



Make your home work harder for you

Turning your residence into an investment property

Many Australian's own their primary place of residence, but an increasing number are making the swap from living in their property to using it as an investment for their future.

There are a number of key factors that should be addressed to gain the maximum benefit from renting out your home. Investing in a tax depreciation schedule from a specialist Quantity Surveyor such as BMT Tax Depreciation will maximise cash returns on the property once it begins to generate income.

portion of the cost.

Your tax situation will be transformed

When an owner decides to turn their primary place of residence into an income producing property, their tax situation will change.

- Expenses in holding the property will become tax deductible
- If an owner has only rented their property for part of the year, deductions for this portion the year can still be claimed
- If any improvements are made while the property is being rented, these may also entitle the owner to depreciation deductions

Common misconceptions

While it is true that newer properties may receive higher deductions, all investment properties will earn depreciation deductions for the property owner.

- When a property is not brand new, owners will still be able to claim depreciation on the structural component for the remaining time within the forty year effective life period
- Investors who own properties that are built before 15th of September 1987 can still claim depreciation on the fixtures and fittings within the property and include any recent renovations, even if the renovation was carried out by a previous owner

Capital gains implications

- When a home becomes an investment property a Capital Gains Tax (CGT) event may be triggered if the property is sold
- There are various situations where properties will attract a CGT exemption. It is best to discuss your CGT situation with an Accountant as each individual scenario is different

Consult with an expert

If you are thinking of making your home an investment property, speak with one of the expert staff at BMT Tax Depreciation on 1300 728 726.

Article provided by BMT Tax Depreciation.

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