

QS Corner

TIP #56

In this month's QS Corner
we go flipping mad!

Ever heard of the term “flipping property”?

From my experience there are two types of property owners who “flip” property in the housing market.

Firstly there are those who buy off the plan and try to on-sell (flip) the property to someone else prior to the settlement date.

The second type are renovation “flippers” – they try and buy an old house or unit and immediately renovate the property to flip to the next buyer to make a profit without the intention of ever holding it.

If the “flipper” is successful – the good news is they may make a capital gain. The bad news is – they won't be able to claim any depreciation along the way.

The simple reason for this is that neither flipper has ever had the property available for rent. The flipper who bought the property off the plan doesn't even ever technically own it from a depreciation point of view.

In both cases if the flipping doesn't work and they end up owning the property then getting a depreciation may become a viable option if the property is available for rent.

Once the property becomes available for rent – the owner can immediately start claiming depreciation.



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