

MEDIA RELEASE

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Tax time: Are you claiming these unexpected depreciable assets

BMT Tax Depreciation has compiled a list of its top five items that property investors may not realise they can claim tax deductions for.

This list may prove helpful to property investors, as BMT has worked with more than half a million Australian investors to help them utilise tax depreciation to uncover legitimate tax deductions for the wear, tear and ageing of their investment properties.

"The Australian Tax Office (ATO) lists thousands of items that qualify for depreciation deductions and it can therefore be difficult for investors to ensure they have included every eligible asset in their claim," said Bradley Beer, Chief Executive Officer of BMT.

"As an example, bathroom accessories are modest additions to an investment property that can be easily overlooked but investors may be able to claim around \$125 in deductions for things such as toilet brush holders, shower caddies and soap holders.

"As these assets cost under \$300, the ATO allows investors to claim their full value as an immediate deduction in the first full financial year.

"Investors with holiday rental properties may need to purchase assets so guests are equipped to enjoy their stay, such as a kitchen cutlery or crockery sets. If these items cost an investor \$285, they can claim their full value in the first financial year of deductions," said Bradley Beer.

BMT finds that many investors think deductions are only for assets contained inside a property's structure. However, outdoor assets can also attract valuable deductions as well.

"Artificial grass or turf matting is considered a removable plant and equipment asset. If an investor outlays \$960 to install it then they may be able to claim a \$180 deduction in the first financial year and \$841 cumulatively over the first five years," said Bradley Beer.

Some investors may upgrade their properties to enhance their market appeal and in doing so, add big ticket assets to their property which can attract valuable deductions.

"An investor may be able to claim a first year deduction of \$1,270 for a home automation system that cost \$6,350 and \$4,269 in cumulative deductions over the first five years.

"Some investors may install 'green' assets to enhance their property's energy efficiency, and in doing so, may also save money on energy costs for their tenants. If an investor chooses to add a solar

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powered generating system that costs \$5,250, then they may attract a first year deduction of \$525, and \$2,150 in cumulative deductions over the first five years," said Bradley Beer.

According to the ATO, deductions fall into two categories – capital works allowance for the structural elements of a property such as walls, floors and ceilings and plant and equipment deductions for a property's fixtures and fittings.

"It's very important for investors to be aware that the government has proposed changes to depreciation rules for plant and equipment assets found in second-hand properties where contracts are exchanged after the 9th May 2017. If the proposed changes are legislated, investors will only be able to claim depreciation for plant and equipment assets that they spend money on themselves," said Bradley Beer.

"The good news is that existing investments will be grandfathered and investors who purchased up until 7:30pm on the 9th May 2017 will still be able to claim depreciation as normal.

"However, the confusion around these proposed changes and the complicated nature of depreciation means that it will be more valuable than ever for property investors to engage the services of an expert Quantity Surveyor to produce a tax depreciation schedule to ensure their claims are correct and maximised.

"Quantity Surveyors such as BMT are expert in finding every legitimate deduction while ensuring assets are claimed at the correct rate. The cost of a tax depreciation schedule is also 100 per cent tax deductible," said Bradley Beer.

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Maximising the cash return
from your investment property

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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.



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