QS Corner

TIP #16

In this month's QS corner we look at which items you *can't* depreciate…

In this country we are fortunate we can claim the depreciation of an investment property as a tax deduction.

BUT not all construction costs are eligible – so here are some of the things that don't qualify.

1. Demolition costs. When claiming depreciation of a building we are essentially claiming what is there now. So it stands to reason that the costs involved in removing the existing structure to make way for a new property can't be claimed.

2. Site clearing. Similar to demolition, the costs involved in clearing the land are not eligible to be claimed. These two jobs are essentially getting the site ready to begin work. It is important to note here that excavating the site for a basement can be claimed as that is considered part of the new basement.

3. Landscaping. Trees and grass grow and therefore don't depreciate over time. However, it's worth noting that landscaping can consist of many different elements – such as retaining walls, which can be claimed. So it's important to distinguish between the two. In summary, if it grows, you can't claim it!

4. Developer's profit. If you buy a property off a builder/developer, the development profit cannot be included as a construction cost.

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