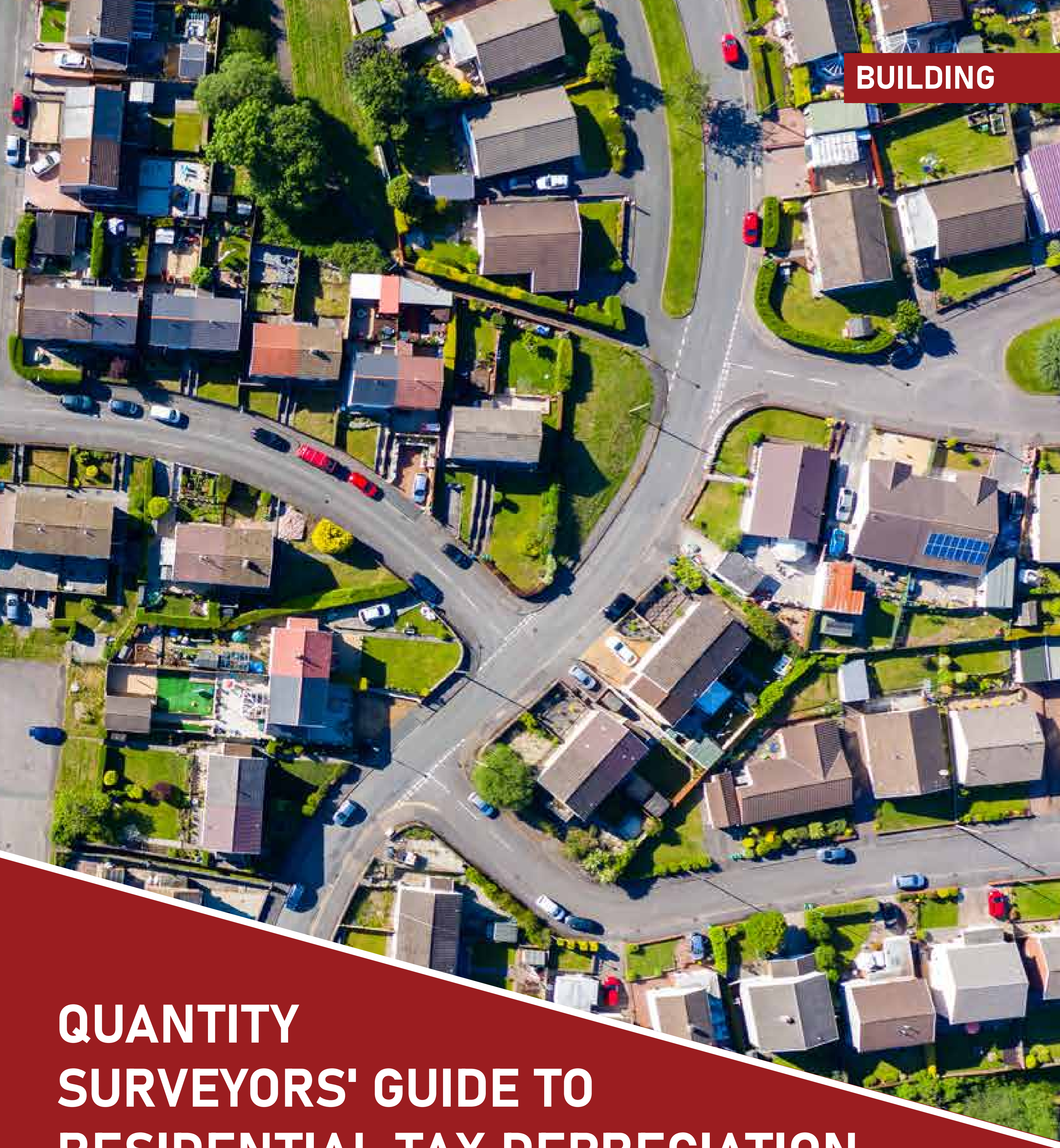
BUILDING



QUANTITY SURVEYORS' GUIDE TO RESIDENTIAL TAX DEPRECIATION

AIQS INFORMATION PAPER

1st EDITION

AIQS

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1.0 INTRODUCTION

Residential tax depreciation services, that should be provided by a quantity surveying professional who is a member of the Australian Institute of Quantity Surveyors (AIQS), aims to ensure that all properly available tax deductions are utilised by property investors in accordance with the Australian laws, which are regulated by the Australian Taxation Office (ATO).

The core service in residential tax depreciation services is the provision of a tax depreciation report/schedule which details the allowable tax depreciation deductions that rental property investors should claim on their investment property.

This information paper provides AIQS members with details on how to minimise risk and informs clients as to what to expect when dealing with an AIQS member in the provision of tax depreciation services.

2.0 BACKGROUND

2.1 PURPOSE

The purpose of this information paper is to:

1. Provide details on how quantity surveyors can minimise risks relating to the provision of tax depreciation advice and services.
2. Outline the roles required for a quantity surveyor to adequately provide tax depreciation advice and services.
3. Detail what quantity surveyors' clients can expect when contracting a quantity surveyor to provide tax depreciation advice and services.

2.2 STATUS

This information paper is restricted to tax depreciation services for residential properties in Australia.

This information paper does not purport to address all issues that should be considered when undertaking a tax depreciation report, nor is it a comprehensive description of the law. Quantity surveyors should obtain independent legal, accounting and other expert advice as required.

This information paper is intended to embody recognised best practice and therefore may provide some professional support if properly applied.

While the information included in this paper is not mandatory, it is likely that it will serve as a comparative measure of the level of performance of a quantity surveyor. Failure to adhere to the provisions included in this information paper may be taken into account should a complaint be lodged against a member.

2.3 APPLICATION

This information paper is pertinent to quantity surveyors providing tax depreciation services and advice. Refer to Section 3.0 for minimum requirements of a quantity surveyor.

2.4 RELEVANT LEGISLATION AND ATO TAX RULINGS

The relevant legislation can be found in:

- Division 25 of the Income Tax Assessment Act 1997 (Cth) (ITAA 97)
- Division 43 of the ITAA 97
- Division 40 of the ITAA 97 (which is the critical Division)
- Subdivision 328-D of the ITAA 97 (which only applies to small business entities that chose to use the simplified depreciation rules)

The ATO also issues guidance in the form of "taxation rulings" which relevantly include:

- Taxation Ruling (TR) 97/23 - repair v. improvement or initial repairs
- TR 97/25 - basis of Division 43 claims and quantity surveying estimates
- TR 2015/3 - defines the difference between common property of a strata scheme that can be depreciated by lot owners and the personal property of a strata scheme (which includes loose common property, furniture and equipment) that can not be depreciated by the lot owner.
- TR 2022/1 - income tax: effective life of depreciating assets (applicable from 1 July 2022) (or its current equivalent) and which replaces TR 2020/3 and TR 2021/3.

Taxation rulings are not legislation, however, the ATO's position is that a ruling "…is an expression of the [ATO's] opinion about the way in which a relevant provision applies…" and so if a client relies on the ruling, the ATO will generally not take action against that taxpayer.

3.0 MINIMUM REQUIREMENTS FOR THE PROVISION OF SERVICES OR ADVICE

3.1 SKILLS AND EXPERIENCE

If a company/business is providing tax depreciation services, they must be registered with the Tax Practitioners Board (TPB). As stipulated in the AIQS Code of Conduct (https://www.aiqs.com.au/), an individual quantity surveyor who "is involved in undertaking tax depreciation reports" must be registered with the Tax Practitioners Board or acting under the direct instruction and supervision of a person who is registered with the Tax Practitioners Board, with the supervising person having appropriate checking procedures in place to ensure the tax compliance of the final product.

To provide residential tax depreciation services and advice, quantity surveyors require:

- the skills to measure and estimate the value of construction costs
- the skills to assess and calculate plant and equipment depreciation and capital works deductions
- a thorough understanding of tax depreciation rules and standards as administered by the ATO as well as TPB's requirements.

The quantity surveyor should not provide taxation advice outside of what is required to complete the tax depreciation services.

3.2 AIQS MEMBER GRADE

AIQS recommends that the preparation and delivery of tax depreciation services and advice should be undertaken by a Voting member of AIQS (Associate/Member/Fellow grade).

Any non-members or Affiliate members of AIQS undertaking this service should be supervised by a Voting member of AIQS and should not sign off on any tax depreciation reports/schedules. Only AIQS Voting members should sign off on any tax depreciation reports/schedules.

AIQS members who are registered with the TPB via the recognised professional associations route (206) must be a Voting member of AIQS (Associate/Member/Fellow grade).

3.3 LIMITATIONS OF SERVICE

Consistent with the AIQS Code of Conduct, an AIQS member must operate within the limits of their qualifications and experience and must not accept instructions in a field of practice in which they possess insufficient knowledge and skills to provide competent services to the client, unless the member obtains fully informed consent from the client to undertake the services in conjunction with a person having the required competence.

A quantity surveyor who provides tax depreciation services must not provide any advice to clients that is beyond their professional area of expertise, in accordance with the Tax Agent Services Act 2009 (Cth). For example, advice as to whether capital gains tax applies to a transaction or whether a financial arrangement is tax effective should not be provided by a quantity surveyor preparing the tax depreciation schedule.

3.4 INSURANCES

AIQS recommends that quantity surveyors should seek advice from their insurance company to ensure they have the requisite cover to minimise their financial risk.

PROFESSIONAL INDEMNITY (P.I.) INSURANCE
The AIQS Code of Conduct states "Where the AIQS member is a Registered Tax Agent, the level of professional liability and indemnity insurance must be in accordance with the Tax Practitioners Board Explanatory Note TPB (EP) 03/2010."

To ensure that appropriate levels of P.I. insurance are obtained, without excess, the TPB recommends levels of coverage which are detailed on the TPB website.

Alternatively, you will need the level of P.I. insurance that is required by the client.

For more information relating to P.I. insurance and to check updates to the recommended levels of coverage, visit the TPB website (https://www.tpb.gov.au/professional-indemnity-insurance-tax-agents).

PUBLIC LIABILITY INSURANCE
The quantity surveyor should ensure they are appropriately covered by public liability insurance especially relating to site inspections.

Quantity surveyors should seek independent legal and insurance advice in relation to public liability insurance cover.

RUN-OFF COVER
Run-off is a term which is used by the insurance industry to describe how a practice will reduce (or run-off) its liability over time to its clients after it has ceased operating.

It is not a special type of policy; it is simply a professional indemnity policy which provides limited cover (i.e., cover which is limited to work done prior to the date the practice closed). *Source: CPA Australia.*

The quantity surveyor should seek independent legal and insurance advice in relation to run-off cover.

3.5 CONFLICTS OF INTEREST

Any financial or non-financial conflicts of interest (real, potential, or perceived), such as previous involvement in the project or other services being provided, should be disclosed immediately to the client.

These financial or non-financial conflicts of interest should not necessarily preclude the quantity surveyor from undertaking their role unless they are of a nature which may in practice or in perception prevent the quantity surveyor from acting on behalf of the client in an independent manner.

Where the quantity surveyor has a dual role in the provision of tax depreciation services and advice, different directors within the company should sign-off on the different reports produced or advice provided.

3.6 UNDERSTATING OR OVERSTATING

TAX DEPRECIATION REPORT
It is essential that the quantity surveyor does not understate or overstate the deduction arising from the tax depreciation in the report as this can lead to the client's lodgments with the ATO being incorrect, which could result in additional tax, penalties and interest being imposed by the ATO. This could lead to claims from the client and others and investigation by the TPB.

EXAMPLE REPORT
If a quantity surveyor is providing example reports in the business development process, these reports must substantially match the client's property.

It is recommended that clients who seek out multiple estimates be wary of choosing the highest estimate as this has the highest degree of risk and may be subject to investigation and substantiation requirements by the ATO.

3.7 FEES FOR SERVICE OR ADVICE

Quantity surveyors charging fees should take into account the following:

- location of the premises (specifically when conducting site inspections as part of the service or advice)
- complexity of the project
- level of underlying risk
- underlying business cost structures
- sufficient time for the quantity surveyor to produce the report.

The *Competition and Consumer Act 2010* (Cth) prohibits mandatory fee scales, therefore AIQS is not in a position to produce a standard/recommended fee scale.

REFERRAL FEES AND DISCLOSURE

If a quantity surveyor is receiving/paying a referral fee from/to an accountant, property manager, or other third party, the quantity surveyor must disclose this to the client.

3.8 ADHERING TO THE ATO AND TPB REQUIREMENTS AND RULINGS

The quantity surveyor must meet all requirements and obligations under the TPB's Code of Professional Conduct as well as follow the TPB's Practice Notes as listed on the website (www.tpb.gov.au).

The quantity surveyor must, as a minimum, comply with the TBP's continuing professional education (CPE) requirements.

The CPE Explanatory Paper dated 30 November 2021 is available to download from the TPB website (www.tpb.gov.au).

The quantity surveyor should ensure that their templates, showing tax rulings, are kept up to date with ATO rulings (e.g., carpets change from ten years to eight years).

The quantity surveyor should ensure they have a detailed understanding of:

- The law and rulings with respect to capital allowances and effective life
- Depreciation and capital expenses and allowances
- The onus of proof as it applies to clients with respect to notices of objection and potential litigation with the ATO
- Guide to depreciating assets 2023 (as updated)
- Rental properties 2023.

The quantity surveyor should ensure all residential tax depreciation reports are based on the latest ATO and TPB papers, statements, rulings, guides and publications.

4.0 ROLES OF THE QUANTITY SURVEYOR IN THE PROVISION OF SERVICES OR ADVICE

4.1 CONTRACTS

Quantity surveyors and their clients are advised not to use an SMS/text message or verbal arrangements as mechanisms for the agreement to provide tax depreciation services.

One risk to the quantity surveyor is that they may not receive payment for the work they have completed if they have not implemented a written contract.

If disputes occur and there is no written contract that details the scope and timing of services, associated fees, confirmation of appropriate insurance coverage, signatures by both parties, and contract terms and conditions, the quantity surveyor and their client may be at risk of being forced into an arrangement that may be on adverse terms.

4.2 COMMUNICATION

Quantity surveyors should always communicate with clients in a clear, concise, professional, and transparent manner. Ideally, all communication should be in writing, or followed up in writing.

Tax depreciation reports/schedules and advice should be easy for the client to understand.

If industry jargon is necessary, a definition should be provided to the client.

To realise an efficient outcome for both the client and the quantity surveyor, an open and transparent communication platform should be established to extract the right information. This way the client will understand why the quantity surveyor requires specific information.

4.3 KEEPING CLIENTS INFORMED

Quantity surveyors should keep clients informed throughout the entire residential tax depreciation reporting process, from business development stage through to completion of the service or advice, to ensure that both parties maximise the opportunity.

The client should be informed to a point where they understand why the quantity surveyor is carrying out a specific service or providing specific advice.

The client should also understand why the quantity surveyor is requesting specific information.

Examples include:

- the importance of carrying out a site inspection and the risks associated with not carrying out an inspection
- detailing any changes to tax depreciation legislation so that clients are aware of what to expect when claiming
- what are the tax implications for second-hand vs brand new premises or if the premises have been lived in?
- what is the difference between prime cost vs diminishing value schedules?
- when you can start depreciating an asset
- how to use Table A (industry category) and Table B (asset category) in TR 2022/1.

This information should be made available on the quantity surveyor's website and relevant links provided to the client at the pre-contract stage.

4.4 DIVISION 43 – CAPITAL WORKS

Subsection 262A (4AJA) of the Income Tax Assessment Act 1936 (Cth) (ITAA 36) generally requires a developer or builder to supply costs for the purposes of Div 43 calculations to the client. When the information is legitimately available, the law and ATO require that it be used.*

Where a client is unable to obtain the original construction costs from the developer or builder, TR 97/25 enables the construction costs to be estimated by a quantity surveyor. However, if construction costs are provided by a developer or builder, or if the client provides a construction contract amount for a new building, it may be necessary for the quantity surveyor to estimate the cost of components within the total construction cost.

For example, it may be necessary to estimate the cost of Division 40 plant and equipment items that for part of the total cost. Similarly, it may be necessary to estimate the cost of non-eligible components such as demolition of soft landscaping.

**Quantity surveyors should not rely solely on the original construction costs without appropriate further investigation or inspection to check if there have been any qualifying renovations.*

4.5 DIVISION 40 – PLANT AND EQUIPMENT

For residential property, plant and equipment includes easily removable assets, which may include:

- air conditioning units
- security systems
- heaters
- window blinds
- swimming pool and spa assets
- light fittings
- ceiling fans
- dishwashers
- stoves
- washing machines
- hot water systems

These assets depreciate according to an individual effective life as set out by the ATO in the Taxation Ruling which is updated every year with the heading such as "Income tax: effective life of depreciating assets (applicable from 1 July 2022)".

4.6 SITE INSPECTIONS

RATIONALE FOR A SITE INSPECTION

A site inspection should be carried where necessary:

1. to ensure that the information detailed in tax depreciation reports has been verified
2. to provide a tax depreciation report that achieves the optimal correct outcome for the client
3. to minimise potential risk to quantity surveyors and their clients.

MINIMUM REQUIREMENTS FOR THOSE CARRYING OUT SITE INSPECTIONS

The person undertaking the site inspection should be an AIQS voting member.

Where this is not feasible, the person who is undertaking the site inspection, either physically or virtually, to obtain the information that is required by the AIQS member to complete the tax depreciation report must, at a minimum, be adequately trained, and under the direct supervision of an AIQS voting member.

This also applies to any third party that a quantity surveyor has contracted to carry out their site inspections.

When relevant, the quantity surveyor must disclose to the client the details of the third party that is being utilised to carry out the site inspection.

USING TECHNOLOGY TO CARRY OUT SITE INSPECTIONS

The technology referred to in this section relates to the use of virtual walk-throughs conducted by the quantity surveyor using their own technology and not a third party platform.

It is important to note that a virtual walk though may not sufficiently identify evidence of, and properly measure and cost all extensions and renovations, unless appropriate technology is used.

The use of technology to gather the relevant information to adequately prepare a tax depreciation report for the client may be considered in the following instances:

- regional and overseas properties
- when the client is not allowing physical entry due to health reasons.

Where required, a site inspection should also include the common areas to properly measure and estimate these areas and to properly calculate the plant and equipment claim for the client.

WHEN A SITE INSPECTION MAY NOT BE NECESSARY

While circumstances where this is appropriate are likely to be very limited, doing an inspection may not always be in the best interest of the quantity surveyor nor the client. The following are some examples of such scenarios:

a. When the quantity surveyor, in preparing a tax depreciation report for a client, has been provided with the appropriate verified information (including the final building costs, specification, and plans) with respect to the subject property.

b. the client only qualifies for a Division 43 deduction, and it can be reasonably confirmed that there have been no Division 43 improvements since the last inspection

    i. In such circumstances, the quantity surveyor must be able to demonstrate the steps they took to confirm that the Division 43 infrastructure has not varied. There may be circumstances in which it is reasonable to prepare a Division 43 report using other sources of data rather than a "service-specific inspection".

RISKS OF NOT CARRYING OUT A SITE INSPECTION

Not undertaking a site inspection, physically or virtually, leaves both the client and quantity surveyor open to sanctions/fines which may be imposed by the ATO should there be insufficient evidence to support a depreciation claim. The main risk to a client if a site inspection is not carried out, is not having the necessary and complete information to include in their tax return.

The TPB Code of Conduct for tax (financial) advisers states that a Registered Tax Agent must take reasonable care in ascertaining a client's state of affairs, to the extent that ascertaining the state of those affairs is relevant to a statement you are making or a thing you are doing on behalf of a client.

Therefore, it is imperative that any information collected is verified by the quantity surveyor to adequately prepare the tax depreciation report.

If the client does not want a site inspection to happen, the quantity surveyor must explain the associated risks. The client should then confirm in writing that the associated risks have been explained to the client and it still does not want a site inspection.

If a site inspection was not carried out, the quantity surveyor must provide a statement to the client as to why a site inspection was not undertaken.

When a client does not allow access for a site inspection and for second-hand properties where a site inspection was not completed in person (i.e. a virtual walk through used), the following disclaimer, or similar, should be added to the tax depreciation reports:

This report is not based upon and does not include a physical inspection of the premises.

This may impact the accuracy of this tax depreciation report and the author of this report takes no responsibility or liability for any such inaccuracy.

This could mean that the recipient does not have the necessary and complete tax depreciation information to include in their relevant tax return.

Where this is the case, the recipient may need to lodge the relevant tax return and subsequently make an amendment once it is possible for a physical inspection of the premises to occur, and the tax depreciation report fully completed.

4.7 SUBSTANTIATING THE AGE OF PRODUCTS

When invoices or documentation that state the date when the products were installed are not available, the quantity surveyor should source the information, such as makes/models/manufacturing. This generally relates to plant and equipment.

4.8 DISCLOSURE OF POTENTIAL RISKS

Where the quantity surveyor has had to make assumptions, in relation to tax depreciation, it is important to list these assumptions in the tax depreciation report as well as the basis on which the assumption has been made.

This approach means that the client and/or their accountant can make their own judgement whether they are satisfied with the tax depreciation report in light of the assumptions made. This is particularly relevant when a site inspection has not been carried out.

4.9 CAPITAL LOSS SCHEDULE

A capital loss schedule or depreciation report should not be recommended where the depreciation deductions are insufficient in the first place unless expressly advised by the client's accountants.

A capital loss schedule requires the advice of an accountant and it should not be sold as a product when the original schedule is not of value in and of itself, unless the accountant expressly requests one knowing there are no traditional depreciation deductions.

4.10 CO-OWNERSHIP OF RENTAL PROPERTY

The quantity surveyor should ascertain whether the property they are providing tax depreciation services for has one or more owners. Co-owners can be joint tenants, tenants in common, or they may be in a partnership.

The quantity surveyor should either:

a. provide the tax depreciation amounts apportioned in accordance with the co-ownership agreement/contract; or

b. state at a prominent location (preferably at the deduction summary) that the amounts must be apportioned in accordance with the co-ownership structure.

The action the quantity surveyor chooses will depend on the circumstance. Where there is joint ownership of common property in a strata scheme, requiring the calculations to be specific for the subject lot is appropriate. However, other circumstances may require the quantity surveyor to make legal ownership judgements that fall outside the professional's areas of expertise, and as such, this approach would not be appropriate.

4.11 TAX DEPRECIATION CALCULATION METHODS

The quantity surveyor should include the different calculations that are available to their clients in the tax depreciation report.

The client is encouraged to talk with their accountant with regards to the most suitable method to use.

When calculating tax depreciation, the quantity surveyor should rely on ‘as built’ plans as opposed to development application (DA) plans.

The calculation methods available include:

LOW-VALUE POOL

This is where the quantity surveyor calculates the depreciation of certain low-cost and low-value assets (i.e., a depreciating asset whose cost is less than $1,000 after GST credits or adjustments) by allocating them to a low-value pool and depreciating them at a set annual rate.

If low-value pool deductions are included in a tax depreciation report, they must be accompanied by a clear explanation of the fact that creating a low-value pool is a "universal choice", and that the low-value pool must then be used to depreciate all eligible items purchased in the future (and not just for the subject property).

LOW-VALUE POOL EXAMPLE: *Cooktop*

If the asset cost $800 the claim for the first year will be: $800 × 18.75% = $150.

The cost includes the amount you paid for the asset (excluding GST if entitled to claim it) as well as any additional amounts paid for transport, installation or making it ready to use.

The base value reduces each year by the decline in the value of the asset.

This means the base value for the second year will be $650; that is, $800 minus the $150 decline in value in the first year. All remaining years can be calculated at the accelerated rate of 37.5%.

The claim for the second year will be: $650 × 37.5% = $243.75.

This will continue until the value reaches a number that can be rounded to zero.

Where an asset is held in a low-value pool and then scrapped, they cannot be written off. Instead, they must continue to be depreciated in accordance with the set rate for the low-value pool. This means that the remaining value of the asset cannot be claimed as a tax deduction in the year it is scrapped, but must instead be spread out over the remaining life of the low-value pool.

DIMINISHING VALUE
This is where the quantity surveyor assumes that the value of a depreciating asset decreases more in the early years of its effective life.

DIMINISHING VALUE EXAMPLE: *Carpet*
If the asset cost $20,000 and has an effective life of eight years, the claim for the first year will be:

$20,000 × (365 ÷ 365) × (200% ÷ 8) = $20,000 × 25% = $5,000.

The cost includes the amount you paid for the asset (excluding GST if entitled to claim it) as well as any additional amounts paid for transport, installation or making it ready to use.

The base value reduces each year by the decline in the value of the asset. This means the base value for the second year will be $15,000; that is, $20,000 minus the $5,000 decline in value in the first year.

The claim for the second year will be: $15,000 × (365 ÷ 365) × (200% ÷ 8) = $15,000 × 25% = $3,750.

In the third year, the base value will be $11,250. $15,000 minus $3,750.

This will continue until the value can be rounded to zero.

Note: If you started to hold the asset before 10 May 2006, the formula for the diminishing value method is:

Base value × (days held ÷ 365) × (150% ÷ asset's effective life).

PRIME COST
This is where the quantity surveyor assumes that the value of a depreciating asset decreases uniformly over its effective life.

PRIME COST EXAMPLE: *Carpet*
If the asset costs $20,000 (after excluding GST if entitled to claim it) and has an effective life of eight years, you can claim 12.5% of its cost, or $2,500, in each of the eight years.

The cost includes the amount you paid for the asset as well as any additional amounts paid for transport, installation or making it ready to use.

The calculation is: $20,000 × (365 ÷ 365) × 12.5% = $2,500.

4.12 RECORD KEEPING

In the case of a dispute, the ATO will need to sight documents pertaining to the tax depreciation work that has been carried out. Therefore, it is important for the quantity surveyor to keep tax depreciation reports in accordance with the current requirements of the ATO.

The ATO currently states that in most cases, records should be kept for 5 years. For decline in value of depreciating assets, keep records for 5 years from the date of the last claim for decline in value. This is reinforced in the AIQS Code of Conduct: *"A member must retain all records in accordance with the relevant government record keeping requirements."*

The quantity surveyor should keep site inspection notes, all documents supplied by clients, and the final tax depreciation schedules. The quantity surveyor should consider keeping photos from site inspections in a low-resolution format to minimise the size.

The ATO has the following webpages consisting of record keeping rulings and requirements which the quantity surveyor should review when carrying out tax depreciation services:

a. Practice Statement Law Administration (PSLA) 2005/2 Penalty for failure to keep or retain records. While the primary target for this resource is registered tax agents, some of the requirements will also apply to quantity surveyors preparing tax depreciation reports (https://www.ato.gov.au/tax-professionals/your-practice/tax-and-bas-agents/practice-administration/#record_keeping).

b. Taxation Ruling 96/7 record keeping - section 262A - general principles (https://www.ato.gov.au/law/view/document?docid=TXR/TR967/NAT/ATO/00001).

4.13 MARKETING AND ADVERTISING

The quantity surveyor should not advertise or promote that they can secure more deductions for their clients than other companies offering tax depreciation services.

This is reinforced in the AIQS Code of Conduct: "In advertising or promoting their business, a member must do so in a manner which is not misleading and/or deceptive and is in accordance with this Code of Conduct."

The quantity surveyor should not state that their business is ATO approved or compliant.

It is suitable to state that the reports/schedules they produce are ATO compliant.

4.14 COMPLAINTS

AIQS has a robust structure in place to deal with complaints relating to the misconduct of its members.

If clients or quantity surveyors have proof of misconduct, they are encouraged to submit an official complaint via the AIQS website.

5.0 DEFINED TERMS

TERM	DEFINITION
Capital Loss	When an asset is sold for less than its original purchase price the dollar amount of difference is considered a Capital Loss.
Capital Works	Capital Works is a type of construction expenditure on buildings, structural improvements, extensions, and alterations.
Capital Works Deduction	A Capital Work Deduction (under division 43 of ITAA97) is a deduction for capital expenditure incurred in constructing capital works which are used for income producing purposes.
Depreciating Asset or Plant and Equipment Depreciation	A Depreciating Asset or Plant and Equipment Depreciation has a limited effective life and can reasonably be expected to decline in value over the time it is used (e.g., computers, electric tools, furniture, and motor vehicles). This decline in value can be claimed as a deduction (under division 40 of ITAA97).
Diminishing Value Method	The Diminishing Value Method is a tax depreciation calculation method whereby it is assumed that the value of a depreciating asset decreases more in the early years of its effective life.
Effective Life	Effective Life is how long an asset can be used for a taxable purpose or for the purpose of producing exempt income or non-assessable non-exempt income.
Immediate Deductions	An Immediate Deduction means that certain assets (up to $300) can be claimed in the year of purchase.
Initial Repairs	Initial Repairs are works that are carried out to remedy defects, damage or deterioration that existed at the time the property was acquired.
Low-Cost Asset	A Low-Cost Asset is an asset that costs less than $1,000 after deducting any GST credits that are entitled to be claimed.
Low-Value Asset	A Low-Value Asset is a depreciating asset has an opening adjustable value for the current year of less than $1,000.
Low-Value Pooling	Low-Value Pooling is a tax depreciation calculation method whereby the depreciation of certain low-cost and low-value assets are depreciated at a set annual rate.
Plant and Equipment	Plant and Equipment, also know as Division 40 assets, are those assets which can be removed easily from a residential investment property such as curtains or are mechanical such as security systems.
Prime Cost Method	The Prime Cost Method is a tax depreciation calculation method whereby it is assumed that the value of a depreciating asset decreases uniformly over its effective life.

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