QS Corner

TIP #28

Welcome to QS Corner! This month we look at how we can stay under the radar...

Every year around now The Australian Taxation Office (ATO) releases a statement suggesting they are monitoring property investors and the deductions they claim.

From my experience the ATO tends to target the following areas:

1 Whether property investors are claiming repairs and maintenance correctly. For example are they instant deductions or should the costs be spread out over time? This is a complex area and you should always check with your accountant before claiming repairs as an outright deduction.

2 Are the deductions being claimed for an income-producing asset? For instance, if you make a repair to an oven whilst living in the property, then moved out 2 months later, you can't claim that as a repair!

3 Are property investors claiming the correct building allowance and depreciation deductions? This is the most common area of concern in my opinion, and some of the obvious mistakes I have seen include:

- Claiming the building depreciation allowance based on the purchase price NOT the original construction cost.
- Incorrectly classifying items of plant and equipment when they should be part of the building.

Be safe this financial year - get a Quantity Surveyor like Washington Brown to prepare a depreciation report for you and hand that report to a qualified accountant.

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**

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