



Your shot of
property management
news from



Depreciation not such a bad word!

The concept of asset depreciation has always had stigma attached to it. We cringe when buying a car and it loses a third of its value in the first 12 months. Imagine if that were the case with your property investment. Of course, given events in the financial markets over the past few years, that statement may hit closer to home than we intended, but for most of us, depreciation of property assets carries sizeable tax benefits.

So why do almost 85% of property investors overlook the full potential of property tax depreciation when it comes to tax time and budgeting?

According to Brad Beer from BMT Tax Depreciation, many property owners assume they simply can't claim depreciation, thinking the property is either too old, or they have left the claim too late.

So let's bust some of the myths around property tax depreciation:

Age of property

Current tax legislation states that any residential property built after 18 July 1985 can claim the capital works allowance as a deduction, BUT, even 100 year old properties can be eligible, so it is always worth checking with a quantity surveyor.

Renovations by prior owner

If the prior owner carried out renovations, you can still claim deductions, even on non obvious

work such as electrical and plumbing upgrades. Once again, a surveyor will be able to list all the potential opportunities here.

Fixtures and fittings

If the property is deemed too old to claim the capital works allowance for the building structure, you are still eligible to claim the 'plant and equipment allowance'. Some of these items include: hot water services, ceiling fans, dishwasher, carpet, blinds, exhaust fans, cooktops, floating timber floors, light shades, furniture package, freestanding spa, curtains, security systems etc.

The term 'depreciation' was invented in America in the 1700's to create a more equitable accounting device for the buying and selling of assets. It is important to remember that in its taxation context, it describes the general wear and tear of an asset, like the carpet wearing or furniture becoming dated, but it is only relevant during the asset's 'useful life'. In true financial style, these lines can become blurred, but if you seek the expertise of a quantity surveyor or depreciation tax specialist you could find yourself with thousands of dollars in depreciation deductions.



Ben says...

"Put some planning into the Festive Season"



Here we go it's officially on; the mad rush to Christmas. Admit it, you've already started on the list of things that need to get done. Well here is one more: your investment property.

Always in need of a little extra love, see if you can't get your affairs settled well in advance of the annual holiday season so that you limit the chances of a curve ball over summer.

Could the tenant vacate? Do you know when the current lease ends? Maybe it's already up and the tenancy is languishing on a periodic tenancy. Take the time now to negotiate a new lease agreement with the tenant so that you can be sure the property does not pop up vacant over the break.

Have you been advised of maintenance recently? If your property manager has recently brought to your attention that there is some maintenance required or the tenant has made a request, now is the time to finalise this. Do your best to remove the likelihood that maintenance could raise it's ugly head over Christmas. An additional complication to this is that tradespeople are also on leave, so getting things done quickly is tricky.

Everyone's on holidays! Your property management business may be closed for a period, certainly they will be managing with skeleton staff and most likely your property manager will be taking some time away.

Find out these dates and who to speak with if there is something you need.

Christmas presents. Have you thought about a Christmas present for your tenant? Probably not as we are just beginning November but in my experience a tenant who receives a Christmas present from their landlord, is a tenant for life. Or at the very least when they move out of the property it will smell like roses. Well worth the investment in a small hamper or perhaps half a weeks rent reduction as a goodwill gesture.

Date for Payment. If this is something you don't want to worry about over Christmas, then check now what day the rent is due to be paid by the tenant and disbursed by the property management business. Many agencies bring their end of month landlord statement run forward to the 23rd December. To avoid a rushed phone call on the afternoon of the 24th to the receptionist, check what the plan is now.

How can you be contacted? If your contact details are changing during the holiday season, it's a good idea for your property manager to have this information so you can still have the opportunity to make decisions, should you choose.



Did you know...

The word "LETHOLOGICA" describes the state of not being able to remember the word you want.

Eco tip

Computer screensavers chew through energy. Set your screensaver to blank, turn your monitor off or set the computer to sleep after 5 minutes of no use. You could reduce energy consumption by up to 80%.



Ben Lee Long
Senior Property Manager

Claim to fame I have worked in all facets relating to property and strata management, including the Governing body (Residential Tenancies Authority)

The things I love about property management is turning problems into favorable outcomes

My property management nightmare is for a property I manage to be burnt down by fire

The future of the industry is automation.

Tcmrentals Pty Ltd

42 Grafton Street, Cairns Q 4870

P 07 40300222

E rentals@tcmrentals.com.au