

**MEDIA RELEASE**

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## The dangers of DIY depreciation this tax time

BMT Tax Depreciation believes that property investors who attempt to self-assess their depreciation claims this tax period instead of relying on an expert Quantity Surveyor may be placing themselves at risk of missing out on thousands of dollars in legitimate tax savings from their properties.

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

"We understand that owning an investment property can be expensive and it's natural for many investors to try to save some money by doing their own depreciation claims," said Bradley Beer, Chief Executive Officer of BMT.

"Unfortunately, we often see that many of these people make a series of some common mistakes and likely end up paying more tax than they need to," said Bradley Beer.

"One of the most common mistakes we see in DIY depreciation claims is investors missing items that they can legitimately claim for," said Bradley Beer.

"With more than 6,000 depreciable plant and equipment assets listed by the Australian Taxation Office (ATO), it can be easy for investors to miss common household items that hold deductible value such as smoke alarms, garbage bins and kitchen appliances," said Bradley Beer.

A depreciation schedule is a comprehensive report that outlines the deductions claimable by an investment property owner on a property's building structure and the fixtures and fittings within it. Quantity Surveyors such as BMT produce such schedules and are experts in finding all the possible deductions for property investors.

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 such as hot water systems, blinds and stoves.

"Another common DIY error is made when investors include assets in the wrong category of deductions," said Bradley Beer.

"For example, some investors mistakenly assess carpet as a permanently fixed asset rather than a removable asset. If an investor claims carpet that costs \$3,650 using a rate of 2.5 per cent (provided for structural deductions and fixed items), they would be claiming \$91, however, if depreciated at the correct rate of 20 per cent they could claim \$730 in the first financial year.

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"Also, some self-assessors may realise that they could have claimed much more in previous years but choose not to do so as they don't believe the rules allow it.

"DIY depreciators may also not be aware of how proposed legislation changes relating to plant and equipment deductions could affect their eligibility to claim deductions for certain assets," said Bradley Beer.

"Whilst plant and equipment assets found in properties purchased before 9<sup>th</sup> May 2017 will be grandfathered and deducted as normal, investors should be aware that under proposed legislation, second-hand properties purchased after this date will only allow their owners to claim deductions for newly installed assets they add to the property themselves and capital works deductions.

As tax times approaches, property investors who are unsure of how these changes may impact their deductions shouldn't hesitate to seek professional depreciation advice from a professional Quantity Surveyor.

"A Quantity Surveyor can produce a tax depreciation schedule which will help ensure that a property investor maximises tax savings from their portfolio this year and the cost of the report itself is tax deductible," concluded Bradley Beer.

Investors can request a free tax depreciation estimate from BMT online at [bmtqs.com.au/estimate](http://bmtqs.com.au/estimate) in order to better understand the deductions that may be applicable to their property.

**- ENDS -**

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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.

Maximising the cash return  
from your investment property