

MEDIA RELEASE

For immediate release

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Investors can now have their say on proposed depreciation changes

In breaking news, the Australian Government has released draft legislation for public consultation that provides property investors with the opportunity to have their say around proposed changes to depreciation deductions that were announced in this year's Federal Budget.

According to Bradley Beer, the Chief Executive Officer of BMT Tax Depreciation, the integrity measures in the exposure draft released by the government provide further clarification for property investors around the proposed new rules and investors would be wise to closely review the documents and/or speak to a qualified expert before purchasing an investment property.

In the exposure draft, *Treasury Laws Amendment (Housing Tax Integrity) Bill 2017: Limiting deductions for plant and equipment in residential premises and travel expenditure for residential rental property*, many questions which were left unanswered by investors have now been addressed.

The Bill suggests that investors who purchase new properties and complete substantial renovations or purchase a property off the plan, will not be affected by the changes.

However, and as foreshadowed, investors who have purchased second hand residential properties after the 9th May 2017 will only be able to claim depreciation for plant and equipment assets that they spend money on themselves. In the past, this group has been able to depreciate such assets in properties they purchased regardless of whether they paid for them or not.

"While the Government's intention has merit, BMT believes that this change may unfairly prejudice investors of second hand properties," said Mr Beer.

"BMT encourages people in this group to review the legislation and have their say through the appropriate channel," said Mr Beer.

The Government also advises that amendments to deductions for plant and equipment assets held in residential properties will not affect those carrying on a business, corporate tax entities and those who hold a property in a large unit trust.

"This means that those who operate a business from home will still be able to continue claiming plant and equipment depreciation on assets which are used to produce an income for the business," said Mr Beer.

"Owners of second hand residential properties will still be able to claim a capital works deduction for the structural element of a building including fixed assets, if the building was constructed after 1987."

"This capital works deduction makes up the largest part of a property investor's depreciation claim," said Mr Beer.

All investors who exchanged properties before 7:30pm on the 9th of May this year will still be able to claim depreciation as normal.

Public consultation regarding the new measures for plant and equipment depreciation, and changes to claims for travel expenditure, is open until the 10th of August 2017 for property investors who would like to have their say.

To make a submission visit treasury.gov.au/ConsultationsandReviews/Consultations/2017/Housing-Tax-Integrity.

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For all media enquires please contact:

Bradley Beer
CEO, BMT Tax Depreciation

Phone: 0413 271 777
Email: media@bmtqs.com.au

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