

This newsletter has been designed to keep you updated on what is happening within the industry and our Real Estate Office

**From the desk of the
 Asset Manager**



**Wishing you a
 prosperous Financial
 New Year**

We would like to take this opportunity to wish you a very prosperous Financial New Year.

Our office will be processing end of year financial statements that summarise the income and expenditure on your investment property. This statement should be retained and given to your tax accountant.

If you have any queries relating to this statement, please feel welcome to contact our office.

Inspirational Tip

“Never look down on anyone, unless you are helping them up.”

Jesse Jackson

Preparing for Tax Time

What can you claim?

This year the Tax Office will be paying particular attention to investors with regards to:

1. Rental Properties
2. Dividends and Interest
3. Sales of Investments
4. Avoiding dodgy tax schemes
5. Savings for Retirement

It is important that you take the time to carefully review your accounts and seek independent professional advice to assist you with preparing for tax time to avoid mistakes and costly fines.

Following is an overview of what can be claimed*. Remember, you need to have documentation to support all of your claims.

Advertising for a Tenant – This is a claimable expense if you have incurred advertising costs.

Body Corporate Fees – These are most commonly paid quarterly and cover the running costs of the building. It covers repairs, insurance, gardening, communal

lighting, pest control, etc. This is a deductible expense.

Capital Works – This deduction is known as the “Special building write-off” and is based on the actual cost of construction to the owner. *Building construction* costs can be claimed and include engineering, drafting, architect fees, surveyor fees and excavation costs.

When a new owner is unable to determine the cost associated with building construction, an estimate can be provided by a qualified person such as a quantity surveyor.



Structural Improvements include extensions, alterations and improvements constructed after 26th February 1992.

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IMPORTANT: This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. The newsletter is issued as a helpful guide to clients and is for their private information. Every effort is made to ensure the contents are accurate at the time of publication. We take no responsibility for any subsequent action that may arise from the use of this newsletter. If your property is currently listed with another agent, please disregard this communication.

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Cleaning/Gardening – This is deductible and includes internal and external cleaning. Owners who do the cleaning themselves can only claim the cost of materials, not their own labour.

Commissions and Management Fees – Commissions and management fees are deductible and are usually charged as a percentage of the rent.

Depreciation – This is essentially a deduction for the cost of furniture, fixtures and fittings based on the asset's effective life stipulation in the Depreciation Schedule. You can obtain a Depreciation Schedule from a suitably qualified person such as a quantity surveyor. *This is often overlooked by property owners and can provide excellent tax deductions.*

Example of depreciable assets:

- Air conditioning units (excluding ducts, pipes and vents)
- Lights, both fitted and freestanding, and including shades
- Removable floor coverings, rugs
- Garbage bins and compactors
- Window coverings
- Dishwashers
- Electronic security assets, intercoms
- Freestanding furniture
- Heaters, ceiling fans
- Hot water systems (including solar hot water heaters)
- Refrigerators, freezers, stoves, cook tops and range hoods
- Swimming pool filtration and cleaning systems
- Television sets, DVD players
- Washing machines, dryers.

Insurance – Insurance on building, contents, public liability and landlord insurance are deductible.

Interest – Interest on a loan to purchase, build, improve or repair a property is deductible. The purpose of the loan must be income-producing purposes.

Legal Expenses – These are generally incurred when a tenant defaults on rent and includes filing fees for the Small Claims Tribunal.

Office Supplies – This includes stationery, rent books, postage, and a percentage of computer costs can be deductible.

Pest Control – Pest control is deductible.

Rates – Rates, including council, water and sewerage, are deductible.

Repairs – Repairs are deductible subject to the following definition. "Repairing" is restoring or replacing the item to the condition it was in before it deteriorated without changing its essential character.

Any other repair, which improves the function or extends its life, may be considered an improvement rather than repair and is not an immediate deductible expense.

Travel – Travel is deductible if used for the collection of rent, repairs, inspections and preparing the property for new tenants.

Included are motor vehicle travel and airline travel as well as accommodation, car hire and meals. If the rental property is in a different town to the taxpayer's residence, travel must be pro-rated to the actual number of days spent attending to the property.

The Australian Taxation Office is increasingly using data matching to check on claims made by taxpayers. However, the ATO does make mistakes. Since the Australian Taxation System works under "self-assessment", it is up to you to be able to substantiate and prove you are entitled to any claims you make. The best way to do this is to organise your receipts for your rental property so you get everything to which you are legally entitled. ■

** This is a summary of important items that can be claimed and is not a full comprehensive list.*

Properties recently rented

Keeping you updated on the local rental market

HOUSES

Dorset Rd, Ferntree Gully \$235pw

2 beds, 1 bath, 2 carport

Iris Place, Pakenham \$300pw

3 beds, 1 study, 2 garage

Horner Close, Wantirna \$320pw

3 beds, 1bath, 1 carport

UNITS

Norfolk Drive, Narre Warren \$260pw

2 beds, 1 bath, 1 garage

Dorothy Grove, Ferntree Gully \$295pw

2 beds, 2 bath, 1 garage

Merryn Grove, Wantirna South \$360pw

3 beds, 1 study, 2 bath, 2 garage

TOWNHOUSES

Boronia Rd, Wantirna \$350pw

3 beds, 1 bath, 1garage



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If you are contemplating selling your investment property, or even the property you live in, call *the team that works* for a free up to date no obligation market appraisal and receive a FREE market report on your home every six months.



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