

27 September 2021  
File Ref 2068081212/J NinebyMirvac/Desktop/pbo

Zara Stanley  
Mirvac Residential (NSW) Developments Pty Ltd  
Level 28, 200 George Street  
SYDNEY NSW 2000

Dear Madam

## **Estimates of Capital Allowances and Associated Tax Deductions Building J, Nine by Mirvac, Willoughby NSW**

Further to your recent instructions we set out below our report detailing the depreciation and associated tax deductions that could be available to purchasers of residential strata apartments at the above development under the Income Tax Assessment Act 1997 (ITAA 1997).

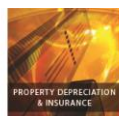
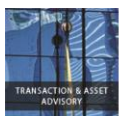
The purpose of this report is to provide a broad indication of capital allowances and capital works deductions available from a purchase at the above development. The figures should be used for preliminary tax planning purposes only. In the absence of information as to the tax status of purchasers at the property for depreciation purposes, we have assumed that the allowances will be available and be of benefit to purchasers. The estimated figures supplied cannot be used in a tax return.

This stage of the residential development consists of Building J being a 4 storey building comprising 27 residential strata apartments with security basement car parking. Typical residential services include air-conditioning, carpets, electrical light and power, fire services, high quality appliances, general fixtures and fittings and lifts.

### **1. Allowances Available and Valuation Methodology**

Generally, a tax paying purchaser at the development will be entitled to allowances in respect of:

1. Capital allowances for depreciating assets (Division 40 of ITAA 1997)
2. Capital works deductions on structure and infrastructure (Division 43 ITAA 1997)



Sydney  
Melbourne  
Brisbane

Adelaide  
Perth  
Singapore



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.

In the case of the depreciating assets, depreciation rates used are in accordance with legislation in force at the time of purchase.

This report has been amended to accord with the effective lives for depreciating assets in TR2021/3 effective 1 July 2021.

### **1.1 Basis of Estimate**

As discussed above, the estimate of allowances for depreciating assets has been based on a reasonable attribution of the purchase price and for capital works deductions, historical cost has been used. We have been supplied with the following information, which has been accepted in good faith.

- Plans (A3 DA Plans)
- Construction cost information (Mirvac Estimates)
- Construction dates (Anticipated)
- Land value (Mirvac Assessment)
- Purchase details (Anticipated)
- Verbal advice

We have not undertaken a site inspection of the property as construction is yet to complete. The results are based on our experience of this type of development.

The purchase prices analysed and land components deducted as advised, are as indicated on the estimates. It is worth noting that should the purchase price or land value change, then the value of the capital allowances will also change.

With regards to the Division 43 Capital works deductions on the qualifying component of the structure and infrastructure we have used the following input data.

- Construction commenced March 2021 qualifying for a 2.5% annual deduction.

For the purpose of calculating the first year claim, an anticipated settlement date of 31 July 2023 has been adopted.

Please find attached our estimates of allowances.



## 2. Disclaimer

This report is for general advice only. Prospective purchasers should seek their own specialist advice having regard to their specific taxation position.

## 3. Summary

If effectively structured at the time of purchase, capital allowances and capital works deductions can significantly enhance the bottom line of a property investment. This is clearly demonstrated in the attached estimate.

If you have any queries in respect of the contents of this report, please do not hesitate to contact Peter Osborn of this office.

Yours faithfully

A handwritten signature in black ink that reads "Napier &amp; Blakeley Pty Ltd". The signature is written in a cursive, flowing style.

**Napier & Blakeley Pty Ltd**



# **Estimates of Capital Allowances and Associated Tax Deductions**

## **Residential Strata Apartments**

### **Building J Nine by Mirvac, Willoughby NSW**

Prepared for  
Mircac Residential (NSW) Developments Pty  
Ltd  
Level 28, 200 George Street  
SYDNEY NSW 2000

Prepared by  
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**September 2021**

**File Ref 2068081212/J  
NinebyMircac/Desktop/pbo**



**TYPICAL ONE BEDROOM (NO CAR SPACE) APARTMENT  
BUILDING J, NINE BY MIRVAC, WILLOUGHBY NSW  
INDICATION OF ALLOWANCES CLAIMABLE**

Having regard to our comments contained in this report, we list our estimate of the minimum and maximum depreciation allowances claimable, assuming a DIMINISHING VALUE METHOD of depreciation and a purchase price of \$820,000 which includes a land value assessment of \$106,540.

<b>M I N I M U M</b>			
<b>Year</b>	<b>Division 40 Allowances \$</b>	<b>Division 43 Deductions \$</b>	<b>Totals \$</b>
1 - (335 days only)*	5,600	6,100	11,700
2	5,400	6,600	12,000
3	4,500	6,600	11,100
4	3,800	6,600	10,400
5	3,200	6,600	9,800
6	2,800	6,600	9,400
7	2,400	6,600	9,000
8	2,100	6,600	8,700
9	1,800	6,600	8,400
10	1,600	6,600	8,200
11 +	14,200	199,800	214,000
<b>TOTALS</b>	<b>47,400</b>	<b>265,300</b>	<b>312,700</b>

<b>M A X I M U M</b>			
<b>Year</b>	<b>Division 40 Allowances \$</b>	<b>Division 43 Deductions \$</b>	<b>Totals \$</b>
1 - (335 days only)*	6,200	6,000	12,200
2	6,000	6,500	12,500
3	5,000	6,500	11,500
4	4,200	6,500	10,700
5	3,600	6,500	10,100
6	3,100	6,500	9,600
7	2,700	6,500	9,200
8	2,300	6,500	8,800
9	2,000	6,500	8,500
10	1,800	6,500	8,300
11 +	15,500	195,900	211,400
<b>TOTALS</b>	<b>52,400</b>	<b>260,400</b>	<b>312,800</b>

\* Assumes settlement on 31-Jul-23

These figures are of a general nature and should not be applied or acted upon unless supported by our specific advice. They must not be used for taxation purposes in this form. 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 (02) 9299-1899**

PBO Bldg J.DT1

**NOT ACCEPTABLE FOR TAX RETURNS**



**TYPICAL ONE BEDROOM (NO CAR SPACE) APARTMENT  
BUILDING J, NINE BY MIRVAC, WILLOUGHBY NSW  
INDICATION OF ALLOWANCES CLAIMABLE**

Having regard to our comments contained in this report, we list our estimate of the minimum and maximum depreciation allowances claimable, assuming a DIMINISHING VALUE METHOD of depreciation and a purchase price of \$910,000 which includes a land value assessment of \$118,058.

<b>M I N I M U M</b>			
<b>Year</b>	<b>Division 40 Allowances</b>	<b>Division 43 Deductions</b>	<b>Totals</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
1 - (335 days only)*	6,200	6,800	13,000
2	6,000	7,400	13,400
3	5,000	7,400	12,400
4	4,200	7,400	11,600
5	3,600	7,400	11,000
6	3,100	7,400	10,500
7	2,700	7,400	10,100
8	2,300	7,400	9,700
9	2,000	7,400	9,400
10	1,800	7,400	9,200
11 +	15,800	220,700	236,500
<b>TOTALS</b>	<b>52,700</b>	<b>294,100</b>	<b>346,800</b>

<b>M A X I M U M</b>			
<b>Year</b>	<b>Division 40 Allowances</b>	<b>Division 43 Deductions</b>	<b>Totals</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
1 - (335 days only)*	6,900	6,600	13,500
2	6,600	7,200	13,800
3	5,500	7,200	12,700
4	4,700	7,200	11,900
5	4,000	7,200	11,200
6	3,400	7,200	10,600
7	3,000	7,200	10,200
8	2,600	7,200	9,800
9	2,300	7,200	9,500
10	2,000	7,200	9,200
11 +	17,200	217,100	234,300
<b>TOTALS</b>	<b>58,200</b>	<b>288,500</b>	<b>346,700</b>

\* Assumes settlement on 31-Jul-23

These figures are of a general nature and should not be applied or acted upon unless supported by our specific advice. They must not be used for taxation purposes in this form. 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 (02) 9299-1899**

PBO Bldg J.DT2

**NOT ACCEPTABLE FOR TAX RETURNS**



**TYPICAL TWO BEDROOM (ONE CAR SPACE) APARTMENT  
BUILDING J, NINE BY MIRVAC, WILLOUGHBY NSW  
INDICATION OF ALLOWANCES CLAIMABLE**

Having regard to our comments contained in this report, we list our estimate of the minimum and maximum depreciation allowances claimable, assuming a DIMINISHING VALUE METHOD of depreciation and a purchase price of \$1,420,000 which includes a land value assessment of \$184,285.

<b>M I N I M U M</b>			
<b>Year</b>	<b>Division 40 Allowances</b>	<b>Division 43 Deductions</b>	<b>Totals</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
1 - (335 days only)*	9,700	10,500	20,200
2	9,400	11,500	20,900
3	7,800	11,500	19,300
4	6,600	11,500	18,100
5	5,600	11,500	17,100
6	4,800	11,500	16,300
7	4,200	11,500	15,700
8	3,600	11,500	15,100
9	3,200	11,500	14,700
10	2,800	11,500	14,300
11 +	24,500	345,000	369,500
<b>TOTALS</b>	<b>82,200</b>	<b>459,000</b>	<b>541,200</b>

<b>M A X I M U M</b>			
<b>Year</b>	<b>Division 40 Allowances</b>	<b>Division 43 Deductions</b>	<b>Totals</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
1 - (335 days only)*	10,700	10,300	21,000
2	10,300	11,300	21,600
3	8,600	11,300	19,900
4	7,300	11,300	18,600
5	6,200	11,300	17,500
6	5,300	11,300	16,600
7	4,600	11,300	15,900
8	4,000	11,300	15,300
9	3,500	11,300	14,800
10	3,100	11,300	14,400
11 +	27,200	338,400	365,600
<b>TOTALS</b>	<b>90,800</b>	<b>450,400</b>	<b>541,200</b>

\* Assumes settlement on 31-Jul-23

These figures are of a general nature and should not be applied or acted upon unless supported by our specific advice. They must not be used for taxation purposes in this form. 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 (02) 9299-1899**

FBO Bldg J.DT3

**NOT ACCEPTABLE FOR TAX RETURNS**



**TYPICAL TWO BEDROOM (ONE CAR SPACE) APARTMENT  
BUILDING J, NINE BY MIRVAC, WILLOUGHBY NSW  
INDICATION OF ALLOWANCES CLAIMABLE**

Having regard to our comments contained in this report, we list our estimate of the minimum and maximum depreciation allowances claimable, assuming a DIMINISHING VALUE METHOD of depreciation and a purchase price of \$1,850,000 which includes a land value assessment of \$238,994.

<b>M I N I M U M</b>			
<b>Year</b>	<b>Division 40 Allowances</b>	<b>Division 43 Deductions</b>	<b>Totals</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
1 - (335 days only)*	12,200	13,800	26,000
2	11,800	15,000	26,800
3	9,800	15,000	24,800
4	8,300	15,000	23,300
5	7,100	15,000	22,100
6	6,100	15,000	21,100
7	5,300	15,000	20,300
8	4,600	15,000	19,600
9	4,000	15,000	19,000
10	3,600	15,000	18,600
11 +	30,900	449,800	480,700
<b>TOTALS</b>	<b>103,700</b>	<b>598,600</b>	<b>702,300</b>

<b>M A X I M U M</b>			
<b>Year</b>	<b>Division 40 Allowances</b>	<b>Division 43 Deductions</b>	<b>Totals</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
1 - (335 days only)*	13,600	13,500	27,100
2	13,100	14,700	27,800
3	10,900	14,700	25,600
4	9,200	14,700	23,900
5	7,900	14,700	22,600
6	6,800	14,700	21,500
7	5,900	14,700	20,600
8	5,100	14,700	19,800
9	4,500	14,700	19,200
10	3,900	14,700	18,600
11 +	34,100	441,700	475,800
<b>TOTALS</b>	<b>115,000</b>	<b>587,500</b>	<b>702,500</b>

\* Assumes settlement on 31-Jul-23

These figures are of a general nature and should not be applied or acted upon unless supported by our specific advice. They must not be used for taxation purposes in this form. 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 (02) 9299-1899**

PBO Bldg J.DT4

**NOT ACCEPTABLE FOR TAX RETURNS**





**TYPICAL THREE BEDROOM (TWO CAR SPACE) APARTMENT  
BUILDING J, NINE BY MIRVAC, WILLOUGHBY NSW  
INDICATION OF ALLOWANCES CLAIMABLE**

Having regard to our comments contained in this report, we list our estimate of the minimum and maximum depreciation allowances claimable, assuming a DIMINISHING VALUE METHOD of depreciation and a purchase price of \$2,595,000 which includes a land value assessment of \$334,016.

<b>M I N I M U M</b>			
<b>Year</b>	<b>Division 40 Allowances</b>	<b>Division 43 Deductions</b>	<b>Totals</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
1 - (335 days only)*	15,800	19,400	35,200
2	15,300	21,100	36,400
3	12,700	21,100	33,800
4	10,800	21,100	31,900
5	9,200	21,100	30,300
6	7,900	21,100	29,000
7	6,800	21,100	27,900
8	6,000	21,100	27,100
9	5,200	21,100	26,300
10	4,600	21,100	25,700
11 +	40,000	635,400	675,400
<b>TOTALS</b>	<b>134,300</b>	<b>844,700</b>	<b>979,000</b>

<b>M A X I M U M</b>			
<b>Year</b>	<b>Division 40 Allowances</b>	<b>Division 43 Deductions</b>	<b>Totals</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
1 - (335 days only)*	18,200	18,900	37,100
2	17,600	20,600	38,200
3	14,600	20,600	35,200
4	12,300	20,600	32,900
5	10,500	20,600	31,100
6	9,100	20,600	29,700
7	7,900	20,600	28,500
8	6,800	20,600	27,400
9	6,000	20,600	26,600
10	5,300	20,600	25,900
11 +	45,800	620,600	666,400
<b>TOTALS</b>	<b>154,100</b>	<b>824,900</b>	<b>979,000</b>

\* Assumes settlement on 31-Jul-23

These figures are of a general nature and should not be applied or acted upon unless supported by our specific advice. They must not be used for taxation purposes in this form. 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 (02) 9299-1899**

PBO Bldg J.DT5

**NOT ACCEPTABLE FOR TAX RETURNS**



**TYPICAL THREE BEDROOM + MEDIA (TWO CAR SPACE) APARTMENT  
BUILDING J, NINE BY MIRVAC, WILLOUGHBY NSW  
INDICATION OF ALLOWANCES CLAIMABLE**

Having regard to our comments contained in this report, we list our estimate of the minimum and maximum depreciation allowances claimable, assuming a DIMINISHING VALUE METHOD of depreciation and a purchase price of \$2,795,000 which includes a land value assessment of \$365,690.

<b>M I N I M U M</b>			
<b>Year</b>	<b>Division 40 Allowances</b>	<b>Division 43 Deductions</b>	<b>Totals</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
1 - (335 days only)*	16,800	21,300	38,100
2	16,300	23,200	39,500
3	13,500	23,200	36,700
4	11,400	23,200	34,600
5	9,700	23,200	32,900
6	8,400	23,200	31,600
7	7,300	23,200	30,500
8	6,300	23,200	29,500
9	5,600	23,200	28,800
10	4,900	23,200	28,100
11 +	42,500	695,900	738,400
<b>TOTALS</b>	<b>142,700</b>	<b>926,000</b>	<b>1,068,700</b>

<b>M A X I M U M</b>			
<b>Year</b>	<b>Division 40 Allowances</b>	<b>Division 43 Deductions</b>	<b>Totals</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
1 - (335 days only)*	19,300	20,800	40,100
2	18,700	22,600	41,300
3	15,600	22,600	38,200
4	13,100	22,600	35,700
5	11,200	22,600	33,800
6	9,600	22,600	32,200
7	8,400	22,600	31,000
8	7,300	22,600	29,900
9	6,400	22,600	29,000
10	5,600	22,600	28,200
11 +	48,800	680,500	729,300
<b>TOTALS</b>	<b>164,000</b>	<b>904,700</b>	<b>1,068,700</b>

\* Assumes settlement on 31-Jul-23

These figures are of a general nature and should not be applied or acted upon unless supported by our specific advice. They must not be used for taxation purposes in this form. 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 (02) 9299-1899**

PBO Bldg J.DT6

**NOT ACCEPTABLE FOR TAX RETURNS**



## Disclaimer

1. This report is the opinion of Napier & Blakeley Pty Ltd ACN 006 386 278 ATF Napier & Blakeley Unit Trust ABN 87 601 474 307 (**Napier & Blakeley**) and is to be read together with and is subject to the term and conditions of our engagement. Our opinions in this report are based on the information referred to in this report that has been made available to us by or on behalf of the addressee (**Information**).
2. Napier & Blakeley has not obtained independent verification of the Information. As such, our opinion may be different if the Information is incorrect or inaccurate in any way. This report was prepared solely for the addressee and its use is limited to the purpose for which it was provided. No third party may rely on this report without first obtaining the prior written consent of Napier & Blakeley.
3. Napier & Blakeley does not warrant the accuracy or completeness of the Information, and to the maximum extent permitted by law, does not accept any responsibility or liability for any loss suffered by any person or entity as a result of or in connection with error, inaccuracy, misrepresentation, incompleteness or similar defect in the Information and/or this report or any default, negligence or lack of care in relation to the preparation or provision of the Information and/or this report.

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