

2nd Nov 2009

The Importance of Depreciation

Investors,

One of the areas new investors (and sometimes experienced) investors neglect is depreciation and the ability to claim depreciation expense as a tax deduction.

The better way to approach this is to use a quantity surveyor who will physically inspect your investment property and produce a depreciation schedule for potentially the next 40 years of amounts you can include as deductible expenses relating to depreciation and building allowances. I know some accountants will put a depreciation schedule together for you, but rarely will they do a physical inspection and the numbers they produce will invariably be conservative. Heaven forbid the accountant who gives advice that it is not worth claiming anything – change accountants now!

For investors who have not claimed depreciation as an expense, you can go back and claim the last 4 years using adjusted tax returns in each of those years. The potential could be worth thousands of dollars in tax refunds to you.

To give you a feel of a general guide of what you may be able to claim, I have attached a link that you may consider looking at and using as a general guide calculator.

<http://www.yipmag.com.au/calculators/investment/depreciation.aspx>

For those looking at renovations, consider getting advice of what can be claimed as assets written off as deduction in that financial year, please don't ignore what can be claimed under existing tax rules relating to assets.

Our Service to You

We provide a specialised service for investors wanting to create long term wealth for themselves and their families. We are finance strategists, credit advisers and mortgage brokers, helping you achieve your goals. Give us a call when you think it's time to consider your options.

As well as providing a service to investors, we will assist you in purchasing as an owner-occupier, or upgrading to a new property, or simply looking at better pricing or structuring options for your current loans and banking or assisting seniors looking at possible reverse mortgage options.

Our business is built on referrals provided by clients, so please don't keep us a secret, feel free to forward this e-mail to family and friends interested in their own financial future. Give us a call and book an appointment to see if it makes sense for you.

If you have any questions about any of these topics, give me a call.

Helping People through Finance