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Newsletter 2016
Directors Susan Cooper & Natalie Cooper

NOVEMBER Newsletter

Property depreciation and brand new apartments

Property investors can claim thousands of extra dollars on a property by maximising depreciation deductions.

According to the Chief Executive Officer of BMT Tax Depreciation, Bradley Beer, research suggests 80 per cent of property owners are missing out on thousands of dollars in property depreciation deductions, which can mean the difference between turning a negative cash flow investment into a positively geared asset.

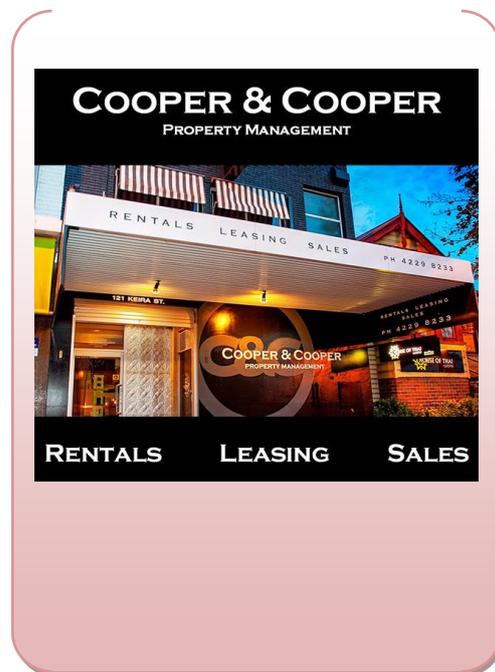
“When looking at new apartments, an investor can generally claim an average of \$12,500 in depreciation deductions in the first full year,” said Mr Beer.

This is no small amount, so it is important for an investor to understand what property depreciation is and how it can benefit them.

Depreciation is a non-cash deduction that the Australian Taxation Office allows the owner of an investment property to claim as a deduction due to the wear and tear of a building structure and its fixtures. It is described as a non-cash deduction because the investor does not need to spend any money during the financial year to be eligible to claim it, unlike council rates, interest and strata fees for example.

“All investment property owners can claim depreciation, however higher depreciation deductions are usually available on newer properties. Unit developments with common areas also have higher deductions than a house purchased for the same price,” said Mr Beer.

Owners of new properties are eligible to claim the full deduction on the entire cost of the building structure over forty years. There is also a deduction available for the fixtures and fittings contained within the property including stoves, carpet and blinds.



RENTALS

LEASING

SALES



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"Including removable fixed assets can substantially increase the depreciation deductions available for a property investor," said Mr Beer.

Apartments generally contain more depreciable fixtures and fittings. In newer apartments these fixtures will have a higher value, resulting in more depreciation being available.

Some of the common property areas and assets within a development which may increase deductions include driveways, swimming pools and pumps, fire protection equipment and lifts.

It is recommended to contact a Quantity Surveyor, such as BMT Tax Depreciation, to compile a tax depreciation schedule. BMT Tax Depreciation will perform a site inspection and take photos of all plant and equipment to ensure no depreciable asset is missed and your deductions are maximised.

For a free assessment of the likely deductions for your investment property, please contact one of BMT's expert staff on 1300 728 726.

Article provided by BMT Tax Depreciation.

Bradley Beer (B. Con. Mgt, AAIQS, MRICS, AVAA) is the Chief Executive Officer of BMT Tax Depreciation.

Please contact 1300 728 726 or visit www.bmtqs.com.au for an Australia-wide service.



Important Information to Landlords - Legislation Change

New tenancy agreement from 30 October 2016

Earlier this year, law changes clarified that it is now a material fact if a home is listed on the Loose-fill Asbestos Insulation register. Material facts refer to information which affects a consumer's decision about a property and must be disclosed before any agreement is entered into. From 30 October 2016, the standard tenancy agreement includes a requirement to notify tenants if the premises they want to lease is:

- on the Loose-fill Asbestos Insulation register, or
- added to the register during the tenancy.

This information is important to tenants because a property containing loose-fill asbestos insulation could be a health risk.

You can now download an amended version of the standard form residential tenancy agreement, which is for use from 30 October. An addendum is also available to allow landlords and agents to continue to use existing stock of the previous version of the residential tenancy agreement.

You can download a copy of the Frequently asked questions on the changes to the Residential Tenancies Regulation 2010 on the Fair Trading website.

To learn more about the register, and search for a property by its street address (number, street name and suburb), visit our Loose-fill Asbestos Insulation register webpage.

FOR SALE Price Range \$790,000 - \$830,000





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RESIDENTIAL HOUSE WITH SEPARATE 260SQM COMMERCIAL WORKSHOP - 10 McGrath Street Fairy Meadow

- * Rare opportunity to secure a highly sought after commercial property combination in a Northern suburb location.
 - * Zoned B6 Enterprise corridor, land size 734sqm
 - * Ideally located in the heart of Fairy Meadow, just off the Princes Highway, near KFC and Fairy Meadow Muffler Centre.
 - * Level access from the street, completely concreted area providing generous on-site parking
 - * **THE HOUSE** - approx. 105sqm and suitable for residential or commercial use with own parking for 3 cars at front.
 - comprising 3 rooms/bedrooms, large kitchen area and living, (previously used as reception area), currently occupied as residential.
 - Rental return of \$420.00 week, expired lease.
 - * **THE WORKSHOP/WAREHOUSE** - approx. 260sqm in size, 2 high roller doors, detached office separate amenities.
 - Whole area completely concreted, generous onsite parking and storage.
 - Rental return of \$28,600.00pa.
- Agents interest disclosed.