



**MCG QUANTITY
SURVEYORS**

TAX DEPRECIATION ESTIMATE REPORT

YOUR PROPERTY / OUR EXPERTISE

PH: 1300 795 170

www.mcgqs.com.au

SYDNEY

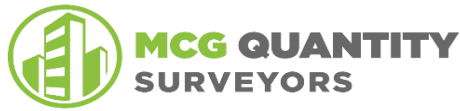
MELBOURNE

BRISBANE

ADELAIDE

CANBERRA

NEWCASTLE



Thursday, 13 August 2020

Amy McNamara - Stone Real Estate
3 Glebe Street
Kahibah NSW 2290

RE: 3 Sundown Road North Kellyville NSW 2155 -

Dear Amy,

Please find attached our tax depreciation estimates for the above property detailing the depreciation and associated tax allowances that may be available to the owner under the provisions of 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 property, in order to assist prospective purchasers in the estimation of the after tax return on the investment over the first 10 full years of ownership.

The purchaser of the property, upon utilising the property for income producing purposes, is entitled to depreciation including:

- Depreciation of Plant & Equipment
- Capital Works Allowance

The depreciation of plant and equipment items is based on the diminishing value effective life rates as prescribed by the commissioner of taxation. The current ruling as at the date of this report is (TR2019/5).

It is assumed in the preparation of this estimate that the plant and equipment items are not sold at an agreed value.

We are pleased to be able provide a complete detailed tax depreciation report on the property at a reduced fee, owing to our familiarity with the development.

Should you wish to discuss the contents of this report in more detail, please do not hesitate to contact Mike Mortlock at the office.

Regards,

A handwritten signature in blue ink, appearing to read "Mike Mortlock", is written over a white background.

Mike Mortlock B. Con. Mgmt. (Build)
Managing Director
MCG Quantity Surveyors

GUIDE TO TAX DEPRECIATION /

1 What is it?

A depreciation schedule is simply a report that shows you the deductions you're able to claim on your investment property each year, based on the decline in value of the qualifying structure and assets within.

2 What is a depreciation schedule for?

The way it works is like any other tax deduction you might be familiar with. Any tax deductions you claim come off your taxable income. To put this another way, if you earn \$100,000 a year and you have \$10,000 worth of deductions in that year, the tax office now sees you as only earning \$90,000 a year and that's what you're paying tax on.

3 What are the new depreciation rules?

Essentially if you purchase after the 9th of May 2017 you can only claim plant and equipment items if you bought the property brand new, or installed those assets yourself, such as adding new carpet. Plant and equipment items are generally the internal assets like blinds, kitchen appliances, air conditioning etc. What hasn't changed is the division 43 deductions, which consists of the structure of the building. You can still claim those deductions as per the old rules.

4 What are the advantages of buying a new property?

New properties always provide the best possible depreciation as 100% of the value is there from day one. On top of that, new properties allow the owner to claim all plant and equipment items such as blinds, carpets, kitchen appliances and the like. These deductions make up around half of the total deductions within the first full year of claim. These claims are no longer available to second hand or established property purchases.

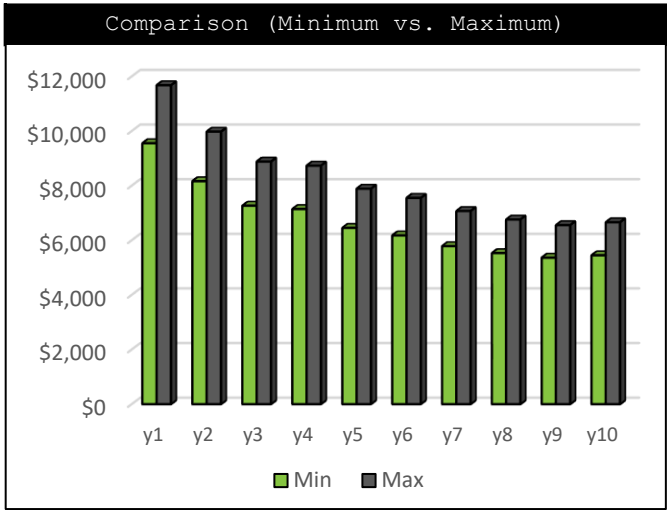
ESTIMATE /

Depreciation Estimate

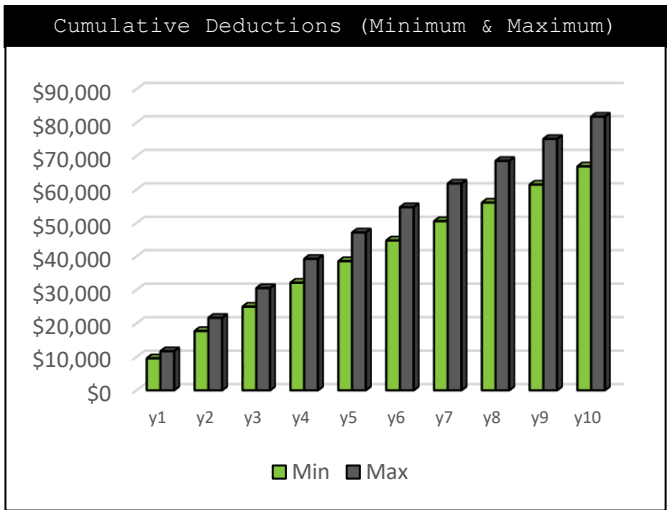
3 Sundown Road North Kellyville NSW 2155 - 1 Bedroom Units

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Maximum			
Year	Division 40	Division 43	Total
1	\$5,717	\$5,960	\$11,676
2	\$4,017	\$5,960	\$9,977
3	\$2,921	\$5,960	\$8,880
4	\$2,772	\$5,960	\$8,731
5	\$1,928	\$5,960	\$7,888
6	\$1,591	\$5,960	\$7,551
7	\$1,112	\$5,960	\$7,071
8	\$800	\$5,960	\$6,760
9	\$595	\$5,960	\$6,555
10	\$701	\$5,960	\$6,660
Total Value	\$25,128	\$238,381	\$263,509



Minimum			
Year	Division 40	Division 43	Total
1	\$4,677	\$4,876	\$9,553
2	\$3,287	\$4,876	\$8,163
3	\$2,390	\$4,876	\$7,266
4	\$2,268	\$4,876	\$7,144
5	\$1,578	\$4,876	\$6,454
6	\$1,302	\$4,876	\$6,178
7	\$909	\$4,876	\$5,785
8	\$655	\$4,876	\$5,531
9	\$487	\$4,876	\$5,363
10	\$573	\$4,876	\$5,449
Total Value	\$20,559	\$195,039	\$215,598



This estimate is presented as a guide to the potential depreciation deductions only and should not be applied or acted upon. The depreciation of the plant and equipment items is based on the Diminishing Value method of depreciation applying Low-Value Pooling and 100% deductions. The Division 43 Capital Allowance is calculated at 2.5% p.a. of the estimated construction cost. The estimate is based upon legislation current as at the date of report production.

THIS ESTIMATE CANNOT BE USED FOR TAXATION PURPOSES.



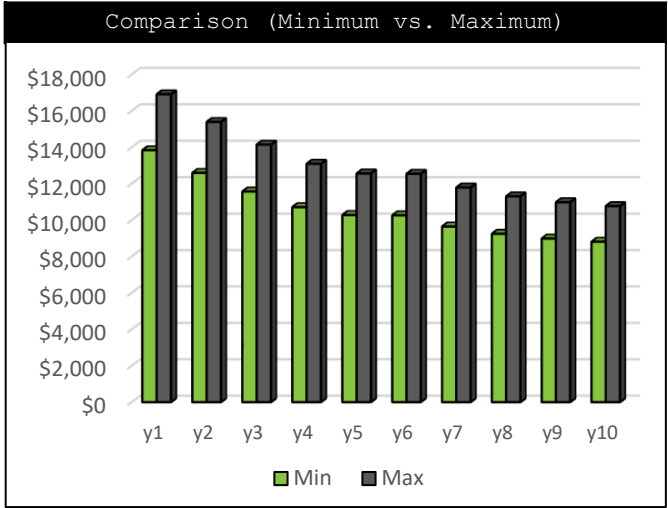
ESTIMATE /

Depreciation Estimate

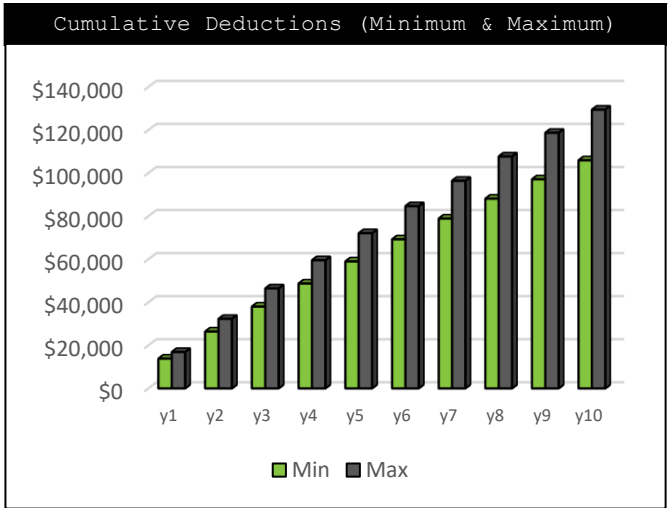
3 Sundown Road North Kellyville NSW 2155 - 2 Bedroom Units

MCG Quantity Surveyors

Maximum			
Year	Division 40	Division 43	Total
1	\$6,834	\$10,072	\$16,906
2	\$5,314	\$10,072	\$15,386
3	\$4,068	\$10,072	\$14,140
4	\$3,018	\$10,072	\$13,090
5	\$2,487	\$10,072	\$12,559
6	\$2,468	\$10,072	\$12,540
7	\$1,716	\$10,072	\$11,788
8	\$1,229	\$10,072	\$11,301
9	\$909	\$10,072	\$10,981
10	\$695	\$10,072	\$10,767
Total Value	\$33,505	\$402,879	\$436,384



Minimum			
Year	Division 40	Division 43	Total
1	\$5,592	\$8,241	\$13,832
2	\$4,348	\$8,241	\$12,589
3	\$3,329	\$8,241	\$11,569
4	\$2,469	\$8,241	\$10,710
5	\$2,035	\$8,241	\$10,275
6	\$2,019	\$8,241	\$10,260
7	\$1,404	\$8,241	\$9,645
8	\$1,005	\$8,241	\$9,246
9	\$743	\$8,241	\$8,984
10	\$569	\$8,241	\$8,809
Total Value	\$27,413	\$329,629	\$357,042



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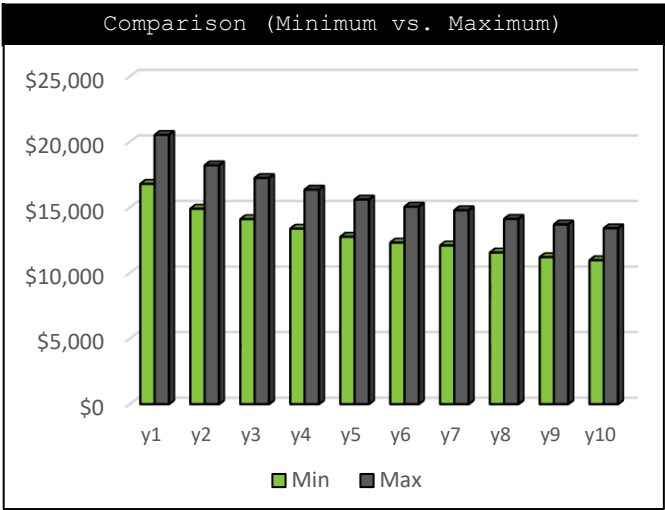
ESTIMATE /

Depreciation Estimate

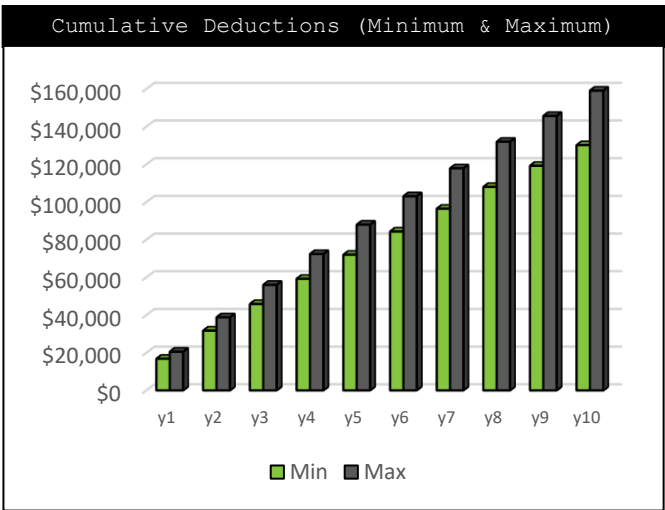
3 Sundown Road North Kellyville NSW 2155 - 2 Bedroom Units

MCG Quantity Surveyors

Maximum			
Year	Division 40	Division 43	Total
1	\$8,023	\$12,512	\$20,535
2	\$5,709	\$12,512	\$18,222
3	\$4,739	\$12,512	\$17,251
4	\$3,851	\$12,512	\$16,363
5	\$3,094	\$12,512	\$15,606
6	\$2,551	\$12,512	\$15,064
7	\$2,279	\$12,512	\$14,792
8	\$1,621	\$12,512	\$14,134
9	\$1,190	\$12,512	\$13,703
10	\$904	\$12,512	\$13,416
Total Value	\$39,996	\$500,493	\$540,489



Minimum			
Year	Division 40	Division 43	Total
1	\$6,564	\$10,237	\$16,801
2	\$4,671	\$10,237	\$14,909
3	\$3,877	\$10,237	\$14,114
4	\$3,151	\$10,237	\$13,388
5	\$2,531	\$10,237	\$12,768
6	\$2,088	\$10,237	\$12,325
7	\$1,865	\$10,237	\$12,102
8	\$1,326	\$10,237	\$11,564
9	\$974	\$10,237	\$11,211
10	\$739	\$10,237	\$10,977
Total Value	\$32,724	\$409,494	\$442,218



This estimate is presented as a guide to the potential depreciation deductions only and should not be applied or acted upon. The depreciation of the plant and equipment items is based on the Diminishing Value method of depreciation applying Low-Value Pooling and 100% deductions. The Division 43 Capital Allowance is calculated at 2.5% p.a. of the estimated construction cost. The estimate is based upon legislation current as at the date of report production.

THIS ESTIMATE CANNOT BE USED FOR TAXATION PURPOSES.



Attention investors

Whilst these estimates are a guide to the potential depreciation deductions within the development, all investors require a full detailed depreciation schedule in order to claim their depreciation entitlements.

THE MCG DIFFERENCE /

Our Guarantee

If we cannot find double our fee worth of deductions within the first full year of claim, we'll cancel the report without charge.

Our Experience

We've worked with companies like Westpac, McDonalds, Stockland and more. As registered tax agents and members of the Australian Institute of Quantity Surveyor's, we have all the experience and qualifications to provide you with an exceptional outcome.

Industry Recognition

MCG are Australia's fastest growing Quantity Surveying Firm and are one of Australia's 100 fastest growing companies. We've been featured in Australian Property Investor Magazine and sky business. We believe these results are a testament to the efforts we make to ensure our clients achieve the maximum possible deductions.

We are pleased to be able to provide investors within this development a reduced fee of \$500 + GST (normally \$650 + GST)

- First owner in a new development only.

Use the application form to order your reduced fee Depreciation Schedule now!

APPLICATION FORM /

Property Information			Stone Real Estate - MF
Street Address:	Suburb:	State:	Post Code:
If the property was purchased;			
Contract Date: (If settlement after 09/05/17)	Settlement Date: Exact (dd/mm/yy)	Purchase Price:	
Land Value:	Age of Property:		
Property Type: (e.g. House, Unit, Commercial)			
OR If the property was constructed;			
Construction Date: Exact (dd/mm/yy)	Variation costs: (Outside of construction costs)		
Construction Cost: (excl. Land Value)	Details of Variations:		
Applicant's Details			
Title:	First Name(s):	Surname(s):	
Name for the report to be made in: (if different to applicant)			
If you would like the report split in to separate owners, please advise the percentage of ownership per owner:			
Applicant's Postal Address			
Street Address:	Suburb:	State:	Post Code:
Phone:	Mobile:	Email:	
Forward Email Copy of Report To			
Accountant's Details			
Name:			
Email Address:		Phone Number:	
Property Improvements			
Is the property furnished?:	Date available for rent:		
If property is furnished advice on whether it was purchased furnished (please provide detailed list), otherwise the items, installation date and cost of the furniture items:			
Details of any property improvements since purchase: (Include item/date/cost)			
Signature of applicant:			Date:
Report Particulars (please email application to tax@mcgqs.com.au)			
The reduced fee for this report is 500 + GST			
This does not include a detailed site inspection. Commercial properties are quoted on a case by case basis. <i>Contact us on 1300 795 170 or at www.mcgqs.com.au</i>			