

This month we gain the benefits of depreciation first hand

After more than 30 years on Sydney's North Shore suburb of Crows Nest – Washington Brown's head office has moved to the big smoke – Pitt Street, Sydney.

In doing so, we carried out a substantial fit-out of the property to meet our needs.



At the end of the project the builder gave us a tax invoice for the \$200,000 worth of work carried out.

I have seen situations where clients have simply taken this total fit-out cost and claimed the work at 2.5% per annum, the rate you can claim capital works deductions.

If we did this, based on our fit-out, we would be able to claim \$5,000 in the first year.

But we asked the builder to break down the costs relative to the appropriate trades; such as carpet, air-conditioning, flooring, workstations, etc.

We then apportioned part of the builder's costs (supervision, management, etc) to each of those individual trades.

By doing this, we were able to maximise the claim by placing specific costs against items that depreciate faster.

Our first year claim was closer to \$35,000 – not \$5,000. A thorough knowledge of both tax law and construction costs can make the world of difference!



Tyron Hyde is a director of quantity surveying firm Washington Brown. For more information on property depreciation including a FREE online tax depreciation calculator, visit www.washingtonbrown.com.au



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