

**MEDIA RELEASE**

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## Five things you didn't know you could depreciate

According to RP Data CoreLogic, the combined Australian capital cities have experienced a cumulative increase in value of over 25 per cent in the last three years. A large contributing factor to this incredible growth has been an increase in real estate investor activity. The Reserve Bank of Australia recently reported that investor housing loan approvals in NSW have increased by nearly 150 per cent over the three years to March 2015.

This increased activity means that there are likely many new and re-entering property investors in Australia.

The increase in property prices in many localities will no doubt have made many investors content with their choice to purchase real estate. However, it's important to remember that developing a healthy cash flow situation from an investment property can be just as important as capital growth.

Tax depreciation is one area that investors would be wise to investigate should they wish to maximise the cash flow from their portfolio. Quantity Surveyors are able to create schedules which detail the depreciation deductions available for both a building structure and the plant and equipment items contained within the property. The Australian Taxation Office (ATO) allows investors to claim this depreciation which in turn can reduce an investors' taxable income – resulting in a tax saving.

**Often people are simply not aware that certain items within an investment property are able to be depreciated. Below is a list of five depreciable items that may surprise investors.**

**1. Freestanding garden sheds**

The often overlooked garden shed has a total depreciable value of \$855 and using low-value pooling will entitle the owner to claim \$160 in depreciation deductions in the first financial year.

**2. Solar garden lights**

These assets which cost around \$20 are eligible to each be applied as an immediate write-off in the first financial year of ownership, meaning they can be claimed in full when the owner makes their claim. It may not seem like much, but these deductions can add up when you consider how many solar lights are often used in a garden.

**3. Intercom systems**

An increasing number of people are installing intercom systems which have a total depreciable value of \$745. An intercom valued below \$1,000 can be depreciated at a faster rate of 18.75 per cent in the first year and 37.5 per cent for each year thereafter using low-value pooling. This equates to a \$140 deduction in the first financial year for the owner.



4. **Ceiling fans**

The humble ceiling fan can be depreciated by \$265 in the first year of ownership due to the fact that they fall underneath the ATO's \$300 threshold for an immediate write-off.

5. **Tennis court nets**

If your investment property has a tennis court, the net on that tennis court can be depreciated by \$550 over its effective life of five years.

The list goes on, with other items frequently overlooked including: freestanding bathroom accessories, door closers, shower curtains, synthetic lawns, roller door motors, swimming pool cleaning systems and smoke alarms.

Tax depreciation may seem complicated but a Quantity Surveyor who specialises in this kind of work can easily make the process simple and rewarding.

The cost of the depreciation schedule is 100 per cent tax deductible and if you use BMT, the company won't charge for the depreciation report unless it finds double its fee in deductions.

If you own an investment property but don't capitalise on the benefits delivered by tax depreciation you could be missing out on thousands of dollars in tax savings.

BMT has a free tax depreciation calculator available online which is a useful tool to help estimate the likely depreciation deductions claimable for many types of property including residential, commercial and manufacturing sites.

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### **About BMT Tax Depreciation**

BMT Tax Depreciation (BMT) is a Quantity Surveying company specialising in the provision of tax depreciation schedules for residential and commercial investment properties. Commencing business in 1997, demand from property investors nationally has seen business expand Australia-wide with offices now located in Sydney, Parramatta, Melbourne, Brisbane, Newcastle, Adelaide, Perth, Gold Coast, Cairns, Canberra, Hobart and Darwin.

