koste Chartered Quantity Surveyors

DIVISION 40 · DIVISION 43 · ITAA 1997

Tax Depreciation Schedule

PROPERTY

10 Fictional Business Avenue, Fictional Location, QLD, 4000

OWNER / TAXPAYER

Example Property Owner Pty Ltd (fictional)

YEAR 1 — DV	10-YEAR — DV	LIFETIME — DV
$159,919	$1,231,245	$3,796,447

FIRST CLAIM YEAR
FY 2026–27

REFERENCE
SAMPLE-COMMERCIAL

SAMPLE DATE
1 July 2026

REGISTERED TAX AGENT
24836767

CONFIDENTIAL — OWNER / TAXPAYER REPORT

PROPERTY INFORMATION

The property this schedule covers

This report sets out the capital allowance (Division 40) and capital works (Division 43) deductions available for the property below, under the *Income Tax Assessment Act 1997*. Every figure in this schedule is derived from the asset register, construction details and acquisition history recorded for this property.

> **Fictional sample cost assumptions.** All property values, plant quantities and unit costs are assumed for this illustration, not verified construction costs or market valuations. Grouped rows represent the stated number of equivalent complete assets, not a larger system split to obtain pooling. Effective lives are taken from the recorded LI 2025/20 library entries; deductions are calculated by Capal's normal engines.

PROPERTY ADDRESS **10 Fictional Business Avenue, Fictional Location, QLD, 4000**	OWNERSHIP ENTITY **Company**	OWNER / TAXPAYER **Example Property Owner Pty Ltd (fictional)**
REFERENCE **SAMPLE-COMMERCIAL**	CONSTRUCTION COMPLETED **15 June 2026**	CONTRACT DATE **1 June 2026**
SETTLEMENT DATE **1 July 2026**	INCOME-PRODUCING FROM **1 July 2026**	ACQUISITION BASIS **Property purchase**
PURCHASE PRICE **$6,000,000**	LAND VALUE (NON-DEPRECIABLE) **$2,000,000**	PROPERTY USE **Commercial**
BUSINESS / INCOME USE **100%**	PREFERRED METHOD **Diminishing Value**	LOW VALUE POOL **Enabled**

> Where the property is not 100% income-producing, deductions are apportioned to the income-producing percentage shown above. Confirm the apportionment basis with your registered tax agent.

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SECTION 1

Executive summary

At a glance, the deductions this schedule secures for the property — under both the diminishing value and prime cost methods. Diminishing value front-loads deductions into the early years; prime cost spreads them evenly. Both are scheduled in full so your adviser can elect the method that suits.

DIVISION 40 — PLANT & EQUIPMENT
$580,500.00
Forecast total including labelled final-year assumptions

DIVISION 43 — CAPITAL WORKS
$3,215,971.78
Total claimable over schedule life

YEAR 1 — DIMINISHING VALUE
$159,919
First-year deduction (DV)

YEAR 1 — PRIME COST
$125,912
First-year deduction (PC)

Claimable deductions by period — both methods

> **Diminishing value:** The Division 40 card includes assumed individual scrapping and a separately labelled, non-deductible pool presentation adjustment. Tax deduction and cash-value tables exclude that pool adjustment. See each method's Final-year assumptions page for the exact split.
>
> **Prime cost:** The forecast total includes a small rounding-to-cost reconciliation, which is not a tax deduction.

PERIOD		DIMINISHING VALUE	PRIME COST
Year 1		$159,918.63	$125,912.44
First 5 years		$704,601.23	$624,793.21
First 10 years		$1,231,245.31	$1,180,038.26
Forecast tax deductions	Forecast tax deductions, incl. assumed individual scrapping	**$3,796,446.58**	Forecast tax deductions **$3,796,471.77**
Presentation adjustment	Pool presentation adjustment (not deductible)	$25.20	Rounding to cost $0.01
Presented total, including labelled assumptions		**$3,796,471.78**	**$3,796,471.78**

> Tax deductions are not cash refunds. Their cash value is the deduction multiplied by your marginal tax rate, quantified in Appendix A1 (Tax Savings Estimator). **Diminishing value:** The pool presentation adjustment is not deductible. **Prime cost:** Rounding to cost is a reconciliation only, not a tax deduction. Division 43 amounts claimed reduce the CGT cost base on disposal (s110-45(2) and (4)), and the reduced cost base (s110-55(4)); Capital gains and losses on Division 40 plant are generally disregarded (s118-24(1)), except CGT event K7 (s118-24(2)(a)). Balancing adjustments apply instead.

> **Keep this report with the property's long-term tax records.** It supports annual depreciation claims and forms part of the Cost Base Evidence trail for future renovations, ownership changes and an eventual sale. Complete source records can materially improve the deductions and cost-base positions your advisers are able to support.

SECTION 1 — CONTINUED

Full Property Purchase Price Reconciliation

This reconciliation is presented at Full Property value and is not apportioned between individual owners. It separates the consideration paid for the property from later expenditure and acquisition costs.

Land	$2,000,000.00
Division 40 plant and equipment	$580,500.00
Division 43 written-down value at acquisition	$3,215,971.78
Non-eligible / non-depreciable expenditure	$203,528.22
Purchase price	**$6,000,000.00**

Acquisition values and scheduled deductions

BASIS	DIVISION 40	DIVISION 43
Full-property value at acquisition (as above)	$580,500.00	$3,215,971.78
Less: forecast total including labelled final-year assumptions (page 4)	$580,500.00	$3,215,971.78
Net difference — acquisition value less scheduled deductions	**$0.00**	**$0.00**

> **Diminishing value:** The forecast total includes assumed final-year individual scrapping and a non-deductible pool presentation adjustment, so the net difference above is nil by construction. Acquisition values are not a promise of deductions. Actual deductions depend on the facts and on when assets are really disposed of.
>
> **Prime cost:** The forecast total includes a small rounding-to-cost reconciliation, which is not a tax deduction. Acquisition values are not a promise of deductions. Actual deductions depend on the facts and on when assets are really disposed of.
>
> Acquisition values above are full-property values; page 4 uses the claim scope of this report. Division 43 deductions for acquired works are capped at their undeducted expenditure at acquisition; later works and non-income-producing periods are assessed separately. Amounts here include cents so the two pages can be reconciled exactly.

> Stamp duty and post-settlement expenditure are excluded from this purchase price reconciliation and should be retained separately with the property's Cost Base Evidence records.

SECTION 2

Accountant quick reference

A one-page lodgement summary of the figures your accountant or registered tax agent needs from this schedule. Amounts below are diminishing-value figures for the recorded taxpayer.

YEAR 1 TOTAL DEDUCTION — DIMINISHING VALUE

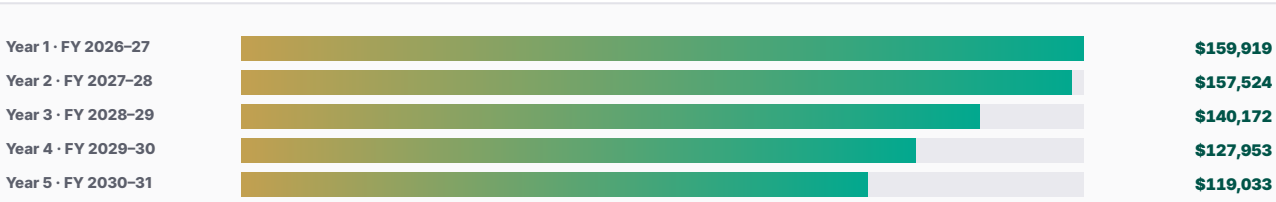
$159,919

FY 2026–27
Claim period begins 1 July 2026

DIVISION 40 PLANT & EQUIPMENT	LOW VALUE POOL SUBDIV 40-E	DIVISION 43 CAPITAL WORKS
$68,012	**$11,419**	**$80,488**
Year 1 diminishing value	Year 1 pooled deduction	Year 1 pro-rated deduction

First five years — total deductions

5-year total $704,601



Lodgement details

OWNER / TAXPAYER Example Property Owner Pty Ltd (fictional)	FIRST CLAIM YEAR FY 2026–27
INCOME-PRODUCING FROM 1 July 2026	PREFERRED METHOD Diminishing Value
OWNERSHIP ENTITY Company	PROPERTY USE / INCOME-PRODUCING USE Commercial · 100%

Supporting values

ITEM	AMOUNT / VALUE	NOTES
Division 43 — annual deduction after Year 1	$80,488	Full-year capital works claim
Total Division 43 claimable	$3,215,972	Lifetime capital works entitlement

SECTION 3 · PROPERTY LIFECYCLE

Your Property Tax Position

A property-specific snapshot based on the recorded use, acquisition timing and legal ownership. It highlights where the 1 July 2027 reforms may matter and what evidence should be kept current.

NEGATIVE GEARING · FROM 1 JULY 2027

Not applicable — commercial property

The 2027 negative-gearing reform is directed to residential property investments, not this recorded commercial use.

CAPITAL GAINS TAX · FROM 1 JULY 2027

Entity-specific review required

The recorded ownership is Company. The published reform replaces the 50% discount for individuals, trusts and partnerships; confirm the separate rules applying to each recorded owner entity.

DIVISION 43 & FUTURE CGT

$0 recorded to date

Division 43 deductions may affect the property's future CGT calculation. Keep every schedule so the amount claimed can be established if and when a CGT event occurs.

COST BASE EVIDENCE

Build the evidence during ownership

Documents captured when work occurs are stronger and easier to verify than a reconstruction prepared years later when the property is sold or transferred.

RECORDED PROPERTY USE **Commercial**	ACQUISITION TIMING **1 June 2026 · Announcement reference 12 May 2026**
OWNERSHIP **Company**	

Your Property Tax Record

Keep this report with the source documents below. Together they support annual deductions and the property's future Cost Base Evidence.

- ✓ Purchase contract and settlement statement
- ✓ Stamp duty, legal and acquisition costs
- ✓ Renovation invoices, contracts and variations
- ✓ Asset replacements, removals and disposal records
- ✓ Division 43 records and depreciation schedules
- ✓ Ownership changes and property-use evidence

When to update this schedule

Renovate · Replace equipment · Remove fitout · Scrap assets · Change ownership · Change property use · Prepare for sale

> **Keep this report. Keep adding records.** What is documented during ownership can materially improve the deductions and cost-base positions your advisers can support later.

Source: Australian Taxation Office, *Tax reform — Boosting home ownership — Reforming negative gearing and capital gains tax*, last updated 29 June 2026. This snapshot is not a calculation of future tax. Transitional eligibility, entity treatment and any eventual CGT outcome must be confirmed by the registered tax agent using the law and facts applying at that time.

SECTION 4

How your entitlements were determined

The rates, methods and concessions in this schedule were determined from the property's use, entity type, construction dates and acquisition history. The determinations below are the foundation of every figure in this report.

TAX TREATMENT **Non-residential property operators → Division 43 at 2.5% over 40 years for eligible building works**	STRUCTURAL IMPROVEMENTS **External works, carparks and surrounds claim at 2.5% over 40 years**
ENTITY & BUSINESS **Company**	INSTANT ASSET WRITE-OFF **Sample assumption: This schedule assumes the owner does not use the small business simplified depreciation rules. If it does, assets costing less than the instant write-off threshold are deducted immediately and the low-value pool is not available (s40-425(7)).**
SECOND-HAND PLANT — SECTION 40-27 **Not applicable. Section 40-27 only reduces deductions for assets used to produce assessable income from using residential premises to provide residential accommodation (s40-27(2)(a)). This property is recorded as non-residential commercial property, and the recorded owner is a company, which is also excluded (s40-27(3)(a)).**	EFFECTIVE LIVES **Effective lives use the Commissioner's determination in force when the taxpayer entered into the contract to acquire the asset, otherwise acquired it, or started to construct it (s40-95(2)), provided the asset's start time is within 5 years of that time, otherwise the determination in force at the start time. The current determination is LI 2025/20 (F2025L01097), which commenced on 16 September 2025, the day after registration on 15 September 2025. For earlier acquisitions, the determination in force at that earlier time applies. Table A (industry) applied first, Table B general rates otherwise**
LOW VALUE POOL **Eligible — assets under $1,000 pooled at 18.75% year one, 37.5% thereafter**	METHODS SCHEDULED **Both diminishing value (s40-70) and prime cost (s40-75) in full**

> Division 43 amounts claimed reduce the CGT cost base on disposal (s110-45(2) and (4)), and the reduced cost base (s110-55(4)); to date **$0** has been claimed. Capital gains and losses on Division 40 plant are generally disregarded (s118-24(1)), except CGT event K7 (s118-24(2)(a)). Balancing adjustments apply instead.

SECTION 5

Methodology & basis of preparation

This schedule is prepared by quantity surveyors as an appropriately qualified person to estimate construction costs (TR 97/25). Effective lives use the Commissioner's determination in force when the taxpayer entered into the contract to acquire the asset, otherwise acquired it, or started to construct it (s40-95(2)), provided the asset's start time is within 5 years of that time, otherwise the determination in force at the start time. The current determination is LI 2025/20 (F2025L01097), which commenced on 16 September 2025, the day after registration on 15 September 2025. For earlier acquisitions, the determination in force at that earlier time applies. Figures are engine-calculated, not estimated by hand.

Diminishing Value

S40-70 · ACCELERATED

Each year's deduction = **200% ÷ effective life × opening adjustable value**. The deduction is largest in year one and falls each year as the adjustable value reduces.

Prime Cost

S40-75 · STRAIGHT-LINE

Each year's deduction = **100% ÷ effective life × original cost**. The deduction is the same level amount every year across the asset's effective life.

Data sources & rules applied

EFFECTIVE LIVES

Effective lives use the Commissioner's determination in force when the taxpayer entered into the contract to acquire the asset, otherwise acquired it, or started to construct it (s40-95(2)), provided the asset's start time is within 5 years of that time, otherwise the determination in force at the start time. The current determination is LI 2025/20 (F2025L01097), which commenced on 16 September 2025, the day after registration on 15 September 2025. For earlier acquisitions, the determination in force at that earlier time applies. Table A (industry-specific) applied first, Table B general rates otherwise

CONSTRUCTION COST (DIV 43)

Estimated under TR 97/25; excludes land, demolition and soft landscaping (s43-70(2))

LOW-COST & LOW-VALUE

Under s40-80(2), an item must be deducted in full if it costs $300 or less, is used mainly to produce assessable income other than from carrying on a business, is not part of a set costing more than $300 in total, and is not one of a number of identical or substantially identical items costing more than $300 in total. This applies to any eligible owner, not only residential property, and is not optional. Eligible assets under $1,000 may enter the Low Value Pool at 18.75% / 37.5% (Subdiv 40-E).

APPORTIONMENT

Deductions are pro-rated by days held from the asset's start time (s40-70(1), s40-72(1), s40-75(1)); any non-taxable use is a separate reduction (s40-25).

BOTH METHODS

Diminishing value and prime cost are scheduled in full so your adviser can elect per asset

No asset in this schedule costs $300 or less, so s40-80(2) does not apply. Under s40-80(2), an item must be deducted in full if it costs $300 or less, is used mainly to produce assessable income other than from carrying on a business, is not part of a set costing more than $300 in total, and is not one of a number of identical or substantially identical items costing more than $300 in total. This applies to any eligible owner, not only residential property, and is not optional. Business concessions and low-value pooling apply only where the taxpayer and asset qualify.

Individual assets only. The final year assumes any remaining plant stops being used on the last day of the year and is scrapped for an assumed termination value of nil, giving a balancing adjustment deduction under s40-285(2). The actual claim depends on when the assets are really disposed of and what they are worth.

The remaining low value pool balance is written off in the final year so the schedule totals equal cost. This is a presentation assumption only. Under section 40-445 of the ITAA 1997, a pool balance is not deductible on scrapping, and any remaining balance continues to be deducted at 37.5% a year.

SECTION 6

Summary of entitlements — Diminishing Value method

Division 43 capital works deductions are calculated over the applicable 25- or 40-year entitlement period. Where the entitlement begins or ends part-way through an income year, the relevant income year is apportioned.

YEAR	INCOME YEAR	DIVISION 40	LOW VALUE POOL	DIVISION 43	TOTAL CLAIMABLE	CUMULATIVE
Year 1	FY 2026–27 1 July 2026 to 30 June 2027 (365 days)	**68,012**	11,419	**80,488**	**159,919**	159,919
Year 2	FY 2027–28	**53,381**	23,655	**80,488**	**157,524**	317,443
Year 3	FY 2028–29	**44,666**	15,019	**80,488**	**140,172**	457,615
Year 4	FY 2029–30	**38,079**	9,387	**80,488**	**127,953**	585,568
Year 5	FY 2030–31	**32,679**	5,867	**80,488**	**119,033**	704,601
Year 6	FY 2031–32	**28,220**	3,667	**80,488**	**112,375**	816,976
Year 7	FY 2032–33	**23,022**	6,487	**80,488**	**109,996**	926,972
Year 8	FY 2033–34	**19,524**	5,047	**80,488**	**105,058**	1,032,030
Year 9	FY 2034–35	**16,981**	3,823	**80,488**	**101,291**	1,133,321
Year 10	FY 2035–36	**15,048**	2,389	**80,488**	**97,925**	1,231,245
Year 11	FY 2036–37	**13,391**	1,493	**80,488**	**95,372**	1,326,617
Year 12	FY 2037–38	**11,963**	933	**80,488**	**93,383**	1,420,001
Year 13	FY 2038–39	**10,724**	583	**80,488**	**91,794**	1,511,795
Year 14	FY 2039–40	**9,487**	715	**80,488**	**90,690**	1,602,485
Year 15	FY 2040–41	**8,404**	812	**80,488**	**89,704**	1,692,189
Year 16	FY 2041–42	**7,244**	1,135	**80,488**	**88,866**	1,781,055
Year 17	FY 2042–43	**6,633**	709	**80,488**	**87,830**	1,868,884
Year 18	FY 2043–44	**6,078**	443	**80,488**	**87,009**	1,955,894
Year 19	FY 2044–45	**5,575**	277	**80,488**	**86,339**	2,042,233
Year 20	FY 2045–46	**5,117**	173	**80,488**	**85,777**	2,128,010
Year 21	FY 2046–47	**4,699**	108	**80,488**	**85,295**	2,213,305
Year 22	FY 2047–48	**4,319**	68	**80,488**	**84,874**	2,298,179
Year 23	FY 2048–49	**3,972**	42	**80,488**	**84,502**	2,382,682
Year 24	FY 2049–50	**3,656**	26	**80,488**	**84,170**	2,466,851
Year 25	FY 2050–51	**2,968**	1,512	**80,488**	**84,967**	2,551,819
Year 26	FY 2051–52	**2,743**	945	**80,488**	**84,176**	2,635,995
Year 27	FY 2052–53	**2,381**	1,320	**80,488**	**84,189**	2,720,183
Year 28	FY 2053–54	**2,204**	825	**80,488**	**83,517**	2,803,700
Year 29	FY 2054–55	**2,041**	516	**80,488**	**83,045**	2,886,745
Year 30	FY 2055–56	**1,892**	322	**80,488**	**82,701**	2,969,446
Year 31	FY 2056–57	**1,754**	201	**80,488**	**82,442**	3,051,889
Year 32	FY 2057–58	**1,626**	126	**80,488**	**82,240**	3,134,128
Year 33	FY 2058–59	**1,393**	406	**80,488**	**82,286**	3,216,414
Year 34	FY 2059–60	**1,300**	254	**80,488**	**82,041**	3,298,455
Year 35	FY 2060–61	**1,213**	159	**80,488**	**81,859**	3,380,314
Year 36	FY 2061–62	**1,132**	99	**80,488**	**81,719**	3,462,033
Year 37	FY 2062–63	**1,057**	62	**80,488**	**81,606**	3,543,639
Year 38	FY 2063–64	**986**	39	**80,488**	**81,513**	3,625,152
Year 39	FY 2064–65	**921**	24	**80,488**	**81,432**	3,706,584
Year 40	FY 2065–66	**12,888**	15	**76,959**	**89,862**	3,796,447
LIFETIME TOTAL		**479,372**	**101,103**	**3,215,972**	**3,796,447**	

Year 40 Division 40 includes $12,028.87 of assumed final-year scrapping (page 11).

FORECAST BASIS

Final-year assumptions - Diminishing Value

Final forecast year: FY 2065–66 (year 40). Ordinary rates are applied first. The following assumptions are separate from those ordinary deductions.

FORECAST COMPONENT	AMOUNT	BASIS
Ordinary individual plant depreciation	**$859.20**	Recorded method and rates
Ordinary low value pool deduction	**$15.12**	Ordinary pool calculation
Assumed scrapping in final year (s40-285(2))	**$12,028.87**	FY 2065–66; individual assets only, after ordinary depreciation
Final-year write-off of remaining low value pool balance (presentation assumption)	**$25.20**	FY 2065–66; not a tax deduction, excluded from tax savings and tax deduction totals

Whole-forecast Division 40 reconciliation

Projected tax deductions, including assumed individual scrapping	**$580,474.80**
Non-deductible pool presentation adjustment	**$25.20**
Division 40 presented total, including labelled assumptions	**$580,500.00**
Remaining pool balance in this presentation	**$0.00**
Legal pool balance retained for ordinary future deductions	**$25.20**

> **Individual assets only.** The final year assumes any remaining plant stops being used on the last day of the year and is scrapped for an assumed termination value of nil, giving a balancing adjustment deduction under s40-285(2). The actual claim depends on when the assets are really disposed of and what they are worth.

> The remaining low value pool balance is written off in the final year so the schedule totals equal cost. This is a presentation assumption only. Under section 40-445 of the ITAA 1997, a pool balance is not deductible on scrapping, and any remaining balance continues to be deducted at 37.5% a year.

SECTION 7

Summary of entitlements — Prime Cost method

Division 43 capital works deductions are calculated over the applicable 25- or 40-year entitlement period. Where the entitlement begins or ends part-way through an income year, the relevant income year is apportioned.

YEAR	INCOME YEAR	DIVISION 40	LOW VALUE POOL	DIVISION 43	TOTAL CLAIMABLE	CUMULATIVE
Year 1	FY 2026–27 1 July 2026 to 30 June 2027 (365 days)	**34,006**	11,419	**80,488**	**125,912**	125,912
Year 2	FY 2027–28	**34,006**	18,555	**80,488**	**133,049**	258,962
Year 3	FY 2028–29	**34,006**	11,597	**80,488**	**126,091**	385,052
Year 4	FY 2029–30	**34,006**	7,248	**80,488**	**121,742**	506,794
Year 5	FY 2030–31	**32,981**	4,530	**80,488**	**117,999**	624,793
Year 6	FY 2031–32	**32,981**	2,831	**80,488**	**116,300**	741,093
Year 7	FY 2032–33	**32,981**	1,770	**80,488**	**115,238**	856,332
Year 8	FY 2033–34	**31,838**	1,106	**80,488**	**113,432**	969,763
Year 9	FY 2034–35	**24,088**	691	**80,488**	**105,267**	1,075,030
Year 10	FY 2035–36	**24,088**	432	**80,488**	**105,008**	1,180,038
Year 11	FY 2036–37	**19,188**	270	**80,488**	**99,946**	1,279,984
Year 12	FY 2037–38	**19,188**	169	**80,488**	**99,845**	1,379,829
Year 13	FY 2038–39	**17,313**	105	**80,488**	**97,906**	1,477,735
Year 14	FY 2039–40	**17,313**	66	**80,488**	**97,867**	1,575,602
Year 15	FY 2040–41	**17,313**	41	**80,488**	**97,842**	1,673,444
Year 16	FY 2041–42	**9,513**	26	**80,488**	**90,027**	1,763,470
Year 17	FY 2042–43	**9,513**	16	**80,488**	**90,017**	1,853,487
Year 18	FY 2043–44	**9,513**	10	**80,488**	**90,011**	1,943,498
Year 19	FY 2044–45	**9,513**	6	**80,488**	**90,007**	2,033,505
Year 20	FY 2045–46	**9,513**	4	**80,488**	**90,005**	2,123,510
Year 21	FY 2046–47	**7,013**	2	**80,488**	**87,503**	2,211,013
Year 22	FY 2047–48	**7,013**	2	**80,488**	**87,502**	2,298,516
Year 23	FY 2048–49	**7,013**	1	**80,488**	**87,502**	2,386,017
Year 24	FY 2049–50	**7,013**	1	**80,488**	**87,501**	2,473,519
Year 25	FY 2050–51	**7,013**	0	**80,488**	**87,501**	2,561,020
Year 26	FY 2051–52	**6,333**	0	**80,488**	**86,821**	2,647,841
Year 27	FY 2052–53	**6,333**	0	**80,488**	**86,821**	2,734,662
Year 28	FY 2053–54	**6,333**	0	**80,488**	**86,821**	2,821,483
Year 29	FY 2054–55	**6,333**	0	**80,488**	**86,821**	2,908,304
Year 30	FY 2055–56	**6,333**	0	**80,488**	**86,821**	2,995,125
Year 31	FY 2056–57	**0**	0	**80,488**	**80,488**	3,075,612
Year 32	FY 2057–58	**0**	0	**80,488**	**80,488**	3,156,100
Year 33	FY 2058–59	**0**	0	**80,488**	**80,488**	3,236,587
Year 34	FY 2059–60	**0**	0	**80,488**	**80,488**	3,317,075
Year 35	FY 2060–61	**0**	0	**80,488**	**80,488**	3,397,562
Year 36	FY 2061–62	**0**	0	**80,488**	**80,488**	3,478,050
Year 37	FY 2062–63	**0**	0	**80,488**	**80,488**	3,558,537
Year 38	FY 2063–64	**0**	0	**80,488**	**80,488**	3,639,025
Year 39	FY 2064–65	**0**	0	**80,488**	**80,488**	3,719,512
Year 40	FY 2065–66	**0**	0	**76,959**	**76,959**	3,796,472
LIFETIME TOTAL		**519,600**	**60,900**	**3,215,972**	**3,796,472**	

FORECAST BASIS

Final-year assumptions - Prime Cost

Final forecast year: FY 2065–66 (year 40). Ordinary rates are applied first. The following assumptions are separate from those ordinary deductions.

FORECAST COMPONENT	AMOUNT	BASIS
Ordinary individual plant depreciation	**$0.00**	Recorded method and rates
Ordinary low value pool deduction	**$0.00**	Ordinary pool calculation
Rounding to cost	**$0.01**	FY 2065–66; not a tax deduction, excluded from tax savings and tax deduction totals

Whole-forecast Division 40 reconciliation

Projected tax deductions	**$580,499.99**
Rounding to cost	**$0.01**
Division 40 presented total, including labelled assumptions	**$580,500.00**
Unreconciled rounding difference	**$0.00**
Rounding difference (not a pool balance)	**$0.01**

> No individual plant remains at the end of the forecast, so no scrapping amount applies.

> Rounding to cost is a presentation-only reconciliation of cumulative rounding. It is not a remaining pool balance or an additional tax deduction.

SECTION 8 — CONTINUED

Division 40 — annual claimable deductions by asset (Diminishing Value), years 1–10 — continued

ASSET	COST	LIFE	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	TOTAL CLAIMABLE
Table A - Non-residential property operators (67120)													
Non-residential property operators > Commercial office building assets > Carpets	$62,000	8	15,500	11,625	8,719	6,539	4,904	3,678	2,759	2,069	1,552	1,164	$61,171
Non-residential property operators > Hot water installations (excluding commercial boilers and piping)	$5,600	15	747	647	561	486	421	365	316	274	LVP	—	$3,818
Table B - General Assets													
Air-conditioning assets (excluding pipes, duct work and vents) > Chillers > Volumetrics (including reciprocating, rotary, screw, scroll) > Air-cooled	$85,000	15	11,333	9,822	8,513	7,378	6,394	5,541	4,803	4,162	3,607	3,126	$84,128
Air-conditioning assets (excluding pipes, duct work and vents) > Air handling units	$50,000	20	5,000	4,500	4,050	3,645	3,281	2,952	2,657	2,391	2,152	1,937	$46,012
Air-conditioning assets (excluding pipes, duct work and vents) > Fan coil units (connected to a condensing set)	$26,400	15	3,520	3,051	2,644	2,291	1,986	1,721	LVP	—	—	—	$15,213
Floor coverings (removable without damage) > Linoleum and vinyl	$24,000	10	4,800	3,840	3,072	2,458	1,966	1,573	1,258	1,007	805	644	$23,156
Fire control and alarm assets > Pumps (including diesel and electric)	$17,000	25	1,360	1,251	1,151	1,059	974	896	825	759	698	642	$15,055
Air-conditioning assets (excluding pipes, duct work and vents) > Damper motors (including variable air volume box controllers)	$16,000	10	3,200	LVP	—	—	—	—	—	—	—	—	$3,200
Fire control and alarm assets > Detection and alarm systems > Fire indicator panels	$12,500	12	2,083	1,736	1,447	1,206	1,005	837	698	581	485	404	$11,526
Fire control and alarm assets > Emergency warning and intercommunication systems > Master emergency control panels	$10,000	12	1,667	1,389	1,157	965	804	670	558	465	388	323	$9,065

SECTION 8 — CONTINUED

Division 40 — annual claimable deductions by asset (Diminishing Value), years 1–10 — continued

Every figure below is the diminishing-value deduction claimable in that income year for that asset. The final column totals deductions on this individual-asset schedule; it excludes deductions subsequently claimed within the Low Value Pool. **LVP** marks a transfer into the Low Value Pool (Subdiv 40-E), assessed per confirmed complete asset and legal ownership interest, not against the grouped row total. **LVP*** indicates a transfer affecting part of a grouped row: other assets may continue individual deductions or transfer in another year. Transferred values continue to be claimed within the pool, not lost. The reconciliation lists individual transfer years and values, including transfers after the ten years shown here. Transfers apply only to diminishing value, not prime cost. For the passenger lifts the total includes $12,028.87 of assumed final-year scrapping (page 11).

ASSET	COST	LIFE	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	TOTAL CLAIMABLE
Table B - General Assets													
Air-conditioning assets (excluding pipes, duct work and vents) > Mini split systems up to 20 KW (including ceiling, floor and high wall split systems)	$9,000	10	1,800	1,440	1,152	922	737	590	472	LVP	—	—	$7,113
Car park assets > Parking guidance assets > Parking guidance systems (incorporating controllers, detectors, dynamic signage, lighting etc)	$8,000	7	2,286	1,633	1,166	833	595	425	304	LVP	—	—	$7,241
Computers and computer equipment > Desktop computers (including personal computers)	$2,500	4	1,250	625	LVP	—	—	—	—	—	—	—	$1,875
Security and monitoring assets > CCTV systems > Recorders > Digital	$1,600	4	800	LVP	—	—	—	—	—	—	—	—	$800
Table B — General Assets													
Lifts (including dumbwaiters, hydraulic lifts and traction lifts) > Passenger lifts, five-level office building (2 each)	$190,000	30	12,667	11,822	11,034	10,298	9,612	8,971	8,373	7,815	7,294	6,808	$190,000
TOTAL CLAIMABLE	**$519,600**		**68,012**	**53,381**	**44,666**	**38,079**	**32,679**	**28,220**	**23,022**	**19,524**	**16,981**	**15,048**	**$479,372**

SECTION 8 — CONTINUED

Division 40 — Diminishing Value cost reconciliation

Division 40 — cost reconciliation

Assets individually scheduled above	$519,600
Assets initially placed into the Low Value Pool	$60,900
Total Division 40 — plant & equipment	**$580,500**

Pooled assets and their individual values are listed in the dedicated Low Value Pool section. They are claimed at 18.75% in year one and 37.5% thereafter. Together with the assets scheduled above these make up the full Division 40 value.

SECTION 8 — CONTINUED

Division 40 — Diminishing Value cost reconciliation

Low Value Pool transfers — reconciliation

ASSET	TRANSFER YEAR	CLAIMED ON THIS SCHEDULE	WDV TRANSFERRED TO POOL	TOTAL VALUE SECURED	COST
Air-conditioning assets (excluding pipes, duct work and vents) > Chillers > Volumetrics (including reciprocating, rotary, screw, scroll) > Air-cooled	FY 2058–59	$84,128	$872	$85,000	$85,000
Non-residential property operators > Commercial office building assets > Carpets	FY 2041–42	$61,171	$829	$62,000	$62,000
Air-conditioning assets (excluding pipes, duct work and vents) > Air handling units	FY 2050–51	$46,012	$3,988	$50,000	$50,000
Air-conditioning assets (excluding pipes, duct work and vents) > Fan coil units (connected to a condensing set)	FY 2032–33	$15,213	$11,187	$26,400	$26,400
Floor coverings (removable without damage) > Linoleum and vinyl	FY 2041–42	$23,156	$844	$24,000	$24,000
Fire control and alarm assets > Pumps (including diesel and electric)	FY 2052–53	$15,055	$1,945	$17,000	$17,000
Air-conditioning assets (excluding pipes, duct work and vents) > Damper motors (including variable air volume box controllers)	FY 2027–28	$3,200	$12,800	$16,000	$16,000
Fire control and alarm assets > Detection and alarm systems > Fire indicator panels	FY 2040–41	$11,526	$974	$12,500	$12,500

SECTION 8 — CONTINUED

Division 40 — Diminishing Value cost reconciliation

Low Value Pool transfers — reconciliation — continued

ASSET	TRANSFER YEAR	CLAIMED ON THIS SCHEDULE	WDV TRANSFERRED TO POOL	TOTAL VALUE SECURED	COST
Fire control and alarm assets > Emergency warning and intercommunication systems > Master emergency control panels	FY 2039–40	$9,065	$935	$10,000	$10,000
Air-conditioning assets (excluding pipes, duct work and vents) > Mini split systems up to 20 KW (including ceiling, floor and high wall split systems)	FY 2033–34	$7,113	$1,887	$9,000	$9,000
Car park assets > Parking guidance assets > Parking guidance systems (incorporating controllers, detectors, dynamic signage, lighting etc)	FY 2033–34	$7,241	$759	$8,000	$8,000
Non-residential property operators > Hot water installations (excluding commercial boilers and piping)	FY 2034–35	$3,818	$1,782	$5,600	$5,600
Computers and computer equipment > Desktop computers (including personal computers)	FY 2028–29	$1,875	$625	$2,500	$2,500
Security and monitoring assets > CCTV systems > Recorders > Digital	FY 2027–28	$800	$800	$1,600	$1,600
TOTAL		**$289,372**	**$40,228**	**$329,600**	$329,600

Each transferred amount continues to be claimed within the Low Value Pool at 37.5% p.a. (Subdiv 40-E) — see the Low Value Pool section. For every row shown, the pre-transfer deductions plus WDV transferred reconcile to the displayed owner cost; minor differences may arise from whole-dollar display rounding.

SECTION 9 — CONTINUED

Division 40 — annual claimable deductions by asset (Prime Cost), years 1–10 — continued

ASSET	COST	LIFE	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	TOTAL CLAIMABLE
Table A - Non-residential property operators (67120)													
Non-residential property operators > Commercial office building assets > Carpets	$62,000	8	7,750	7,750	7,750	7,750	7,750	7,750	7,750	7,750	—	—	$62,000
Non-residential property operators > Hot water installations (excluding commercial boilers and piping)	$5,600	15	373	373	373	373	373	373	373	373	373	373	$5,600
Table B - General Assets													
Air-conditioning assets (excluding pipes, duct work and vents) > Chillers > Volumetrics (including reciprocating, rotary, screw, scroll) > Air-cooled	$85,000	15	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,667	5,667	$85,000
Air-conditioning assets (excluding pipes, duct work and vents) > Air handling units	$50,000	20	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	$50,000
Air-conditioning assets (excluding pipes, duct work and vents) > Fan coil units (connected to a condensing set)	$26,400	15	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	$26,400
Floor coverings (removable without damage) > Linoleum and vinyl	$24,000	10	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	$24,000
Fire control and alarm assets > Pumps (including diesel and electric)	$17,000	25	680	680	680	680	680	680	680	680	680	680	$17,000
Air-conditioning assets (excluding pipes, duct work and vents) > Damper motors (including variable air volume box controllers)	$16,000	10	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	$16,000
Fire control and alarm assets > Detection and alarm systems > Fire indicator panels	$12,500	12	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	$12,500
Fire control and alarm assets > Emergency warning and intercommunication systems > Master emergency control panels	$10,000	12	833	833	833	833	833	833	833	833	833	833	$10,000

SECTION 9 — CONTINUED

Division 40 — annual claimable deductions by asset (Prime Cost), years 1–10 — continued

Every figure below is the prime-cost deduction claimable in that income year for that asset. The final column totals deductions on this individual-asset schedule; it excludes deductions subsequently claimed within the Low Value Pool.

ASSET	COST	LIFE	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	TOTAL CLAIMABLE
Table B - General Assets													
Air-conditioning assets (excluding pipes, duct work and vents) > Mini split systems up to 20 KW (including ceiling, floor and high wall split systems)	$9,000	10	900	900	900	900	900	900	900	900	900	900	$9,000
Car park assets > Parking guidance assets > Parking guidance systems (incorporating controllers, detectors, dynamic signage, lighting etc)	$8,000	7	1,143	1,143	1,143	1,143	1,143	1,143	1,143	—	—	—	$8,000
Computers and computer equipment > Desktop computers (including personal computers)	$2,500	4	625	625	625	625	—	—	—	—	—	—	$2,500
Security and monitoring assets > CCTV systems > Recorders > Digital	$1,600	4	400	400	400	400	—	—	—	—	—	—	$1,600
Table B — General Assets													
Lifts (including dumbwaiters, hydraulic lifts and traction lifts) > Passenger lifts, five-level office building (2 each)	$190,000	30	6,333	6,333	6,333	6,333	6,333	6,333	6,333	6,333	6,333	6,333	$190,000
TOTAL CLAIMABLE	**$519,600**		**34,006**	**34,006**	**34,006**	**34,006**	**32,981**	**32,981**	**32,981**	**31,838**	**24,088**	**24,088**	**$519,600**

SECTION 10

Division 43 capital works schedule

Division 43 allows a deduction for the historical construction cost of eligible building works. 2.5% a year for 40 years for capital works begun after 26 February 1992. 4% a year applies only to parts used for short-term traveller accommodation or industrial activities that meet the Table 43-145 conditions. (s43-25(1), Tables 43-140 and 43-145). The works below are estimated by a quantity surveyor as an appropriately qualified person under TR 97/25.

> **How to read this table.** Construction cost and WDV are shown on the Full Property acquisition basis. The claimable annual deduction reflects the recorded taxpayer claim after applicable ownership, income-producing-use, strata and part-year apportionment. It may therefore be lower than the displayed cost multiplied by the statutory rate.

CAPITAL WORKS	TYPE	COMPLETED	HISTORICAL COST — FULL PROPERTY	WDV AT ACQUISITION — FULL PROPERTY	RATE	CLAIMABLE ANNUAL DEDUCTION	YRS REMAINING AT ACQUISITION	STATUS
Illustrative original building construction 2.5% a year for 40 years, s43-25(1) and s43-210 Commenced 2025-10-01	Original Construction	15 June 2026	**$3,219,500**	**$3,215,972**	2.5%	**$80,488**	39	Active
Total capital works			**$3,219,500**	**$3,215,972**		**$80,488**		

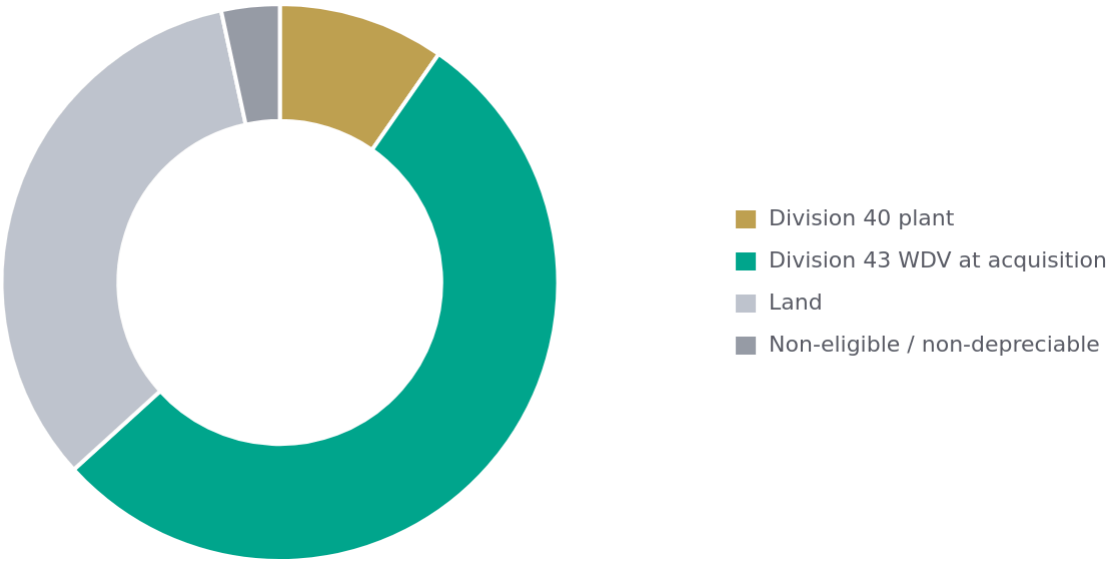
> Each stage's claim period runs from its construction completion date for the full write-off period. Construction cost excludes land, demolition and soft landscaping (s43-70(2)). When capital works are demolished, the undeducted construction expenditure is written off in the demolition year under s43-40 — shown as the stage's final entry in the year-by-year summaries — and no deduction accrues after that year.

SECTION 11

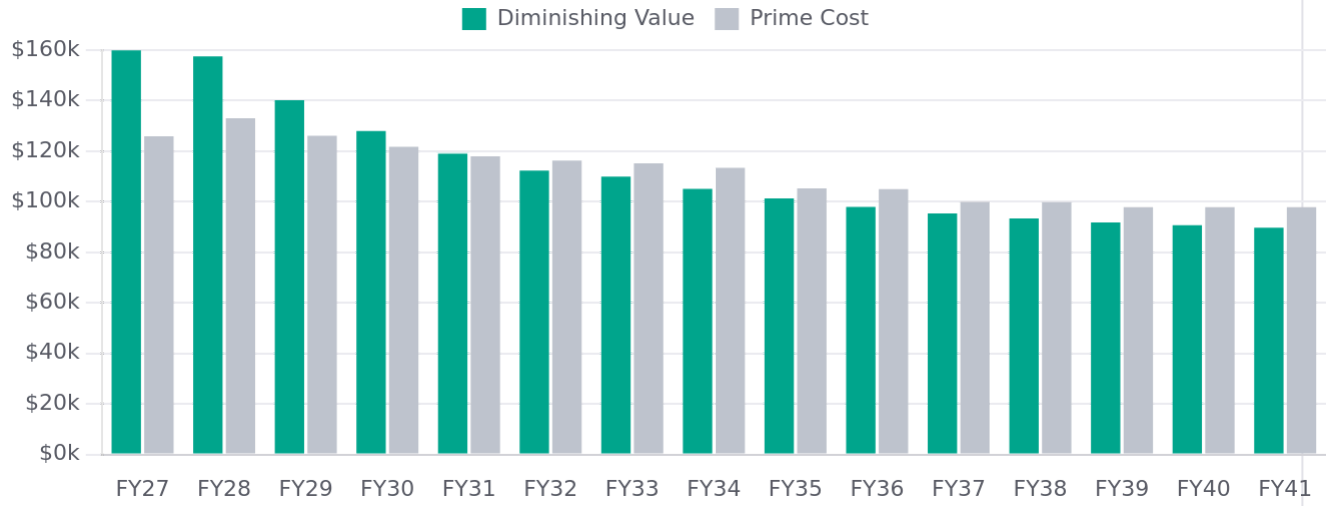
Deductions at a glance — charts

The charts below visualise how value is split across the property's cost base and how the timing of deductions differs between the two depreciation methods.

Cost base composition



Annual deductions — Diminishing Value vs Prime Cost (first 15 years)

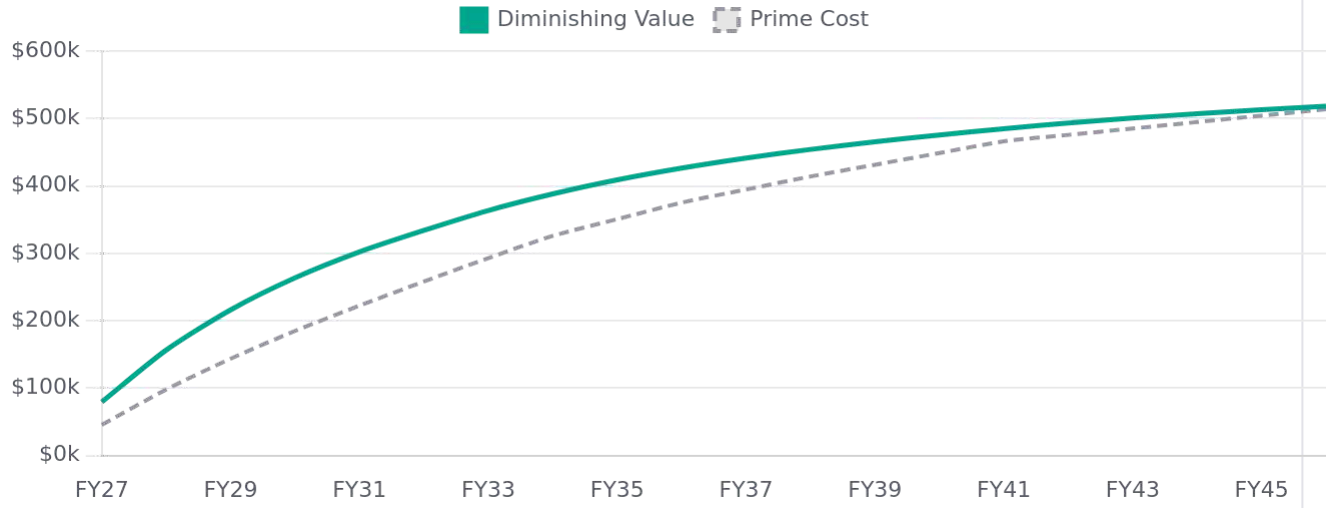


SECTION 11 — CONTINUED

Deductions at a glance — charts

Cumulative Division 40 deductions — Diminishing Value vs Prime Cost (first 20 years)

Plant & equipment only. Division 43 is excluded because capital works deductions are the same under both methods.



SECTION 12

Immediate write-offs, low value pool & lifecycle outlook

Low value pool

ASSETS INITIALLY ALLOCATED TO THE LOW VALUE POOL	ASSESSMENT BASIS / REASON	AMOUNT PER COMPLETE ASSET	POOL VALUE
Addressable fire manual call points (30 each)	**Individual items** 30 separate complete assets; row cost apportioned evenly across the recorded asset count.	**$400** 30 items	**$12,000**
CCTV cameras (12 each)	**Individual items** 12 separate complete assets; row cost apportioned evenly across the recorded asset count.	**$750** 12 items	**$9,000**
Access-control door controllers (12 each)	**Individual items** 12 separate complete assets; row cost apportioned evenly across the recorded asset count.	**$950** 12 items	**$11,400**
Proximity access readers (12 each)	**Individual items** 12 separate complete assets; row cost apportioned evenly across the recorded asset count.	**$350** 12 items	**$4,200**
Internal office blinds (30 each)	**Individual items** 30 separate complete assets; row cost apportioned evenly across the recorded asset count.	**$650** 30 items	**$19,500**
Car park signs (4 each)	**Individual items** 4 separate complete assets; row cost apportioned evenly across the recorded asset count.	**$800** 4 items	**$3,200**

SECTION 12 — CONTINUED

Immediate write-offs, low value pool & lifecycle outlook — continued

Low value pool — continued

ASSETS INITIALLY ALLOCATED TO THE LOW VALUE POOL	ASSESSMENT BASIS / REASON	AMOUNT PER COMPLETE ASSET	POOL VALUE
Reception desk (1 each)	**Complete system** Assessed as the complete system; components are not divided into separate pool items.	$800	$800
Caretaker desk (1 each)	**Complete system** Assessed as the complete system; components are not divided into separate pool items.	$800	$800
Total initially pooled asset value			**$60,900**

Grouped categories may contain multiple individually qualifying assets, so a displayed category total can exceed $1,000. The total uses unrounded asset values and may differ slightly from the sum of whole-dollar displayed rows.

For individual items, the assessment amount is the allocated row cost divided by the recorded depreciating-asset count. Complete systems and installed areas use their full allocated row cost. Measurement quantity is not used to divide asset cost.

Manual call points, CCTV cameras, door controllers and proximity readers are listed separately in LI 2025/20 and are treated here as separate assets with discrete functions, not as parts of one system (s40-30(4); TR 2024/1). Sample assumption: confirm this basis for a real installation.

Year 1 pool deduction: $11,419. This is a deduction, not the total asset value above. Pool deductions are calculated on the combined pooled balance — 18.75% in year one and 37.5% thereafter. 14 later diminishing-value transfers are itemised in the Division 40 cost-reconciliation schedule.

SECTION 13

Understanding Division 40 — plant & equipment

Division 40 of the ITAA 1997 allows a deduction for the decline in value of **depreciating assets** — the removable, mechanical and short-lived items within a property, as distinct from the building structure itself.

What it covers

Typical Division 40 assets for this type of property include lifts, air conditioning plant, fire and security systems. Each asset has its own **effective life** set by the Commissioner, which drives how quickly it is written off.

How it is claimed

TWO METHODS **Diminishing value (accelerated) or prime cost (straight-line) — chosen per asset in its first year**	BUSINESS CONCESSIONS **No asset in this schedule costs $300 or less, so s40-80(2) does not apply. Under s40-80(2), an item must be deducted in full if it costs $300 or less, is used mainly to produce assessable income other than from carrying on a business, is not part of a set costing more than $300 in total, and is not one of a number of identical or substantially identical items costing more than $300 in total. This applies to any eligible owner, not only residential property, and is not optional.**
LOW VALUE POOL **Assets under $1,000 may be pooled and claimed at 18.75% in year one, then 37.5% (Subdiv 40-E)**	BALANCING ADJUSTMENT **If an asset is sold, scrapped or otherwise disposed of, a balancing adjustment may produce a deduction or assessable amount depending on its adjustable value and termination value (s40-285)**
CGT **Capital gains and losses on Division 40 plant are generally disregarded (s118-24(1)), except CGT event K7 (s118-24(2)(a)). Balancing adjustments apply instead.**	

> Section 40-27 has not been applied because it is limited to residential premises used to provide residential accommodation. Confirm any business concession eligibility with the taxpayer's registered tax agent.

SECTION 14

Understanding Division 43 — capital works

Division 43 of the ITAA 1997 allows a deduction for the **historical construction cost** of eligible building works — the structural and fixed elements of a property, claimed at a flat rate over a long, fixed period.

What it covers

Capital works for this type of property can include the building structure, slabs, structural walls, fixed office and amenity areas, carparks and eligible external works. It is based on what it cost to **construct** the works, not what the property is worth.

Rates & eligibility

RATES **2.5% a year for 40 years for capital works begun after 26 February 1992. 4% a year applies only to parts used for short-term traveller accommodation or industrial activities that meet the Table 43-145 conditions. (s43-25(1), Tables 43-140 and 43-145).**	CONSTRUCTION COST BASIS **Estimated by a quantity surveyor under TR 97/25; excludes land, demolition and soft landscaping (s43-70(2))**
DEMOLITION **Undeducted construction expenditure may be written off when works are demolished (s43-40)**	CGT INTERACTION **Division 43 deductions may affect the property's cost base (s110-45(2) and (4)) and reduced cost base (s110-55(4)) if and when a CGT event occurs; the registered tax agent must determine the outcome from the facts and records at that time**

SECTION 15

Glossary of terms

Plain-English definitions for the key terms and legislative references used throughout this schedule.

Division 40
Capital allowances for depreciating (plant & equipment) assets — removable, mechanical and short-lived items.

Division 43
Capital works deduction for the historical construction cost of eligible building works.

Diminishing value (s40-70)
Accelerated method — 200% ÷ effective life applied to the opening adjustable value each year.

Prime cost (s40-75)
Straight-line method — 100% ÷ effective life applied to the original cost, the same amount each year.

Effective life
Effective lives use the Commissioner's determination in force when the taxpayer entered into the contract to acquire the asset, otherwise acquired it, or started to construct it (s40-95(2)), provided the asset's start time is within 5 years of that time, otherwise the determination in force at the start time. The current determination is LI 2025/20 (F2025L01097), which commenced on 16 September 2025, the day after registration on 15 September 2025. For earlier acquisitions, the determination in force at that earlier time applies.

Adjustable value
An asset's cost less the decline in value claimed to date — the base for diminishing value.

Low value pool
A pool for assets under $1,000 claimed at 18.75% (year one) then 37.5% (Subdiv 40-E).

Balancing adjustment
Deduction or assessable amount when a depreciating asset is sold or scrapped (s40-285).

Capital works
The building structure and fixed improvements eligible for the Division 43 deduction.

Cost base
The amount used to work out a capital gain or loss on disposal of a CGT asset (Div 110).

Pro-rata
Apportionment of a first-year deduction from the date the property began producing income.

Quantity surveyor (QS)
An appropriately qualified person able to estimate construction costs for Division 43 (TR 97/25).

APPENDIX A1

What your deductions are worth — tax savings estimator

A depreciation deduction is not a cash amount — it reduces your taxable income, and its real value is the tax you no longer pay. That cash benefit equals the deduction multiplied by your marginal tax rate. The estimates below convert the diminishing-value deductions from this schedule into indicative tax savings across common rates.

LIFETIME DEDUCTIONS	CASH VALUE @ COMPANY 30%	10-YEAR CASH VALUE	YEAR 1 CASH VALUE
$3,796,447	**$1,138,934**	**$369,374**	**$47,976**
Forecast total, all years	Illustrative entity-aware rate	At Company 30%	At Company 30%

INCOME YEAR	DEDUCTION (DV)	@ COMPANY 30%
FY 2026–27	159,919	47,976
FY 2027–28	157,524	47,257
FY 2028–29	140,172	42,052
FY 2029–30	127,953	38,386
FY 2030–31	119,033	35,710
FY 2031–32	112,375	33,712
FY 2032–33	109,996	32,999
FY 2033–34	105,058	31,517
FY 2034–35	101,291	30,387
FY 2035–36	97,925	29,377
10-year total	**1,231,245**	**369,374**
40-year forecast (includes $12,029 assumed final-year scrapping)	**3,796,447**	**1,138,934**

> **How to read this.** Figures are the diminishing-value deductions from the Diminishing Value summary multiplied by the stated illustrative rate. Prime-cost deductions convert the same way using the applicable entity or recipient rate.

Indicative only. Cash values use the company tax rate shown in the column headings. Confirm with your registered tax agent.

APPENDIX A2

Division 43 and your CGT cost base

Division 43 deductions can reduce the CGT cost base under s110-45(2) and (4), and the reduced cost base under s110-55(4). This page is education and evidence support only: it does not calculate your complete future CGT cost base, capital gain, discount or tax liability.

Division 43 deductions recorded to date retain with your tax records	**$0**
Recorded stamp duty user-entered acquisition-cost evidence — verify against the assessment or settlement record	**$0**

Keep these records

- [ ] **Purchase contract and settlement statement**, including acquisition date and consideration.
- [ ] **Stamp duty, legal fees and other acquisition-cost records.**
- [ ] **Renovation and improvement invoices**, plus construction contracts and variations.
- [ ] **Asset replacement and removal records** — invoices, dates, photos and disposal details where available.
- [ ] **Division 43 records and all tax depreciation schedules**, including superseded schedules.
- [ ] **Ownership records**, including changes in legal interests or entities.
- [ ] **Sale, disposal and selling-cost records** when they eventually become relevant.

> **Treat this report as part of the property's long-term Cost Base Evidence record.** A complete evidence trail can materially improve the accuracy of future deductions and help your registered tax agent support the property's cost base when it is eventually sold.

Division 40 is dealt with separately

Capital gains and losses on Division 40 plant are generally disregarded (s118-24(1)), except CGT event K7 (s118-24(2)(a)). Balancing adjustments apply instead. Their disposal and any balancing adjustment must be considered separately by your registered tax agent.

A registered tax agent should determine the complete cost base and any CGT outcome using all applicable facts and records.

APPENDIX A3

Diminishing value vs prime cost — which method?

Both methods retain their ordinary rates. The forecast includes separately labelled final-year individual scrapping and, where applicable, a non-deductible pool presentation write-off. Presented totals include those assumptions; actual deductions depend on the facts. The choice of method is made per asset in its first year and then fixed.

Diminishing Value

FRONT-LOADED · EARLIER CASH

- \+ Larger deductions in the early years, when most investors value cash flow most
- \+ Claims **$51,207** more than prime cost across the first ten years on this property
- \+ Suits investors expecting to hold and offset higher income now
- – Deductions taper in later years as the adjustable value falls

Modelled as the lead method in this schedule.

Prime Cost

LEVEL · PREDICTABLE

- \+ The same deduction every year — simple and predictable for budgeting
- \+ Higher deductions in the later years than diminishing value
- \+ Can suit rising-income profiles or longer hold horizons
- – Smaller first-year benefit; value is realised more slowly

Fully scheduled — elect per asset with your tax agent.

The cash value of either method is the deduction multiplied by your marginal tax rate (see Appendix A1). Your registered tax agent confirms the election for each asset.

APPENDIX A4–A6

Owner's planning guide — keeping this schedule working for you

Record-keeping checklist

- [ ] **Purchase contract and settlement statement**
- [ ] **Stamp duty, legal fees and acquisition costs**
- [ ] **Renovation and improvement invoices**
- [ ] **Construction contracts and variations**
- [ ] **Asset replacement and removal records**
- [ ] **Division 43 records and tax depreciation schedules**
- [ ] **Ownership records and changes in legal interests**
- [ ] **Sale and disposal records** when eventually relevant

When to update this report

Seek an update when you **renovate, replace assets, remove fitout, change ownership, change the property's use, or begin preparing for sale.** Updating the register while documents and site details are available is easier—and usually more reliable—than reconstructing them years later.

Key milestones

Each tax return
Provide this schedule to your registered tax agent and claim the year's deduction under your chosen method.

On renovation or replacement
Notify us so new plant enters Division 40 and superseded items are recorded with their supporting event facts.

On disposal or scrapping
The registered tax agent should review the recorded event and determine the applicable treatment.

If a CGT event occurs
Division 43 deductions may affect the property's future CGT calculation under s110-45(2) and (4); see “Division 43 and your CGT cost base”.

Common questions

Do I need a new schedule every year?
No. This schedule is valid for the life of the assets. You only need it updated when the register changes — improvements, replacements or disposals.

Can I switch between the two methods?
The method is generally chosen per asset in its first year and then fixed. Both diminishing value and prime cost are scheduled in full so your adviser can elect without re-engagement.

Does claiming depreciation increase my CGT?
Division 43 deductions may reduce the cost base under s110-45(2) and (4), and the reduced cost base under s110-55(4). Capital gains and losses on Division 40 plant are generally disregarded (s118-24(1)), except CGT event K7 (s118-24(2)(a)). Balancing adjustments apply instead.

What if I bought part-way through the year?
Deductions are pro-rated by days held from the asset's start time (s40-70(1), s40-72(1), s40-75(1)); any non-taxable use is a separate reduction (s40-25).

Is this tax advice?
No. It is a quantity-surveyor's schedule prepared to support the return your registered tax agent lodges.

2027 Tax Changes Snapshot — keep your evidence ready

Tax settings and thresholds can change. Keep this report with the property's source records so your registered tax agent can apply the rules relevant to each year without rebuilding the evidence trail. Good records preserve options; missing records can limit what can be supported later.

This is both a depreciation schedule and part of your long-term property tax and Cost Base Evidence record. Good record management can materially improve future tax outcomes. Notify Koste when the property or its ownership changes so the register, evidence trail and deductions stay current.

CONTACT

Contact details

SAMPLE REPORT — all property, owner and asset details are fictional. Effective lives and amounts are illustrative, not a verified classification or professional approval. This report must not be used for a tax return.

OWNER / TAXPAYER **Example Property Owner Pty Ltd (fictional)**	PREPARED BY **Koste**
REGISTERED TAX AGENT **24836767**	REPORT QUESTIONS **1300 669 400 · accounts@koste.com.au**
PROPERTY **10 Fictional Business Avenue, Fictional Location, QLD, 4000**	REPORT REFERENCE **SAMPLE-COMMERCIAL**
SAMPLE DATE **1 July 2026**	

> For updates to this schedule, or to add new plant and capital works as they are acquired, contact Koste on 1300 669 400 · accounts@koste.com.au quoting the report reference above.

IMPORTANT INFORMATION

Disclaimer & limitations

This is a fictional sample illustrating report layout and branding only. It is not an issued report, has not been professionally approved, and must not be used for an income tax return. Sample costs and effective lives are illustrative and are not verified ATO classifications.

Basis & limitations

- **Estimates.** Construction costs are estimated by a quantity surveyor under TR 97/25 where actual costs are not available. Effective lives use the Commissioner's determination in force when the taxpayer entered into the contract to acquire the asset, otherwise acquired it, or started to construct it (s40-95(2)), provided the asset's start time is within 5 years of that time, otherwise the determination in force at the start time. The current determination is LI 2025/20 (F2025L01097), which commenced on 16 September 2025, the day after registration on 15 September 2025. For earlier acquisitions, the determination in force at that earlier time applies.
- **Figures are deductions, not cash.** The cash value of a deduction depends on the taxpayer's marginal tax rate, ownership share and entity, which this schedule does not assess.
- **Register at issue date.** Figures reflect the asset register and acquisition details recorded at the issue date; subsequent changes require the schedule to be updated.
- **Method election.** Both diminishing value and prime cost are scheduled in full; the election is made per asset by the taxpayer's tax agent.
- **CGT.** Division 43 amounts claimed reduce the CGT cost base on disposal (s110-45(2) and (4)), and the reduced cost base (s110-55(4)); Capital gains and losses on Division 40 plant are generally disregarded (s118-24(1)), except CGT event K7 (s118-24(2)(a)). Balancing adjustments apply instead. CGT outcomes depend on circumstances not assessed here.
- **Apportionment.** Where the property is not wholly income-producing, deductions must be apportioned; confirm the basis with your tax agent.

Liability is limited to the engagement under which this schedule was prepared. Koste accepts no responsibility for decisions made in reliance on this document without independent professional advice.

Koste

Registered Tax Agent 24836767