

# BMT Tax Depreciation

QUANTITY SURVEYORS

## Expression of Interest for Complete Capital

---

Maximising the cash return from investment properties



14 September 2015

Mark Mott  
Complete Capital  
118 Anderson's Road  
TOOLERN VALE VIC 3337

## BMT Tax Depreciation and Complete Capital ~ Working Together

Dear Mark,

Following our conversation, I would like to take this opportunity to provide you with more information about the services of BMT Tax Depreciation. BMT Tax Depreciation provide a full range of tax depreciation services that can be utilised on a variety of investment properties and scenarios. We are vastly experienced in providing these services to all types of developments including residential, commercial, industrial, special use, aged care and education facilities.

BMT Tax Depreciation strive to be an innovative company specialising in the preparation of tax depreciation schedules. We pride ourselves on maximising depreciation deductions for the investor, the quality of our schedule, our ability to meet fast turnaround times and the continuing development of alliances with some of the biggest real estate, accounting and development companies in Australia. Our tax depreciation schedule provides the basis for claiming both Division 40 (plant and equipment) and Division 43 (capital allowance). BMT Tax Depreciation specialise in maximising the total depreciation available from a given property under current legislation.

BMT Tax Depreciation can provide you with:

- Printed educational materials including brochures on tax depreciation and newsletters
- Educational information for investors
- Articles written for your company newsletter
- Training on depreciation services for staff and clients

Should you have any queries about tax depreciation or what we can provide for your clients, please do not hesitate to contact either of us at the office.

Best regards,

BMT Tax Depreciation

Handwritten signature of Bradley Beer in black ink.

Bradley Beer (B. Con. Mgt, AAIQS, MRICS)  
Chief Executive Officer

BMT Tax Depreciation

Handwritten signature of Brianna Gato in black ink.

Brianna Gato  
Business Development

## Tax depreciation services

### What is tax depreciation?

As a building gets older and items within it wear out, they depreciate in value. The Australian Taxation Office (ATO) allows property investors to claim a deduction relating to this wear and tear on to the building and plant and equipment items it contains. Depreciation can be claimed by any owner of an income producing property. This deduction essentially reduces the investment property owner's taxable income – they pay less tax.

### Examples of real deductions available

**BEDROOM**

- Air conditioning \$2500
- Blinds \$300
- Carpet \$900
- Light shades \$150
- Smoke alarm \$130
- Furniture package \$3000

**BATHROOM**

- Light fittings \$90
- Free standing bathroom accessories \$100
- IXL light/heat \$250
- Heated towel rail \$600

**LOUNGE ROOM**

- Light shades \$350
- Ceiling fan \$250
- Security system \$2300
- Floating timber floor boards \$1800
- Smoke Alarm \$130
- Blinds \$600

**KITCHEN**

- Rangehood \$1350
- Blinds \$400
- Microwave \$360
- Dishwasher \$1500
- Stove \$2500
- Floating timber floor boards \$1500

BMT found this investor over \$20,000 in plant and equipment deductions alone.

**Note:** The above example is provided as an approximate guide only. Example assumes property is less than five years old. Approximate deductions obtainable are based on a one bedroom unit, using the diminishing value method of depreciation over the relevant time period.

## Capital Allowance and Tax Depreciation Estimates

When selling a new development, BMT can provide your company with a tax depreciation estimate. This allows potential investors to easily determine their after-tax cash position if they were to purchase the property. Presenting potential investors with a BMT Tax Depreciation estimate assists the buyer, provides a value added service and often helps with early sales.

The depreciation estimate shows a minimum and maximum range of depreciation deductions for marketing purposes and breaks down the expected deductions into 'plant and equipment' within the building and the Division 43 construction write-off allowance. We will provide enough scenarios to cover the range of property available for purchase within that development. BMT Tax Depreciation can provide these estimates **FREE OF CHARGE** to Complete Capital. Contact BMT to find out more.

To complete a tax depreciation estimate the following are requested (if available):

- Schedules of finishes/list of inclusions
- Purchase price list
- Floor plans
- Copy of strata plan (or draft)
- Construction costs (if available) and
- Associated marketing material

## Capital Allowance and Tax Depreciation Schedules

Every investment property owner should have a Capital Allowance and Tax Depreciation Schedule. This schedule will give the owner the information required to claim deductions relating to the wear and tear of the structural part of a property and the plant and equipment items which it contains. Many investment property owners remain unaware of the benefits that tax depreciation provides.

There are usually thousands of dollars to be claimed in depreciation deductions on any investment property annually. Generally the newer the property, the more deductions there are to be claimed. However, older properties still contain deductions and are worth enquiring about. Deductions can be claimed on both the building structure and the plant and equipment items contained within the property.

---

Each time BMT Tax Depreciation is engaged to prepare a Capital Allowance and Tax Depreciation Schedule we will:

- Assess the current depreciation claim with the owner, confirming that it will be beneficial to complete a depreciation schedule
- If required, speak with the owner's Accountant
- Visit the property and carry out a detailed survey of the property including identifying, measuring and costing the building and its fixtures
- Compile the necessary detailed records and photographs for future substantiation of the claim with the ATO, observing Tax Ruling TR 97/25
- Examine all available documents associated with the property, determining the extent of their usefulness for the purpose of the claim
- Have a Capital Allowance and Tax Depreciation Schedule completed within five to seven days after receiving all required information

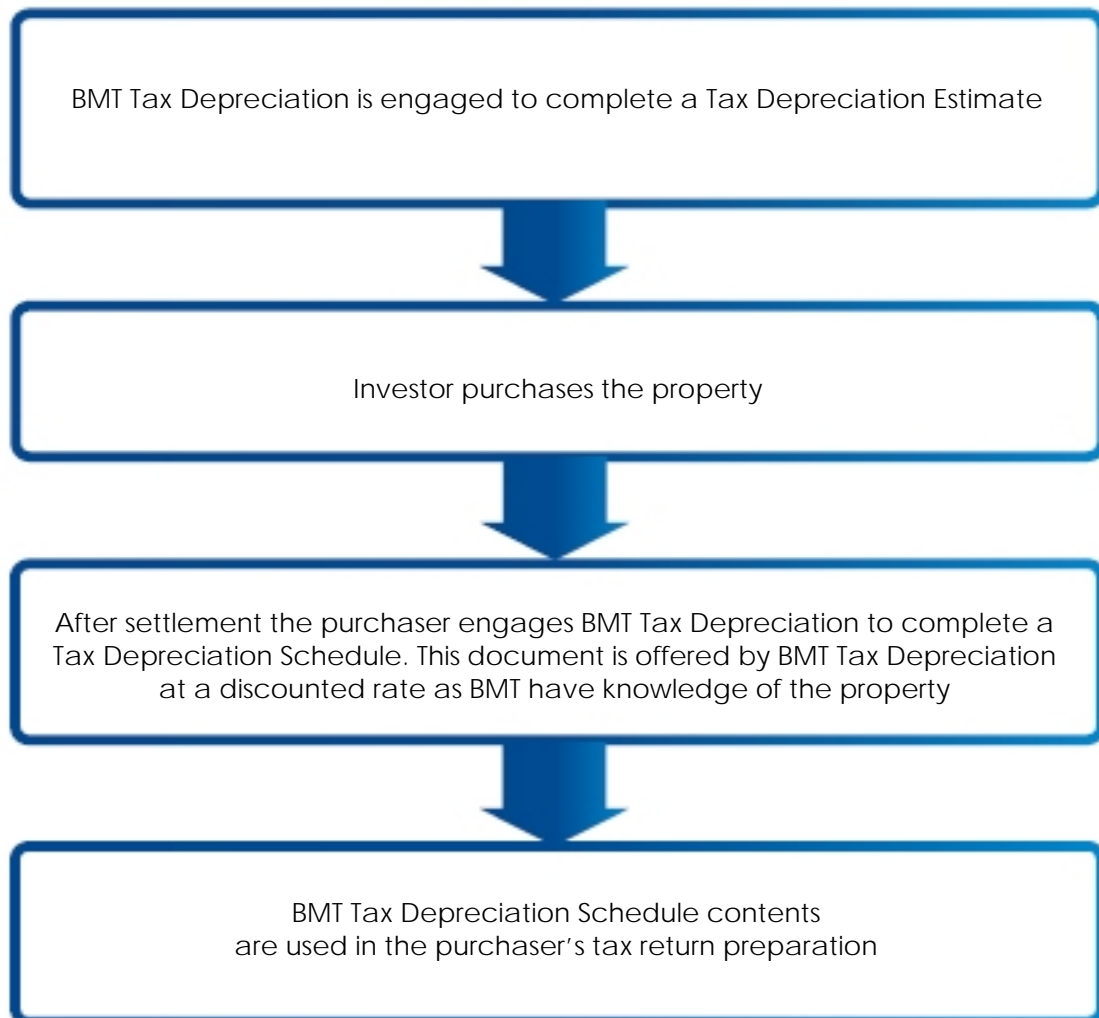
A BMT Capital Allowance and Tax Depreciation Schedule will include the following components:

- A method statement
- A summary of the diminishing value method of depreciation
- A summary of prime cost method of depreciation
- Low-value and low-cost pooling
- A twenty year detailed projection outlining deductions available for each plant and equipment item
- A detailed forty year forecast table illustrating all depreciable items together with building write-off for both prime cost and diminishing value methods
- Comparative tables of the two methods of depreciation
- The effective life of each assets displayed in the schedule
- The schedule is pro-rata calculated for the first year of ownership based on the settlement date so that the Accountant has the exact depreciation deductions for each year
- Where the property is owned by more than one person, BMT Tax Depreciation can provide a split report where we work out the depreciation deductions available to each owner. By providing a split report this will result in higher deductions than if the deductions are simply divided by the number of owners

If the client has occupied their investment property for a period of time, we are able to delay claiming low-value pooled assets until the property becomes income producing. Effectively this minimises the deductions while the property is not income producing and maximises the deductions as soon as a depreciation claim is available (when the property is producing income).

---

## Our process



## Fee proposal

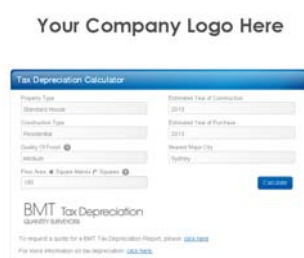
Generally, BMT Tax Depreciation prepare standard residential tax depreciation schedules for \$770 including GST, however we propose to provide them for the following fees to Complete Capital clients:

- \$715 including GST for a standard residential property when a site inspection is required
  - This fee is 100% tax deductible
-



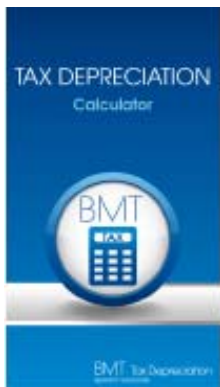
## Additional services

### Co-branded calculator



BMT Tax Depreciation can provide Complete Capital with **free access** to our tax depreciation calculator that can be co-branded with your logo and added to your website for investor clients to use. We can also provide a brief description of tax depreciation and answers to frequently asked questions to help educate your clients about depreciation. Once the investor has used the calculator, we are happy to discuss results free of charge if there are any questions.

### BMT Tax Depreciation Calculator app



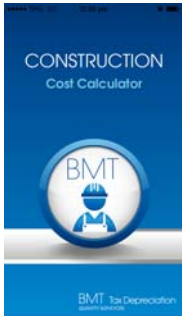
The BMT Tax Depreciation calculator is now also available as a **FREE** app. The iPhone, iPad and Android versions of the app have been released and are available for anyone to download. The app enables Accountants, Real Estate Agents, Mortgage Brokers and investors to estimate how much can be claimed back on a property **in seconds**. This advanced calculator is extremely helpful for anyone involved in property investing. To download the app visit <http://www.bmtqs.com.au/tax-depreciation-calc-app-support>.

### BMT Rate Finder



BMT Rate Finder is a new easy to use tool which can be used to find out the effective life and depreciation rate for any plant or equipment asset. Rate Finder allows the user to search by either industry or asset and shows the depreciable rate for both the prime cost and diminishing value method of depreciation. Find Rate Finder on BMT's website by following this link <http://www.bmtqs.com.au/depreciation-rate-finder> or download Rate Finder as an app for iPhone or Android phone by visiting <http://www.bmtqs.com.au/rate-finder-app-support>.

## Construction Cost Calculator



The BMT Construction Cost Calculator tool can be used to estimate the minimum and maximum range of construction costs for a property. Available on BMT's website or as an app for iPhone or Android phone. Use the construction cost calculator online by visiting <http://www.bmtqs.com.au/construction-cost-calculator> or download the app by clicking <http://www.bmtqs.com.au/construction-costs-app-support>.

## The BMT fee guarantee



BMT Tax Depreciation provides the guarantee that when clients receive a BMT Schedule your depreciation deductions will be maximised. If we cannot obtain double our fee worth of deductions in the first full financial year claim, there will be no charge for our services.

## Training sessions for Complete Capital staff and clients



BMT Tax Depreciation are vastly experienced in delivering easy to follow, interesting training sessions to Mortgage Brokers and investors. We are happy to hold training sessions at no cost in order to educate Complete Capital staff and their clients about the benefits of depreciation.

We find that once a property investor understands the difference depreciation can make to the cost of owning an investment property, the more interested in property investing they become. We are prepared to attend Complete Capital staff and investor seminars and provide this education free of charge.

---



## Webinar training for Complete Capital staff and clients



BMT Tax Depreciation also offer the same great training sessions as a webinar. If Complete Capital staff or clients are spread over time zones or are difficult to get together, a webinar is a great solution. By replying to an email invite, participants can access the webinar and interact with the trainer from anywhere, on their computer.

## Educational material



BMT Tax Depreciation can provide brochures, newsletters and other depreciation information to your office to distribute to your clients.

Our brochures provide easy to understand information that may lead to more property purchases once the tax benefits associated with investment properties are realised.

## Articles for newsletters



BMT can provide articles or content for Complete Capital newsletters. This can be done by request or at more regular intervals as best suits the needs of Complete Capital. Articles cover a broad range of topics on depreciation and how it can be best used to maximise the cash return for property investors. Our Maverick newsletter is produced twice a year and contains topical information about tax depreciation. In addition to providing printed copies of our newsletter, we can provide PDF copies to be sent to investors and potential investors via email. Articles contained in the Maverick are available for use by Complete Capital in their newsletter after their initial publication in the Maverick.

---

## Co-branded brochures



BMT Tax Depreciation can provide Complete Capital with a co-branded brochure for clients. The brochure would contain important tax depreciation information on the front. On the back would be a personalised application form outlining the reduced fees on offer to Complete Capital clients. All we require from you to produce this document is your logo.

## BMT Tax Depreciation and social media



We invite you to join our social media community. Stay up to date on the latest industry news and read tips on how you can make tax depreciation work for your investment property. Have your questions answered and learn about property depreciation from our posts and videos. Like us on Facebook (BMT Tax Depreciation), follow us on Twitter (BMT\_Tax\_Dep) and subscribe to our YouTube channel (BMT Tax Depreciation). We look forward to interacting with you.

## BMT Tax Depreciation corporate overview

BMT Tax Depreciation has offices Australia-wide, located in Sydney, Melbourne, Brisbane, Gold Coast, Cairns, Newcastle, Adelaide, Darwin, Hobart, Perth, and Canberra.

BMT Tax Depreciation commenced business in 1997 with offices in Sydney and Newcastle. Shortly after, the demand from investors in Victoria and Queensland led to the opening of offices in Melbourne and Brisbane. In recent years the amount of return clients investing in property throughout Australia has led to further BMT offices opening in Adelaide, Canberra, Darwin, Hobart and Perth along with two additional Queensland offices in Cairns and the Gold Coast.

BMT Tax Depreciation employ over 220 staff members Australia-wide. The company believes that the repeat business from property investors, Real Estate Agents, Accountants and the like is testament to the product and service delivered. After eighteen years in the industry, BMT Tax Depreciation have exceeded all expectations of growth, customer service and reporting standards.

BMT has a proven record of quality and comprehensive tax depreciation reporting. Over recent years, the company has been associated with a wide range of projects, diverse in scale and type. Our scope of service encompasses a broad spectrum of property types including residential, commercial, government, engineering and industrial. The success of the BMT approach is clearly expressed by the consistently high levels of client satisfaction and company growth.

The executive management team led by Chief Executive Officer Bradley Beer consists of Nol Petrohelos, David Babic and Leanne Goodchild. BMT's continued focus of genuinely meeting the needs of their valued customers is apparent throughout the entire customer experience and is represented in the comprehensive depreciation schedules and high level of service that is provided.

---

## Who we have worked with

BMT Tax Depreciation have worked with many of the country's largest and most profitable national firms. Some of the client bodies having utilised our services include:

- Abacus Property Group
  - Announcer Group
  - AsheMorgan
  - Aspen Group
  - Australand Holdings
  - AV Jennings
  - Bensons Property Group
  - Bovis Lend Lease
  - Century 21
  - Chan & Naylor
  - Colliers International
  - Colonial First State Investments
  - Crown Group
  - Defence Housing Australia
  - Destiny
  - Devine
  - Domain Property Funds
  - Elders
  - Energy Australia
  - First National Real Estate
  - GDI Funds Management
  - General Property Trust
  - H & R Block
  - Independent Property Group
  - Investa Property Group
  - Investec
  - IOOF
  - Ironfish
  - ITP Income Tax Professionals
  - La Trobe Financial
  - LJ Hooker
  - McGrath
  - Meriton
  - Metricon Homes
  - Metropole Buyers Agents
  - Mirvac
  - Multiplex Constructions
  - Multiplex Property Funds Management
  - NM Rothschild
  - NTAA
  - Oaks Hotel Group
  - PRD Nationwide
  - Raine & Horne
  - Ray White Commercial
  - Ray White Residential
  - Richardson & Wrench
  - Sekisui House Developments
  - Sovereign Property Funds Managers
  - Stockdale & Leggo
  - Stockland
  - Sunland
  - Valad Property Group
  - Westfield
-

## BMT Tax Depreciation: our competitive edge

As Quantity Surveyors in a competitive market it is imperative that BMT Tax Depreciation stay ahead of competitors through constant innovation and continuous improvement of our systems and people. It is this, along with our customer service excellence and national service coverage, which places BMT Tax Depreciation as one of the fastest growing and most successful Quantity Surveying firms in the Australian marketplace today.

To deliver the best quality schedules to our clients, BMT Tax Depreciation are affiliated with the major industry associations. BMT are proud to be supported by the Auctioneers & Valuers Association of Australia (AVAA), the Australian Institute of Quantity Surveyors (AIQS) as well as the Royal Institute of Chartered Surveyors (RICS). BMT clients can rest assured that deductions are not only maximised, but are of the highest standards, adhering to the guidelines set by these governing bodies.

## BMT Tax Depreciation: adding value for your clients

Having a loyal customer base is vital to success and we want to help you provide a value added service to your clients – something that differentiates you from the rest and keeps your clients coming back.

There are still many people who remain unaware of the benefits of tax depreciation and how it can substantially increase the cash flow of any investment property. When you introduce your clients to BMT Tax Depreciation, not only will you be helping their investment property become more tax effective, you'll also be helping your company to build/maintain a loyal client base.

---

## Insurances

Conforming to statutory requirements, and as dedicated practising professionals, BMT Tax Depreciation has all applicable insurance policies in place including:

### Professional indemnity

Provider:	Allianz Australia Insurance Limited
Policy number:	122-R001946-PLP
Aggregate cover:	\$10,000,000
Renewal date:	30 April 2016

### Public liability

Provider:	CGU Insurance
Policy number:	10M 6759368
Aggregate cover:	\$20,000,000
Renewal date:	30 April 2016

Copies of the above mentioned insurance certificates can be provided upon request.

### Further information

Further information such as previous publications can be obtained by visiting our website [www.bmtqs.com.au](http://www.bmtqs.com.au), or contacting the office directly.

---