

CLAIM TAX DEPRECIATION NOW



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Mortgagee in possession sales are increasing. Interest rates have risen. Tyron Hyde of Washington Brown has a suggestion...

Have you seen the recent articles highlighting the drop in property prices in major capital cities? Mortgagee in possession sales are increasing. Interest rates have been rising. And this has left many who bought at the top of the boom with negative equity in their home or investment property.

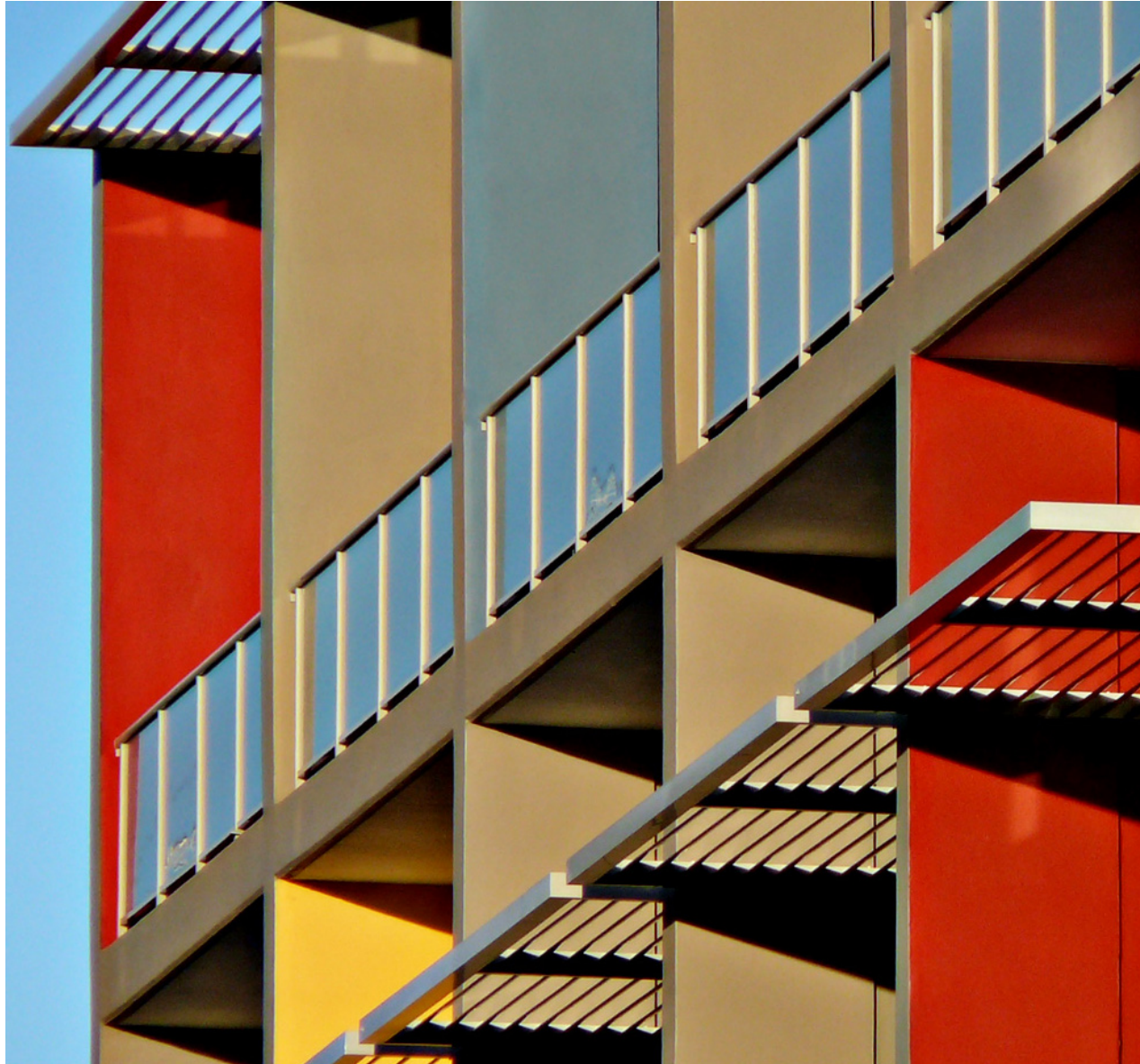
Does this mean that now is a good time to buy?

Well I certainly don't know the answer to that... but one thing I can advise is not to let legitimate tax deductions go unclaimed.

Claiming depreciation on your property will help offset the rising cost of interest rates. Just as you would claim wear and tear on the car you purchased, you can claim depreciation on your investment property.

Don't let these legitimate deductions go unclaimed.

For instance, a brand new two-bedroom unit in a high-rise apartment complex with a purchase price of \$600,000 will yield the following tax deductions: ▶▶



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New high-rise two-bedroom apartment – purchase price, say \$600,000

First year claim	First 5 years claim	Total plant & equipment	Total claim
\$13,000–15,000	\$50,000–\$65,000	\$50,000–\$60,000	\$280,000–\$330,000

That’s nearly \$300 per week in tax deductions!

Inner-city renovated terrace – heaps of deductions are still available

First year claim	First 5 years claim	Total plant & equipment	Total claim
\$7000–\$8000	\$25,000–\$35,000	\$15,000–\$25,000	\$125,000–\$150,000

That’s nearly \$150 per week in tax deductions!

Unless the property is brand new and the construction costs are known, then each investment property must be inspected so that construction costs and plant and equipment can be accurately estimated. ■

Tyron Hyde AAIQS
Director, Washington Brown & Assoc.
www.washingtonbrown.com.au

The calculation of a property tax schedule is a complex task which requires skill and experience in both tax law and construction costs to provide an accurate report.

It’s important for all property investors to at least investigate whether they are entitled to any tax deductions on their investment property. The easiest way to find out is for them to contact a reputable quantity surveyor offering some form of minimum guaranteed return, or the report will be provided at no charge. The quantity surveyor will always ask a few standard questions to ascertain whether it is worthwhile for both parties to proceed. The fee to prepare a tax depreciation schedule is 100% tax deductible.

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