QS Corner

TIP #26

Welcome to QS Corner! This month we look at depreciation inside a Super Fund...

Every day I receive an email along the lines of "Buy property in your super fund".

So should you?

Generally, it can be a pretty good strategy – in fact - I recently bought Washington Brown's head office in my super fund.

BUT – there are still things you need to remember;

- While the income (rent) you receive will only be taxed at the maximum rate of 15%...any **depreciation** benefit you receive will also only have a maximum benefit of 15%.

Put simply, there are two scenarios:

1 Property in Super Fund name: Washington Brown Depreciation report calculates depreciation Year 1 at $10,000.
Max Tax Benefit to you is $10,000 x 15% = $1500

2 Property in Personal name: Washington Brown Depreciation report calculates depreciation Year 1 at $10,000.
Max Tax Benefit to you is $10,000 x 45% = $4500 (Max Tax Rate 45%) (If you're on the highest marginal tax rate)

So one way to get the maximum benefit out of buying property in your super fund is to buy property where the rent is relatively high. As the income in the fund is only taxed at 15%.

It's still worthwhile getting depreciation report for your super fund – but has less benefit compared to a property in your own name.

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