



SHOULD I GET A TAX DEPRECIATION SCHEDULE?

With tax time just around the corner, we wanted to double check that you are covered when it comes to claiming your second largest deduction - depreciation - via a Tax Depreciation Schedule, which will help reduce your taxable income and allow you to pay less tax.

We asked our friends at MCG Quantity Surveyors for some tips.

If you have never arranged a Tax Depreciation schedule on your investment property, there are three triggers that will tell you if it will be beneficial. The report is a one-off, lasts for 40 years and the fee is 100% tax deductible.

The three triggers are:

1. The property was purchased brand new.

Sounds simple, right? However, we're still doing depreciation schedules for people that bought new properties and waited too many years to have one done and will subsequently not be able to back claim far enough to capture everything. The trick now with the depreciation changes is that if you bought after the 9th of May 2017, you'll kill the plant and equipment deductions if you ever decide to move in (plant items are things like carpets, appliances, heaters and the like). Also, if you bought prior to the 2017 budget, the property needed to be a rental in the 2016/2017 financial year.

2. The property commenced construction after the 16th September 1987.

If the property was built after this date, it means that you'll be able to claim depreciation deductions on the value of the original building structure. It's a key trigger because worst case scenario, the report is going to be paying for itself.

3. The property does not match either trigger 1 or 2, but has had \$40,000 or more worth of renovations or improvements completed by you or previous owners.

Like the above, but based on the improvements, you'll be able to claim 2.5% of the value of the new building works/renovations each year from the date of completion for 40 years, whether the works were done by the previous owner or yourself. Therefore, you cannot simply say that a property built in the 60s won't be worthwhile. Regardless, people are given this dodgy advice daily. So, the original structure won't qualify if built before the 1987 date, but the renovations will if after 1987 (structural things like paths & fences would need to be after 26th of February 1992). The trick now is knowing the rough value of the work being done. For every \$100,000 worth of building renovations, you're able to claim \$2,500 of deductions each year. A quantity surveyor would need to estimate the value of these works if they were done by the previous owner, but anything over around \$40,000 is likely to produce some worthwhile claims.

For more information visit our website.

<https://solutionsproperty.com.au/home/owners-2/owner-links-resources/#ownerlinks>

MSC offers a reduced fee for all our landlord clients and will determine whether it will be a feasible exercise before proceeding.

APRIL LEASING REPORT

This time of the year we normally see less movement in the rental market, and coupled with tight market conditions, the number of available rentals are reaching record lows.

Vacancy rate for the entire month of April remained at 0%.

Are we paying your Rates notices?

Don't forget we can pay your council rates and water bills out of your rental funds, at no extra cost to you.

How does it work?

The Council sends the bill to us directly, which we enter for payment without delay to ensure it is paid before the due date. Once entered, your rental funds will be withheld until there is a sufficient amount to pay the bill, and you will receive a copy of the bill paid in your monthly statement.

Keep in mind that these bills come quarterly, so expect to not receive your full rental payment at these intervals. If you become concerned that your tenants have fallen behind in rent payments, you can log into your Owner Portal any time to see their most current paid-to date.

IMPORTANT DATES

DISBURSEMENTS

Wed 4th May

Wed 11th May

Wed 18th May

Wed 25th May

Wed 1st June

STATEMENT

Wed 1st June

OFFICE HOLIDAYS

Labor Day

Mon 2nd May

Caroline continues in REIQ Property Management Chapter

We are proud to announce that Caroline our Division Manager has been chosen for a second 2-year term in the REIQ Property Management Chapter.

Comprised of a handful of the state's top practitioners, the Chapter advises the REIQ on current trends and challenges, and assists the REIQ to provide relevant training in its aim to raise the professionalism in the property management industry.

