby certify that the following costs in our opinion relate to the Plant and Equipment as included within the Purchase Contract between the relevant parties. This certification is in accordance with Division 40 of the Income Tax Assessment Act 1997.

We hereby certify that the following costs in our opinion relate to the Capital Works Allowance as included within the Purchase Contract between the relevant parties. This certification is in accordance with Division 43 of the Income Tax Assessment Act 1997.

The depreciation of the Plant and Equipment in this depreciation schedule has been determined in accordance with the relevant legislation at the time of writing this report.



## DEPRECIATION SCHEDULE & CAPITAL WORKS ALLOWANCE

BASED UPON

THE DIMINISHING VALUE METHOD

*This method depreciates items at a greater rate in the beginning. This method recognises the fact that most plant and equipment items tend to lose a higher portion of their value to begin with.*

**CONSTRUCTION SUMMARY - DIMINISHING VALUE METHOD**

DEPRECIATION & BUILDING ALLOWANCES BASED ON THE DIMINISHING VALUE METHOD AS OUTLINED IN THE  
NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES ) ACT1999.  
AMENDMENTS TO INCOME TAX ASSESSMENT ACT 1997 BY  
THIS REPORT HAS BEEN PREPARED HAVING REGARD FOR THE TREASURY LAWS AMENDMENT BILL 2017  
(HOUSING TAX INTEGRITY)

PROJECT: 123 Sample Street, SYDNEY NSW 2000

DATE: 17-Mar-21

CLIENT: John Smith

JOB: 96068-87

DESCRIPTION	CALCULATIONS
<b>PURCHASE PRICE</b>	<b>\$650,000</b>
BUILDING ALLOWANCE - ORIGINAL STRUCTURE	\$0
RENOVATION/CAPITAL WORK - PREVIOUS OWNER	\$72,285
RENOVATION/CAPITAL WORK - PURCHASED POST-SETTLEMENT	\$0
<b>TOTAL BUILDING ALLOWANCES</b>	<b>\$72,285</b>
PLANT & EQUIPMENT - PREVIOUSLY USED	NOT APPLICABLE
PLANT AND EQUIPMENT - PURCHASED POST-SETTLEMENT (NOT PREVIOUSLY USED)	\$4,836
<b>TOTAL PLANT &amp; EQUIPMENT NOT 'PREVIOUSLY USED'</b>	<b>\$4,836</b>

**SCHEDULE OF DEPRECIABLE ITEMS BASED UPON THE DIMINISHING VALUE METHOD**

PROJECT: 123 Sample Street, SYDNEY NSW 2000

DATE: 17-Mar-21

CLIENT: John Smith

JOB: 96068-87

**Category : ASSETS GENERALLY (1 item)**

Depreciable Item	Cost	Effective Life (DV)	Diminishing Value	Opening WDV
Air Conditioning - Mini split systems	\$ 2,215	10	20%	\$ 2,215

**Category : BATHROOM ASSETS (1 item)**

Depreciable Item	Cost	Effective Life (DV)	Diminishing Value	Opening WDV
Exhaust fans (including light-heating)	\$ 246	<= \$300**	100%	\$ 246

**Category : KITCHEN ASSETS (1 item)**

Depreciable Item	Cost	Effective Life (DV)	Diminishing Value	Opening WDV
Dishwasher	\$ 1,462	10	20%	\$ 1,462

<b>VALUE OF PLANT ITEMS</b>	<b>\$ 3,923</b>			<b>\$ 3,923</b>
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**Category : LOW VALUE POOL ITEMS (1 item)**

Depreciable Item	Cost	Effective Life (DV)	Diminishing Value	Opening WDV
Floor coverings - Carpet	\$ 913	Low Pool*	18.75%	\$ 913

<b>VALUE OF LOW POOL ITEMS</b>	<b>\$ 913</b>	<b>\$ 913</b>
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\* Indicates items allocated to Low Pool Category. These items must be calculated using Diminishing Value Method. Low Pool items are depreciated at

18.75% in the year of acquisition. In the following year the opening tax value of the pool is written down using the Diminishing Value rate of 37.5% p.a.

**Category : RENOVATION / CAPITAL WORK - PREVIOUS OWNER (7 items)**

Depreciable Item	Cost	Effective Life (PC)	Prime Cost	Opening WDV
Bathrooms, including tiling, bath, accessories, shower screen, vanity basin, wc suite, etc. (Circa 2010)	\$ 24,257	40	2.50%	\$ 18,193
Carpentry, including built-in robes, doors, door hardware, skirtings, etc. (Circa 2010)	\$ 11,320	40	2.50%	\$ 8,490
Electrical work, including light switches, power points, rewiring, etc. (Circa 2010)	\$ 3,639	40	2.50%	\$ 2,729
External works, including balcony balustrades (Circa 2005)	\$ 3,960	40	2.50%	\$ 2,475
Kitchen, including cupboards, benchtops, sink, tapware, etc. (Circa 2010)	\$ 17,789	40	2.50%	\$ 13,342
Laundry, including tiling, cupboards, tub, etc. (Circa 2010)	\$ 6,469	40	2.50%	\$ 4,851
Painting (Circa 2010)	\$ 4,851	40	2.50%	\$ 3,639

<b>VALUE OF RENOVATION / CAPITAL WORK</b>	<b>\$ 72,285</b>	<b>\$ 53,719</b>
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DIMINISHING VALUE - YEAR END SUMMARY				
123 Sample Street, SYDNEY NSW 2000				
FINANCIAL YEAR END	DEPRECIATION PLANT & EQUIPMENT	LOW VALUE POOL ITEMS	CAPITAL WORKS DEDUCTIONS**	AMOUNT CLAIMABLE
2020 / 2021*	\$611	\$171	\$896	\$1,678
2021 / 2022	\$662	\$278	\$1,807	\$2,748
2022 / 2023	\$530	\$174	\$1,807	\$2,511
2023 / 2024	\$424	\$109	\$1,807	\$2,340
2024 / 2025	\$339	\$68	\$1,807	\$2,214
2025 / 2026	\$271	\$42	\$1,807	\$2,121
2026 / 2027	\$217	\$27	\$1,807	\$2,051
2027 / 2028	\$174	\$17	\$1,807	\$1,997
2028 / 2029	\$139	\$10	\$1,807	\$1,956
2029 / 2030	\$111	\$6	\$1,807	\$1,925
2030 / 2031	\$89	\$4	\$1,807	\$1,900
2031 / 2032	\$71	\$3	\$1,807	\$1,881
2032 / 2033	\$57	\$2	\$1,807	\$1,866
2033 / 2034	\$46	\$1	\$1,807	\$1,854
2034 / 2035	\$36	\$1	\$1,807	\$1,844
2035 / 2036	\$29	\$0	\$1,807	\$1,837
2036 / 2037	\$23	\$0	\$1,807	\$1,831
2037 / 2038	\$19	\$0	\$1,807	\$1,826
2038 / 2039	\$15	\$0	\$1,807	\$1,822
2039 / 2040	\$12	\$0	\$1,807	\$1,819
2040 / 2041	\$10	\$0	\$1,807	\$1,817
2041 / 2042	\$8	\$0	\$1,807	\$1,815
2042 / 2043	\$6	\$0	\$1,807	\$1,813
2043 / 2044	\$5	\$0	\$1,807	\$1,812
2044 / 2045	\$4	\$0	\$1,807	\$1,811
2045 / 2046	\$3	\$0	\$1,758	\$1,761
2046 / 2047	\$3	\$0	\$1,708	\$1,711
2047 / 2048	\$2	\$0	\$1,708	\$1,710
2048 / 2049	\$2	\$0	\$1,708	\$1,710
2049 / 2050	\$1	\$0	\$1,708	\$1,709
2050 / 2051	\$1	\$0	\$861	\$862
2051 / 2052	\$1	\$0	\$0	\$1
2052 / 2053	\$1	\$0	\$0	\$1
2053 / 2054	\$1	\$0	\$0	\$1
2054 / 2055	\$0	\$0	\$0	\$0
2055 / 2056	\$0	\$0	\$0	\$0
2056 / 2057	\$0	\$0	\$0	\$0
2057 / 2058	\$0	\$0	\$0	\$0
2058 / 2059	\$0	\$0	\$0	\$0
2059 / 2060	\$0	\$0	\$0	\$0
2060 / 2061	\$0	\$0	\$0	\$0

\*The claimable amounts for this financial year have been pro-rated based on the date the property was first available for income-producing purposes.

\*\*Capital Works Deductions are calculated at the Prime Cost rate of 2.5% per annum, regardless of which depreciation method is chosen for the plant and equipment allowances.



## DEPRECIATION SCHEDULE & CAPITAL WORKS ALLOWANCE

BASED UPON

THE PRIME COST METHOD

*This method evenly spreads out the depreciation you can claim on Plant and Equipment items.*



<b>CONSTRUCTION SUMMARY - PRIME COST METHOD</b>	
<p>DEPRECIATION &amp; BUILDING ALLOWANCES BASED ON THE PRIME COST METHOD AS OUTLINED IN THE            NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES ) ACT1999.            AMENDMENTS TO INCOME TAX ASSESSMENT ACT 1997 BY            THIS REPORT HAS BEEN PREPARED HAVING REGARD FOR THE TREASURY LAWS AMENDMENT BILL 2017            (HOUSING TAX INTEGRITY)</p>	
PROJECT: 123 Sample Street, SYDNEY NSW 2000	DATE: 17-Mar-21
CLIENT: John Smith	JOB: 96068-87
DESCRIPTION	CALCULATIONS
<b>PURCHASE PRICE</b>	<b>\$650,000</b>
BUILDING ALLOWANCE - ORIGINAL STRUCTURE	\$0
RENOVATION/CAPITAL WORK - PREVIOUS OWNER	\$72,285
RENOVATION/CAPITAL WORK - PURCHASED POST-SETTLEMENT	\$0
<b>TOTAL BUILDING ALLOWANCES</b>	<b>\$72,285</b>
PLANT & EQUIPMENT - PREVIOUSLY USED	NOT APPLICABLE
PLANT AND EQUIPMENT - PURCHASED POST-SETTLEMENT (NOT PREVIOUSLY USED)	\$4,836
<b>TOTAL PLANT &amp; EQUIPMENT NOT 'PREVIOUSLY USED'</b>	<b>\$4,836</b>





## SCHEDULE OF DEPRECIABLE ITEMS BASED UPON THE PRIME COST METHOD

PROJECT: 123 Sample Street, SYDNEY NSW 2000

DATE: 17-Mar-21

CLIENT: John Smith

JOB: 96068-87

### Category : ASSETS GENERALLY (2 items)

Depreciable Item	Cost	Effective Life (PC)	Prime Cost	Opening WDV
Air Conditioning - Mini split systems	\$ 2,215	10	10%	\$ 2,215
Floor coverings - Carpet	\$ 913	10	10%	\$ 913

### Category : BATHROOM ASSETS (1 item)

Depreciable Item	Cost	Effective Life (PC)	Prime Cost	Opening WDV
Exhaust fans (including light-heating)	\$ 246	10	10%	\$ 246

**Category : KITCHEN ASSETS (1 item)**

Depreciable Item	Cost	Effective Life (PC)	Prime Cost	Opening WDV
Dishwasher	\$ 1,462	10	10%	\$ 1,462

<b>VALUE OF PLANT ITEMS</b>	<b>\$ 4,836</b>	<b>\$ 4,836</b>
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**Category : RENOVATION / CAPITAL WORK - PREVIOUS OWNER (7 items)**

Depreciable Item	Cost	Effective Life (PC)	Prime Cost	Opening WDV
Bathrooms, including tiling, bath, accessories, shower screen, vanity basin, wc suite, etc. (Circa 2010)	\$ 24,257	40	2.50%	\$ 18,193
Carpentry, including built-in robes, doors, door hardware, skirtings, etc. (Circa 2010)	\$ 11,320	40	2.50%	\$ 8,490
Electrical work, including light switches, power points, rewiring, etc. (Circa 2010)	\$ 3,639	40	2.50%	\$ 2,729
External works, including balcony balustrades (Circa 2005)	\$ 3,960	40	2.50%	\$ 2,475
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Laundry, including tiling, cupboards, tub, etc. (Circa 2010)	\$ 6,469	40	2.50%	\$ 4,851
Painting (Circa 2010)	\$ 4,851	40	2.50%	\$ 3,639

<b>VALUE OF RENOVATION / CAPITAL WORK</b>	<b>\$ 72,285</b>	<b>\$ 53,719</b>
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PRIME COST - YEAR END SUMMARY			
123 Sample Street, SYDNEY NSW 2000			
FINANCIAL YEAR END	DEPRECIATION PLANT & EQUIPMENT	CAPITAL WORKS DEDUCTIONS	AMOUNT CLAIMABLE
2020 / 2021*	\$240	\$896	\$1,136
2021 / 2022	\$484	\$1,807	\$2,291
2022 / 2023	\$484	\$1,807	\$2,291
2023 / 2024	\$484	\$1,807	\$2,291
2024 / 2025	\$484	\$1,807	\$2,291
2025 / 2026	\$484	\$1,807	\$2,291
2026 / 2027	\$484	\$1,807	\$2,291
2027 / 2028	\$484	\$1,807	\$2,291
2028 / 2029	\$484	\$1,807	\$2,291
2029 / 2030	\$484	\$1,807	\$2,291
2030 / 2031	\$244	\$1,807	\$2,051
2031 / 2032	\$0	\$1,807	\$1,807
2032 / 2033	\$0	\$1,807	\$1,807
2033 / 2034	\$0	\$1,807	\$1,807
2034 / 2035	\$0	\$1,807	\$1,807
2035 / 2036	\$0	\$1,807	\$1,807
2036 / 2037	\$0	\$1,807	\$1,807
2037 / 2038	\$0	\$1,807	\$1,807
2038 / 2039	\$0	\$1,807	\$1,807
2039 / 2040	\$0	\$1,807	\$1,807
2040 / 2041	\$0	\$1,807	\$1,807
2041 / 2042	\$0	\$1,807	\$1,807
2042 / 2043	\$0	\$1,807	\$1,807
2043 / 2044	\$0	\$1,807	\$1,807
2044 / 2045	\$0	\$1,807	\$1,807
2045 / 2046	\$0	\$1,758	\$1,758
2046 / 2047	\$0	\$1,708	\$1,708
2047 / 2048	\$0	\$1,708	\$1,708
2048 / 2049	\$0	\$1,708	\$1,708
2049 / 2050	\$0	\$1,708	\$1,708
2050 / 2051	\$0	\$861	\$861
2051 / 2052	\$0	\$0	\$0
2052 / 2053	\$0	\$0	\$0
2053 / 2054	\$0	\$0	\$0
2054 / 2055	\$0	\$0	\$0
2055 / 2056	\$0	\$0	\$0
2056 / 2057	\$0	\$0	\$0
2057 / 2058	\$0	\$0	\$0
2058 / 2059	\$0	\$0	\$0
2059 / 2060	\$0	\$0	\$0
2060 / 2061	\$0	\$0	\$0

\*The claimable amounts for this financial year have been pro-rated based on the date the property was first available for income-producing purposes.

