QS Corner

TIP #51

In this month's QS corner, we get into the nitty-gritty of depreciating construction costs

If your investment property was built after 1985, you can claim a minimum of 2.5% of the construction costs in depreciation. But are there any limitations on what can be deducted?

Aside from the actual bricks and mortar, construction expenditure also covers the design costs of your property. But if you built the property yourself, then your own labour costs can't be claimed.

By the same token, if you enlist the services of a builder directly to construct your property, their profit margin can be claimed.

Other legitimate deductions people neglect to claim include council and authority fees (such as electrical and other utility connections), delivery costs of materials onsite, and excavation costs.

And if your property was built after 1992, external items, such as swimming pools, retaining walls and driveways, can be claimed.

As you can see, it's not all black and white. In fact, it can be many shades of grey. For instance, although excavating can be claimed, site clearing can't; neither can soft landscaping such as trees and grass, nor the cost of demolishing existing structures to make way for a new building. That's why it pays to get the right advice.

FREE STUFF

For free property depreciation and construction cost calculators, visit: www.washingtonbrown.com.au

Tyron Hyde is a director of quantity surveying firm Washington Brown

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