



1. Indicative Property Tax Allowances Report

This report is dated 25 March 2015 and has been prepared to highlight the potential capital allowances available to the purchasers of:

11 St Georges Grove, Parkville, VIC

As Quantity Surveyors specialising in the field of property tax allowances, Napier & Blakeley Pty Ltd have prepared the following tables to highlight the approximate level of allowances available to the purchasers of the above property.

We have assumed that the owner will be entitled to claim available Division 40 Capital allowances & Division 43 Capital works deductions.

The figures contained in these reports reflect the allowances available under the legislation in force as at the date of preparation of the reports. Division 40 Capital allowances are calculated on the diminishing value method.

Assuming that there are no restrictive clauses in the Contract of Sale the depreciating assets will be able to be depreciated on the basis of a reasonable attribution of the purchase price (Section 40-195 ITAA 1997). Depending on the date the building commenced construction, a capital works deduction will be available based on the historical cost of construction having deducted non-qualifying expenditure, and notionally depreciating the qualifying expenditure to the date of settlement.

It is worth noting that should the advised purchase price or land value change, then the value of the capital allowances will also change.

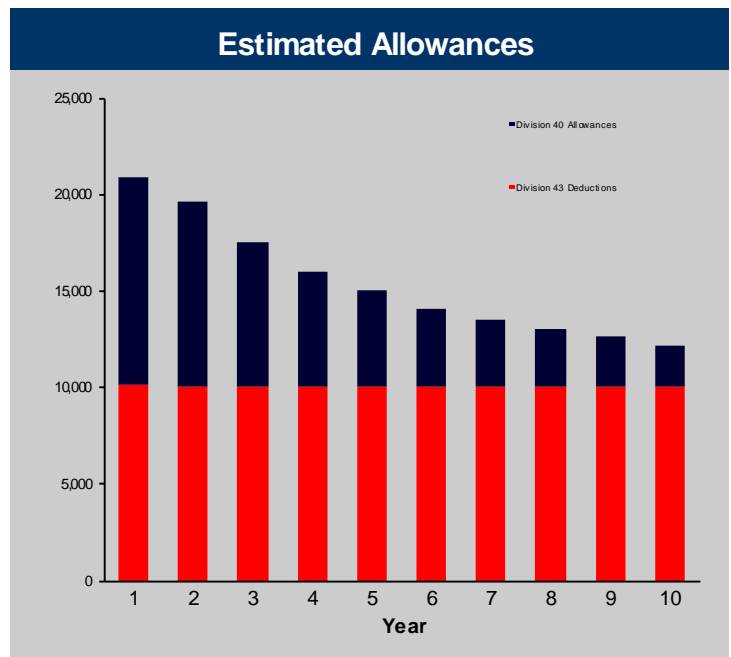
For further information or clarification of this report please contact William Lee or John Mathew of this office.

This report is intended only to give a guide to the likely level of allowances claimable. It has been based on a preliminary appraisal of information provided. Final schedules will be necessarily based on the actual sale price.

Typical Townhouse
11 St Georges Grove, Parkville VIC

Indication of capital allowances deductions

Estimated Allowances			
Year	Division 40 Allowances	Division 43 Deductions	Annual Totals
	\$	\$	\$
1 (366 days)	10,700	10,200	20,900
2	9,500	10,100	19,600
3	7,400	10,100	17,500
4	5,900	10,100	16,000
5	4,900	10,100	15,000
6	4,000	10,100	14,100
7	3,400	10,100	13,500
8	2,900	10,100	13,000
9	2,500	10,100	12,600
10	2,100	10,100	12,200
11+	18,800	304,800	323,600
TOTAL	72,100	405,900	478,000



Basis of estimated allowances

- 1 The purpose of this report is to provide a broad independent indication of capital allowances and capital works deductions available to a purchaser of the above property. The figures should be used for preliminary tax planning purposes only.
- 2 In the absence of information as to the tax status of the property owner, we have assumed that the allowances will be available and be of benefit to the owner.
- 3 The Allowances provided above are based on our interpretations of the Income Tax Assessment Act 1997 (ITAA 1997), tax cases and tax rulings, all as current at the date of this report and on our understanding of the Commissioner of Taxation's
- 4 The estimated depreciating assets allowances (Division 40) has been based on a reasonable attribution of the purchase price and for capital works deductions (Division 43), historical cost has been assessed. We have been supplied with an Anticipated Purchase Price, which has been accepted in good faith. Apportionment for Land has been based on an estimated Improved Land Value. The estimated Allowances above are subject to change if these values differ to that provided.
- 5 The above estimate is based on the assumption that there are no specific apportioned values prescribed in the Contract of Sale and the depreciation assets will be able to be depreciated on the basis of a reasonable attribution of the purchase price (Section 40-195 ITAA 1997).
- 6 These figures are of a general nature and should not be applied or acted upon unless supported by specific advice, they **CANNOT be used for tax return** purposes. Depreciation of Depreciating Assets has been based on the DIMINISHING VALUE METHOD and the Division 43 Allowances are calculated on the PRIME COST METHOD. A claim will be dependent on a purchaser's tax position.

SPECIFIC ADVICE IS AVAILABLE BY TELEPHONING WILLIAM LEE on 03 9915 6300

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NOT ACCEPTABLE FOR TAX RETURNS



2. Disclaimer

The information contained in this report has been based in part on material supplied by others. We believe that material to be correct and every effort has been made to ensure our report is a fair representation of the depreciation and building allowances that will be available to a taxpaying owner.

Napier & Blakeley Pty Ltd do not give any warranty, nor accept any contractual, tortious or any other form of liability for any consequences, loss or damage which may occur as a result of a purchaser acting upon or using the preliminary information contained in this.