DIVISION 40 · DIVISION 43 · ITAA 1997

Tax Depreciation Schedule

PROPERTY

10 Example Business Avenue, Fictional Location, QLD, 4000

OWNER / TAXPAYER

Example Property Owner Pty Ltd (fictional)

YEAR 1 — DV	10-YEAR — DV	LIFETIME — DV
$41,379	$361,211	$1,307,899

FIRST CLAIM YEAR
FY 2026–27

REFERENCE
SAMPLE-COMMERCIAL

SAMPLE DATE
1 July 2026

REGISTERED TAX AGENT
24836767 (Koste)

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.

PROPERTY ADDRESS **10 Example Business Avenue, Fictional Location, QLD, 4000**	OWNERSHIP ENTITY **Company**	OWNER / TAXPAYER **Example Property Owner Pty Ltd (fictional)**
REFERENCE **SAMPLE-COMMERCIAL**	CONSTRUCTION STARTED **—**	CONSTRUCTION COMPLETED **—**
INCOME-PRODUCING FROM **1 July 2026**	ACQUISITION BASIS **Construction (works cost)**	TOTAL CONSTRUCTION COST **$1,307,900**
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
$57,899
Total claimable over schedule life

DIVISION 43 — CAPITAL WORKS
$1,250,000
Total claimable over schedule life

YEAR 1 — DIMINISHING VALUE
$41,379
First-year deduction (DV)

YEAR 1 — PRIME COST
$36,446
First-year deduction (PC)

Claimable deductions by period — both methods

PERIOD	DIMINISHING VALUE	PRIME COST
Year 1	$41,379	$36,446
First 5 years	$191,567	$182,143
First 10 years	$361,211	$359,717
Lifetime	**$1,307,899**	**$1,307,900**

These are **deductible amounts**, not cash refunds. Their cash value is the deduction multiplied by your marginal tax rate — quantified in Appendix A1 (Tax Savings Estimator). Division 43 amounts claimed reduce the CGT cost base on disposal (s110-45(1B)); Division 40 plant is excluded from the cost base (s118-24).

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

Expenditure analysed & apportionment

Full-property reconciliation of the total construction expenditure analysed for this engagement against its allocation across depreciable plant, capital works, non-qualifying expenditure and the undissected balance. Every analysed dollar is accounted for; expired Division 43 entitlement remains in its historical-cost allocation.

Expenditure analysed

Total construction cost	**$1,307,900**
Post-completion expenditure	**$0**
Total expenditure analysed	**$1,307,900**

Apportionment of cost relating to

Division 40 — plant & equipment (depreciable)	**$57,900**
Division 43 — capital works (historical cost)	**$1,250,000** $1,250,000 within write-off period · $0 expired
Non-qualifying expenditure (non-depreciable)	**$0**
Balance of capital expenditure (undissected)	**$0**
Total expenditure analysed	**$1,307,900**

> This property was acquired by construction, so the reconciliation is prepared on the construction-cost basis under s43-70 — no purchase-price apportionment applies. Non-qualifying expenditure covers construction outlay that attracts no deduction under Division 40 or Division 43 (for example demolition of pre-existing structures, soft landscaping and site clearing). The undissected balance represents analysed expenditure not yet attributed to plant, capital works or non-qualifying items.

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

$41,379

FY 2026–27
Claim period begins 1 July 2026

DIVISION 40 PLANT & EQUIPMENT	LOW VALUE POOL SUBDIV 40-E	DIVISION 43 CAPITAL WORKS
$9,867	**$263**	**$31,250**
Year 1 diminishing value	Year 1 pooled deduction	Year 1 pro-rated deduction

First five years — total deductions

5-year total $191,567



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	$31,250	Full-year capital works claim
Total Division 43 claimable	$1,250,000	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 January 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 **Commercial property → 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 **Subject to the prevailing eligibility threshold**
SECOND-HAND PLANT — SECTION 40-27 **Not applicable — the recorded residential restriction does not apply to commercial property**	EFFECTIVE LIVES **TR 2022/1 / LI 2025/20 (F2025L01097) by asset start time — 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(1B)) — to date **$0** has been claimed. Division 40 plant is generally excluded from the CGT cost base (s118-24); for second-hand plant denied annual deductions under section 40-27, any balancing adjustment is assessed under sections 40-285 and 40-291 and, where applicable, CGT event K7.

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) and applies the Commissioner's effective lives — TR 2022/1 for assets first used or installed before 1 July 2025, and LI 2025/20 (F2025L01097) for assets whose start time is on or after 1 July 2025. It is a presentation of engine-calculated figures — no deduction is 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 **TR 2022/1 / LI 2025/20 (F2025L01097) by each asset's start time — 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 **The residential $300 immediate deduction has not been applied; eligible assets under $1,000 may enter the Low Value Pool at 18.75% / 37.5% (Subdiv 40-E)**	APPORTIONMENT **First-year deductions pro-rated from the date the property first produced income**
BOTH METHODS **Diminishing value and prime cost are scheduled in full so your adviser can elect per asset**	

For commercial property, the residential $300 immediate deduction rule has not been applied. Commercial assets have been assessed under the applicable business and Division 40 rules. Where the taxpayer is eligible and the asset qualifies, instant asset write-off or small business pool treatment may apply. Where simplified depreciation does not apply, assets may be assessed under standard Division 40 rules or low-value pool rules where eligible.

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)	**9,867**	263	**31,250**	**41,379**	41,379
Year 2	FY 2027–28	**8,003**	427	**31,250**	**39,679**	81,059
Year 3	FY 2028–29	**6,517**	267	**31,250**	**38,034**	119,093
Year 4	FY 2029–30	**5,329**	167	**31,250**	**36,746**	155,838
Year 5	FY 2030–31	**4,375**	104	**31,250**	**35,729**	191,567
Year 6	FY 2031–32	**3,605**	65	**31,250**	**34,920**	226,487
Year 7	FY 2032–33	**2,981**	41	**31,250**	**34,272**	260,759
Year 8	FY 2033–34	**2,286**	379	**31,250**	**33,915**	294,674
Year 9	FY 2034–35	**1,910**	237	**31,250**	**33,397**	328,071
Year 10	FY 2035–36	**1,440**	450	**31,250**	**33,140**	361,211
Year 11	FY 2036–37	**1,020**	577	**31,250**	**32,847**	394,058
Year 12	FY 2037–38	**884**	361	**31,250**	**32,495**	426,553
Year 13	FY 2038–39	**766**	225	**31,250**	**32,242**	458,794
Year 14	FY 2039–40	**664**	141	**31,250**	**32,055**	490,849
Year 15	FY 2040–41	**575**	88	**31,250**	**31,914**	522,763
Year 16	FY 2041–42	**499**	55	**31,250**	**31,804**	554,567
Year 17	FY 2042–43	**432**	34	**31,250**	**31,717**	586,283
Year 18	FY 2043–44	**375**	22	**31,250**	**31,646**	617,929
Year 19	FY 2044–45	**325**	13	**31,250**	**31,588**	649,517
Year 20	FY 2045–46	**281**	8	**31,250**	**31,540**	681,057
Year 21	FY 2046–47	**244**	5	**31,250**	**31,499**	712,556
Year 22	FY 2047–48	**211**	3	**31,250**	**31,465**	744,021
Year 23	FY 2048–49	**183**	2	**31,250**	**31,435**	775,456
Year 24	FY 2049–50	**159**	1	**31,250**	**31,410**	806,866
Year 25	FY 2050–51	**138**	1	**31,250**	**31,388**	838,254
Year 26	FY 2051–52	**0**	336	**31,250**	**31,586**	869,840
Year 27	FY 2052–53	**0**	210	**31,250**	**31,460**	901,300
Year 28	FY 2053–54	**0**	131	**31,250**	**31,381**	932,681
Year 29	FY 2054–55	**0**	82	**31,250**	**31,332**	964,013
Year 30	FY 2055–56	**0**	51	**31,250**	**31,301**	995,315
Year 31	FY 2056–57	**0**	32	**31,250**	**31,282**	1,026,597
Year 32	FY 2057–58	**0**	20	**31,250**	**31,270**	1,057,867
Year 33	FY 2058–59	**0**	13	**31,250**	**31,263**	1,089,129
Year 34	FY 2059–60	**0**	8	**31,250**	**31,258**	1,120,387
Year 35	FY 2060–61	**0**	5	**31,250**	**31,255**	1,151,642
Year 36	FY 2061–62	**0**	3	**31,250**	**31,253**	1,182,895
Year 37	FY 2062–63	**0**	2	**31,250**	**31,252**	1,214,147
Year 38	FY 2063–64	**0**	1	**31,250**	**31,251**	1,245,398
Year 39	FY 2064–65	**0**	1	**31,250**	**31,251**	1,276,649
Year 40	FY 2065–66	**0**	0	**31,250**	**31,250**	1,307,899
LIFETIME TOTAL		**53,068**	**4,831**	**1,250,000**	**1,307,899**	

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)	4,933	263	31,250	36,446	36,446
Year 2	FY 2027–28	4,933	427	31,250	36,610	73,056
Year 3	FY 2028–29	4,933	267	31,250	36,450	109,506
Year 4	FY 2029–30	4,933	167	31,250	36,350	145,856
Year 5	FY 2030–31	4,933	104	31,250	36,287	182,143
Year 6	FY 2031–32	4,933	65	31,250	36,248	218,392
Year 7	FY 2032–33	4,933	41	31,250	36,224	254,616
Year 8	FY 2033–34	4,933	25	31,250	36,209	290,824
Year 9	FY 2034–35	3,183	16	31,250	34,449	325,273
Year 10	FY 2035–36	3,183	10	31,250	34,443	359,717
Year 11	FY 2036–37	2,133	6	31,250	33,390	393,106
Year 12	FY 2037–38	2,133	4	31,250	33,387	426,493
Year 13	FY 2038–39	2,133	2	31,250	33,386	459,879
Year 14	FY 2039–40	2,133	2	31,250	33,385	493,264
Year 15	FY 2040–41	2,133	1	31,250	33,384	526,648
Year 16	FY 2041–42	0	1	31,250	31,251	557,899
Year 17	FY 2042–43	0	0	31,250	31,250	589,149
Year 18	FY 2043–44	0	0	31,250	31,250	620,400
Year 19	FY 2044–45	0	0	31,250	31,250	651,650
Year 20	FY 2045–46	0	0	31,250	31,250	682,900
Year 21	FY 2046–47	0	0	31,250	31,250	714,150
Year 22	FY 2047–48	0	0	31,250	31,250	745,400
Year 23	FY 2048–49	0	0	31,250	31,250	776,650
Year 24	FY 2049–50	0	0	31,250	31,250	807,900
Year 25	FY 2050–51	0	0	31,250	31,250	839,150
Year 26	FY 2051–52	0	0	31,250	31,250	870,400
Year 27	FY 2052–53	0	0	31,250	31,250	901,650
Year 28	FY 2053–54	0	0	31,250	31,250	932,900
Year 29	FY 2054–55	0	0	31,250	31,250	964,150
Year 30	FY 2055–56	0	0	31,250	31,250	995,400
Year 31	FY 2056–57	0	0	31,250	31,250	1,026,650
Year 32	FY 2057–58	0	0	31,250	31,250	1,057,900
Year 33	FY 2058–59	0	0	31,250	31,250	1,089,150
Year 34	FY 2059–60	0	0	31,250	31,250	1,120,400
Year 35	FY 2060–61	0	0	31,250	31,250	1,151,650
Year 36	FY 2061–62	0	0	31,250	31,250	1,182,900
Year 37	FY 2062–63	0	0	31,250	31,250	1,214,150
Year 38	FY 2063–64	0	0	31,250	31,250	1,245,400
Year 39	FY 2064–65	0	0	31,250	31,250	1,276,650
Year 40	FY 2065–66	0	0	31,250	31,250	1,307,900
LIFETIME TOTAL		**56,500**	**1,400**	**1,250,000**	**1,307,900**	

SECTION 8

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

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.

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													
Illustrative plant > Office air-conditioning system	$32,000	15	4,267	3,698	3,205	2,777	2,407	2,086	1,808	1,567	1,358	1,177	$31,106
Illustrative plant > Commercial carpet installation	$14,000	8	3,500	2,625	1,969	1,477	1,107	831	623	467	350	263	$13,212
Illustrative plant > Window blinds	$6,000	10	1,200	960	768	614	492	393	315	252	201	LVP	$5,195
Illustrative plant > Security alarm system	$4,500	10	900	720	576	461	369	295	236	LVP	—	—	$3,556
TOTAL CLAIMABLE	**$56,500**		**9,867**	**8,003**	**6,517**	**5,329**	**4,375**	**3,605**	**2,981**	**2,286**	**1,910**	**1,440**	**$53,068**

Division 40 — cost reconciliation

Assets individually scheduled above	$56,500
Assets initially placed into the Low Value Pool	$1,400
Total Division 40 — plant & equipment	**$57,900**

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
Illustrative plant > Office air-conditioning system	FY 2051–52	**$31,106**	**$894**	**$32,000**	$32,000
Illustrative plant > Commercial carpet installation	FY 2036–37	**$13,212**	**$788**	**$14,000**	$14,000
Illustrative plant > Window blinds	FY 2035–36	**$5,195**	**$805**	**$6,000**	$6,000
Illustrative plant > Security alarm system	FY 2033–34	**$3,556**	**$944**	**$4,500**	$4,500
TOTAL		**$53,068**	**$3,432**	**$56,500**	$56,500

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

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

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													
Illustrative plant > Office air-conditioning system	$32,000	15	2,133	2,133	2,133	2,133	2,133	2,133	2,133	2,133	2,133	2,133	$32,000
Illustrative plant > Commercial carpet installation	$14,000	8	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	—	—	$14,000
Illustrative plant > Window blinds	$6,000	10	600	600	600	600	600	600	600	600	600	600	$6,000
Illustrative plant > Security alarm system	$4,500	10	450	450	450	450	450	450	450	450	450	450	$4,500
TOTAL CLAIMABLE	**$56,500**		**4,933**	**4,933**	**4,933**	**4,933**	**4,933**	**4,933**	**4,933**	**4,933**	**3,183**	**3,183**	**$56,500**

SECTION 10

Division 43 capital works schedule

Division 43 allows a deduction for the historical construction cost of eligible building works, claimed at a flat rate over a fixed period (generally 2.5% over 40 years; 4% over 25 years for certain structures). 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	Original Construction	1 July 2026	**$1,250,000**	**$1,250,000**	2.5%	**$31,250**	40	Active
Total capital works			**$1,250,000**	**$1,250,000**		**$31,250**		

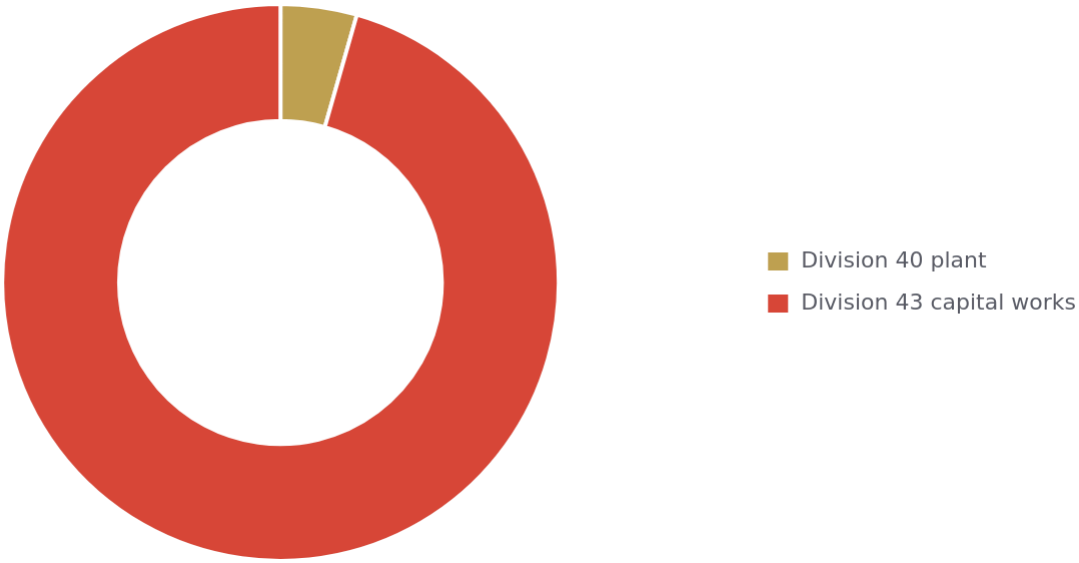
> Each stage's claim period runs from its construction completion date for the full write-off period. Construction cost excludes land, demolition and soft landscaping (s43-70(2)). When capital works are demolished, the undeducted construction expenditure is written off in the demolition year under s43-40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

SECTION 11

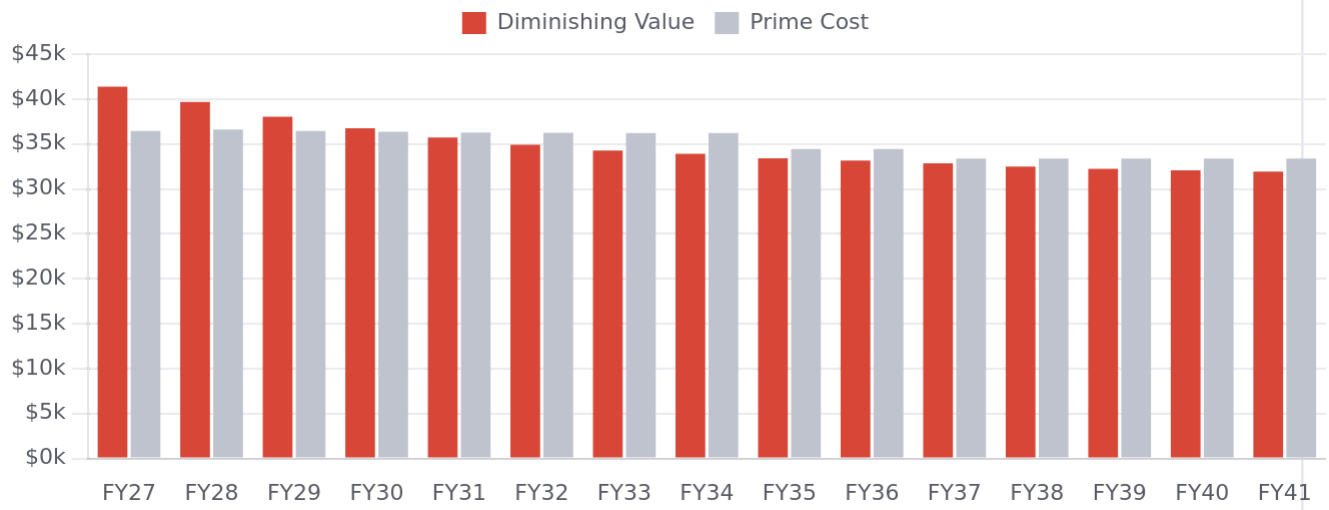
Deductions at a glance — charts

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)

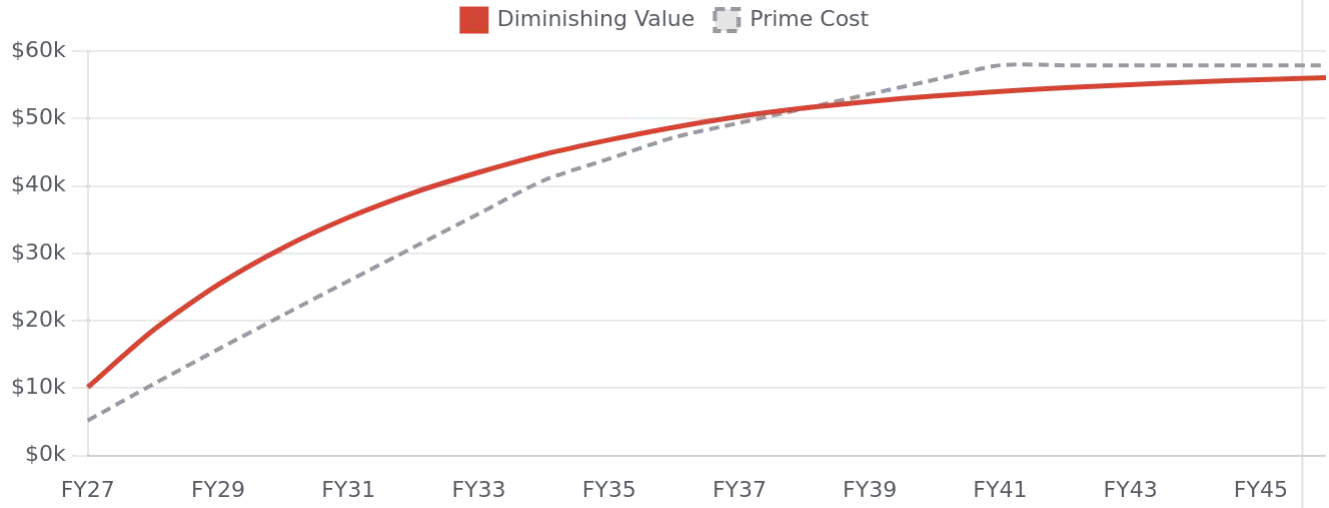


SECTION 11 — CONTINUED

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
Office desk	**Complete system** Assessed as the complete system; components are not divided into separate pool items.	$800	$800
Microwave oven	**Complete system** Assessed as the complete system; components are not divided into separate pool items.	$600	$600
Total initially pooled asset value			**$1,400**

> 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.

Year 1 pool deduction: $263. 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. 4 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 security systems, mechanical equipment, roller-door motors, eligible lighting, signage, pumps, lifts and qualifying warehouse or office plant. 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 **The residential $300 immediate deduction rule is not applied. Instant asset write-off or simplified depreciation may apply only where the taxpayer and asset qualify; otherwise standard Division 40 or low-value pool rules apply**
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 **Division 40 plant is generally excluded from the CGT cost base (s118-24). Any later balancing adjustment event is assessed under the applicable Division 40 rules based on the facts at that time**	

> This is a commercial property. Residential rental-property restrictions have not been applied. 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 warehouse 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

STANDARD RATE **2.5% over 40 years for most residential and commercial buildings constructed after 15 September 1987**	ACCELERATED RATE **4% over 25 years for certain structures (e.g. some industrial and short-term traveller accommodation)**
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 if and when a CGT event occurs (s110-45(1B)); 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
The period the Commissioner expects an asset to be used to produce income, per TR 2022/1 (start time before 1 July 2025) or LI 2025/20 (F2025L01097) (from 1 July 2025).

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
$1,307,899	**$392,370**	**$108,363**	**$12,414**
Total claimable, all years	Illustrative entity-aware rate	At Company 30%	At Company 30%

INCOME YEAR	DEDUCTION (DV)	@ COMPANY 30%
FY 2026–27	41,379	12,414
FY 2027–28	39,679	11,904
FY 2028–29	38,034	11,410
FY 2029–30	36,746	11,024
FY 2030–31	35,729	10,719
FY 2031–32	34,920	10,476
FY 2032–33	34,272	10,282
FY 2033–34	33,915	10,175
FY 2034–35	33,397	10,019
FY 2035–36	33,140	9,942
10-year total	**361,211**	**108,363**
40-year (lifetime)	**1,307,899**	**392,370**

> **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. Marginal rates shown exclude the 2% Medicare levy and any offsets, and tax brackets change between income years. Confirm with your registered tax agent — this schedule is prepared to support that advice, not to replace it.

APPENDIX A2

Division 43 and your CGT cost base

Division 43 deductions can reduce the CGT cost base under section 110-45(1B). 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**

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

Division 40 depreciating assets do not simply form part of the property CGT cost base. Their disposal and any balancing adjustment must be considered separately by your registered tax agent. Where this report identifies second-hand Division 40 assets, retain that section with these records for future disposal assessment.

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 deliver the same total deduction over an asset's life — they differ only in *timing*. The choice is made per asset in its first year and then fixed. Both are scheduled in full so your adviser can elect without re-engagement.

Diminishing Value

FRONT-LOADED · EARLIER CASH

- \+ Larger deductions in the early years, when most investors value cash flow most
- \+ Claims **$1,494** 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. This report does not infer an outcome for section 40-27 restricted plant.

If a CGT event occurs
Division 43 deductions may affect the property's future CGT calculation under s110-45(1B) — 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(1B). Division 40 plant is generally excluded from the cost base (s118-24).

What if I bought part-way through the year?
Deductions are pro-rated from the date the property first produced income — reflected in the first-year figures in this schedule.

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 TaxShield 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 (issued under the TaxShield brand)**
REGISTERED TAX AGENT **24836767 — held by Koste**	REPORT QUESTIONS **1300 780 892**
PROPERTY **10 Example 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 TaxShield on 1300 780 892 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.

> **Preparer & tax agent registration.** This schedule was prepared by Koste. Registered Tax Agent number 24836767 is held by Koste — not by TaxShield. TaxShield is not the registered tax agent for this schedule. Any questions about this report should be directed to the TaxShield team on 1300 780 892.

Basis & limitations

- [ ] **Estimates.** Construction costs are estimated by a quantity surveyor under TR 97/25 where actual costs are not available; effective lives follow TR 2022/1 or LI 2025/20 (F2025L01097) according to each asset's start time.
- [ ] **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(1B)); Division 40 plant is generally excluded from the cost base (s118-24). For second-hand plant denied annual deductions under section 40-27, any balancing adjustment is assessed under sections 40-285 and 40-291 and, where applicable, CGT event K7. 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

Issued under the TaxShield brand

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