

Expert advice increases returns

BMT finds an extra \$28,200 in depreciation deductions

Working with Accounting Professionals, specialist Quantity Surveyors have the knowledge and construction costing expertise to accurately assess a property's depreciation potential. This could result in a property investor claiming an extra \$28,200 in depreciation deductions in the first five years.

A depreciation schedule prepared by a qualified Quantity Surveyor will ensure all depreciation claims are maximised within Australian Taxation Office legislation and that no depreciable asset is overlooked. It is not uncommon for a property investor to self-assess or estimate costs in their investment property based on their own judgement; potentially missing out on significant depreciation deductions.

The specialist difference

Following is a real example of a client's self-assessed depreciation deductions compared to the depreciation deductions identified by a BMT Tax Depreciation specialist for an investment property.

Depreciation example

The client purchased a three bedroom house in an outer Sydney suburb for \$610,000. The property was constructed in 2004.

Self-assessed versus expert assessed deductions in the first full year		
	Self-assessed deductions	BMT's deductions
Capital works deductions	\$6,750	\$6,200
Plant and equipment	\$2,100	\$9,700
First full year TOTAL	\$8,850	\$15,900
First five years TOTAL	\$35,400	\$63,600

In the first full year BMT were able to identify an extra \$7,050 in depreciation deductions and an extra \$28,200 in deductions in the first five years.

The deductions for the capital works (or the structural part of the property) were similar, however the deductions for plant and equipment items (or mechanical and removable assets) were grossly underestimated or completely missed when the investor self-assessed. BMT were able to identify more plant and equipment items within the property which significantly increased and accelerated depreciation deductions.

A specialist Quantity Surveyor will identify plant and equipment items which may otherwise be considered capital works. This will increase the rate at which items within the property can be depreciated, making the most of available deductions.

There is no item too small to consider including in a depreciation schedule. Low-cost assets and low-value assets all add up to help maximise depreciation benefits. If an asset has sufficiently low-value, legislation allows it to be written off much faster; sometimes the complete value can be claimed immediately.

The one-off cost of engaging a specialist Quantity Surveyor has proven to be worthwhile; property investors can increase their cash return by potentially claiming significant depreciation deductions.

Article Provided by BMT Tax Depreciation.

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