

MEDIA RELEASE

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Does your commercial property hold 100K in tax savings?

As tax time fast approaches, BMT Tax Depreciation believes that Small and Medium Enterprises (SMEs) would be prudent to investigate the full depreciation potential of their business premises as many commercial properties may hold over \$100,000 in tax savings.

BMT has worked with more than half a million property owners and tenants to help them utilise tax depreciation to uncover legitimate tax deductions for the wear, tear and ageing of their investment properties.

Bradley Beer, the Chief Executive Officer of BMT Tax Depreciation, said that SME owners should not overlook the value of depreciation deductions when preparing their business claims for the financial year as there are a wealth of savings available that vary from industry to industry.

"We find that some SME owners fail to recognise the full depreciation potential of the building they operate in simply because they aren't aware that certain assets within their commercial premises hold deductible value," said Bradley Beer.

"The question isn't whether the owner of a commercial property will qualify deductions, but rather how large their claim for deductions could be.

"Whilst commercial properties are many and varied, a specialist Quantity Surveyor will be able to find deductions in properties ranging from offices, to industrial or retail spaces which may even amount to over \$100k in tax savings," said Bradley Beer.

According to an analysis of the commercial depreciation schedules BMT have completed, an office that is purchased for around \$600,000 could hold cumulative deductions of around \$91,500 - \$119,700 over the first five years of ownership, whilst an office that is purchased for around \$900,000 could hold cumulative deductions of around \$123,500 - \$164,500 over the first five years.

An industrial space that is purchased for \$1,000,000 may hold deductions that add up to \$139,500 - \$185,500 over the first five years of ownership and a hotel that is purchased for \$2,000,000 may hold around \$315,200 - \$345,200 in deductions over the first five years.

According to the Australian Tax Office, deductions can be claimed in two categories – capital works allowance for the structural elements of a property such as walls, floors and ceilings and plant and equipment depreciation deductions for a property's fixtures and fittings such as hot water systems, blinds and stoves.

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"There are many plant and equipment assets that are unique to different industries and some SME owners may not be aware of the deductible value of these assets that are essential to their business operations," said Bradley Beer.

"For example, gym owners may be able to attract tax savings for equipment such as treadmills, leg presses and elliptical bikes or cross trainers. In terms of the first full year deductions; treadmills could attract \$1,645, a leg press could attract around \$798 and an elliptical bike or cross trainer could attract around \$1,217.

"For medical practitioners who require assets such as a dentist chair or an adjustable medical bed, deductions of around \$3,314 and \$1,140 respectively may be claimed in the first full financial year alone.

"Business owners in the hospitality industry could be entitled to first full year deductions of around \$4,654 for a beer dispensing system, \$1,031 for food processors and around \$2,194 for a coffee making machine," said Bradley Beer.

The 2017 Federal Budget contained a proposed twelve-month extension of the instant write-off scheme that was introduced in the 2015 Budget and will continue to allow SME owners with an aggregated turnover of less than \$10 million to claim the full value of plant and equipment assets valued at under \$20,000 in the first full financial year.

"SME owners should take advantage of this extended period in which they can claim immediate deductions as they can go a long way in helping businesses purchase the assets needed to grow and expand, whilst contributing to a positive cash flow position," said Bradley Beer.

"If you want to find out whether your commercial premises is hiding over \$100k in deductions, engaging with a professional Quantity Surveyor is the right first step and could help you uncover a hidden gold mine in tax savings and provide benefit for your business' cash flow this financial year and in years to come," said Bradley Beer.

"The relatively small investment in a depreciation schedule is often outweighed by the extent of deductions a Quantity Surveyor will pick up.

"Also, many investors may not even realise the cost of the schedule itself is also 100 per cent tax deductible. Those who order a tax depreciation schedule prior to June 30 can claim the deductions in the same financial year." concluded 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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