

QS Corner

TIP #31

This month in QS Corner...
when it pays to get advice

I've practised Quantity Surveying for more than 20 years....and this week was one of my best.

Here's why:

Background:

Jenny Jones (not her real name) owned a unit in Hastings Parade North Bondi. Due to the location of the building the elements (rain, wind etc) caused substantial damage to the structure of the building.

The strata body had to raise a special levy of \$80,000 from each of the 6 unit holders within the complex.

The strata body then engaged a builder to carry out the work.

Completion of the work

Once the building work was complete the Strata body engaged Washington Brown to differentiate what work was capital in nature and what work was to be considered repairs out of the \$80,000.

The Result.

In general, a special levy raised for repairs is not deductible but Washington Brown was able to break down the construction costs in repairs and capital works. In the end, we estimated that approximately \$57,000, or close to 80% of the overall spend could be considered as an immediate deduction.

Why I'm proud

The client's accountant thought this figure was too high and asked for a private ruling from the ATO.

Vindication:

"The Tax commissioner accepts the classification of the work carried out as per the report prepared by Washington Brown".

The \$57,350 deduction was approved in full as opposed to most people who would claim the work over 40 years at 2.5%.

This makes me one proud old Quantity Surveyor!



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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