

MEDIA RELEASE

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How to make more money from rentvesting

BMT Tax Depreciation believes that many new investors pursuing a strategy of 'rentvesting' may be leaving thousands of dollars of legitimate tax savings on the table by not utilising tax depreciation.

Rentvesting refers to the choice of some Australians to purchase property in an area they can afford in order to generate rental income and enter the property market, whilst simultaneously renting a property in an area where they want to live.

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

"The rentvesting approach to property investing seems to have gained a lot of traction in recent years as it can allow some Australians the opportunity to achieve property ownership without having to sacrifice their preferred lifestyle," said Bradley Beer, the Chief Executive Officer of BMT Tax Depreciation.

"There are many advantages rentvesting offers including living in your favoured suburb, flexibility to live closer to work or to move when your circumstances or property needs change. However, tax depreciation may be an underestimated advantage of this strategy," said Bradley Beer.

"BMT research has found that thousands of property investors are likely not claiming every legitimate tax deduction relating to their investment property which also suggests that rentvestors, who might be younger, may also be leaving thousands of dollars of deductions unclaimed each year.

"Many people in this group may be surprised to learn how their rentvesting strategy can also increase their cash flow as they are legitimately entitled to utilise tax depreciation," said Bradley Beer.

The latest data from the Australian Bureau of Statistics (ABS) on Housing Occupancy and Costs for 2013-2014 revealed that 263,000 Australian households own an investment property but are currently renting their usual residence.

The Australian Taxation Office (ATO) recognises that the structure of a rental property and the assets within it experience wear and tear as they age over time and therefore allows for tax concessions for investors and rentvestors to account for this deterioration. Quantity surveyors such as BMT are used to uncover these deductions and to maximise depreciation claims for property investors by providing depreciation schedules.

"Renovating an investment property ready for a tenant may initially hit in the back pocket however rentvestors can recoup some of the initial costs by claiming deductions for them," said Bradley Beer.

"To help stimulate immediate cash flow, investors can claim the full value for assets valued less than \$300 in the first financial year. For example they may be able to claim \$265 for a ceiling fan, \$250 for a garbage bin and \$145 for smoke alarm.

"There are many other unexpected items within an investment property that may attract valuable deductions for rentvestors, such as ovens, dishwashers and hot water systems," said Bradley Beer.

Deductions can be claimed over a property's lifetime which is forty years according to the ATO, meaning that rentvestors may be setting themselves up for years of additional money in the form of tax savings if deductions are correctly assessed and included in an investor's tax return.

"By utilising tax depreciation, rentvestors may be able to work towards expanding their property portfolios or purchasing their dream home sooner than they thought was possible," said Bradley Beer.

A quantity surveyor can inspect the investment property in question and produce a depreciation schedule that lists all the relevant depreciation deductions an investor can legitimately claim over the life of the property. The cost of the schedule is also 100 per cent tax deductible.

BMT has a free online calculator that interested rentvestors can use to estimate the likely depreciation deductions claimable from their 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.

Maximising the cash return
from your investment property