BMT Tax Depreciation
QUANTITY SURVEYORS

MEDIA RELEASE

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Property investors: this trick can help you claim a quick $9K

Thousands of property investors are likely unaware that their new investment properties hold nearly $9,000 in easily claimable tax deductions in the first year of ownership, according to Australia's largest provider of tax depreciation schedules.

The Australian Taxation Office (ATO) allows owners of income producing properties to claim deductions for the wear and tear that occurs as a building gets older and items within it wear out. These deductions are known as property depreciation.

BMT Tax Depreciation has worked with more than half a million Australian property investors to help them uncover these tax deductions.

The Chief Executive Officer of BMT, Bradley Beer said that thousands of investors may not be aware that they are sitting on a gold mine of tax deductions, with data showing that clients achieved an average depreciation claim of $8,893 during the 2017/18 financial year.

"I would be surprised if thousands of investors couldn't make claims exceeding $10,000 after owning a new investment property for a year.

"Many investors are either unaware of how the system works or are choosing a DIY approach to tax depreciation. The result is often the same – thousands of dollars of legitimate tax deductions are being left on the table each year," said Brad Beer.

Capital works deductions can be claimed on a building's structure and items considered permanently fixed to the property. The average property investor can often claim $5,065 in capital works deductions in the first financial year and these deductions can be claimed each year for a maximum of forty years from construction.

In some circumstances, depreciation can also be claimed on the plant and equipment assets that are seen as 'removable' items. Blinds ($829), carpet ($1,285), cooktops ($176), door closers ($167), exhaust fans ($122), garbage bins ($296), hot water systems ($331), ovens ($354) and smoke alarms ($268) all represent common plant and equipment assets that can hold lucrative first year depreciation benefits. When combined with a capital works deduction, many investors can easily unlock nearly $9,000 in tax deductions.

"The second year of ownership can be even more lucrative than the first in terms of depreciation value as many items depreciate at a higher rate in year two," said Bradley Beer.

"Renovations can also be especially lucrative for property investors, so they would be wise to review the depreciation value of different items before deciding on their final renovation strategy as they may be able to offset some of the cost of the upgrade by being clever with what they purchase and how they renovate," said Bradley Beer.

BMT said that it is important to note that owners of second-hand residential properties (where contracts were exchanged after 7:30pm on the 9th of May 2017) are unable to claim depreciation for previously used plant and equipment assets found within these properties.

“The Federal Government recently made the largest change to depreciation laws since the 1980s,” said Bradley Beer.

“Capital works deductions were unaffected by changes to depreciation legislation and make up 85 to 90 per cent of the total claimable amount. Those investors who purchase brand-new or substantially renovated properties or those who exchanged contracts prior to 7:30pm on the 9th of May 2018 are unaffected by the new rules.

“In light of these changes and the uniqueness of each investment scenario, property investors should look to contact a specialist Quantity Surveyor for advice on what deductions are available for their individual circumstances,” concluded Brad Beer.

Investors that are interested in better understanding the tax deductions that could be available to them can utilise BMT’s free online tax depreciation calculator at www.bmtqs.com.au/tax-depreciation-calculator

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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.