



NEWS - AUGUST 2012

# Investors: What is tax depreciation? . . . . .

There are a number of tax deductions that can be made on investment properties, but one type of deduction that can confuse property owners is tax depreciation, some investors aren't even aware of the considerable deduction that can go towards your rental property's income.

The Australian Tax Department (ATO) recognises that as a property ages and starts to wear out it depreciates in value. Because of this, the ATO allows property investors to claim a deduction on the depreciation of investment properties.

There are two types of tax depreciation that can be claimed:

**1. Capital Works Depreciation:** This is based on the historical building cost and is also known as the building write-off. It is a set annual allowance and is usually 2.5% or 4% of what the building originally cost to build excluding the cost of 'plant items'. However not all properties can claim this allowance.

**2, Depreciation on Plant:** Most income producing properties are likely to be able to claim depreciation on plant, which essentially includes the removable assets of a building such as curtains, cook tops, air-conditioning and

hot water systems for example. These items depreciate faster than the building and are therefore not based on the historic valuation of the building.

Overall what is being taken into consideration when a tax depreciation benefit is being calculated is the type of building, its age, use and fit out. If you obtain a tax depreciation schedule from either a local quantity surveyor or tax depreciation specialist, how much depreciation you are entitled to deduct each financial year will be laid out for you. And you can claim the cost of obtaining the tax depreciation schedule.

Tax depreciation for any investment property is most valuable for the first years of the property's life, however can still be beneficial for older properties, so it can pay to find out what the depreciation is for your investment property.

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# Everyday Money Saving Tips.

It's no secret that the cost of living in Australia is going up. Some of the best every day money saving tips seem obvious to some, but are they put into practise?

- Budgeting isn't easy for everyone to get the hang of, but when you're trying to save money there is nothing more important than keeping track of your outgoings and incomings, even for the smallest things like coffees and lunches. Check what you're spending regularly to see what you can cut back on.
- Save energy by turning off lights and appliances when they're not in use rather than leaving them on standby. Try to use dishwashers and washing machines less or during off-peak periods to save on your energy bills. Try rugging up and sealing draughts if it's cold instead of using the heater too!
- The less we consume, the less we pay for. Do you pay for more groceries than you use? If you can recycle things instead of buying a new product, you can save on your every day expenses.
- Use rebates and offers - The Federal and State Government offers rebates and incentives for a number of items around the house, so try and find savings where you can. Coupons and discount offers are very popular at the moment, so don't be afraid to claim offers, but make sure you use them too, especially their expiry date.
- Shop around and you'll be amazed at how much money you can save. Shopping around can get you great once off deals as well as ongoing savings on expenses such as electricity, maintenance and products?



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## Community Safety

Is community safety important to you? Whether you're single, a business owner, or visitor to the area, living in a safe community is something that everyone strives for.

Here are some small things that can make a big difference in our community:

- Keep an eye out on neighbour's properties, especially if you know they're away. If you see anything untoward, notify your neighbour as soon as possible, and if you feel there's something seriously wrong, call the police.
- Keep your pets secured in a yard or in the home with adequate food and water while you're out. Pets, especially dogs, can provide added security to your home, but you don't want them getting out, injured or possibly running away when you're not home.
- It goes without saying, don't drink and drive. Even if you don't think you're over the limit, don't risk it.
- Social networks are great for sharing photos and information with your family and friends, but if sharing with the public, you could be inadvertently telling the wrong people that your home is vacant and ripe for the picking. Check your privacy settings, and know who you're sharing information with.
- Remind your kids about stranger danger and what to do if they don't feel comfortable in a situation.

We like to make sure our communities are safe for everyone to enjoy and live in, and as long as we all look out for each other we can keep our neighbourhood that way.

