

Tax Depreciation Schedules

MAXIMISE YOUR AVAILABLE TAX BENEFITS

80% of Australian Property Investors pay too much tax.....keep reading to avoid being a statistic in the 80% range...!!!

Regardless of the age of your investment property, **ALL PROPERTIES** are eligible for depreciation and contain plant & equipment that can be re-valued and given a new effective life from the date of settlement.

Under Australian income tax law (Income Tax Assessment Act 1997), holders of properties used for investment purposes are entitled to claim tax depreciation for the decline in value of capital works allowances (Division 43) and associated plant (Division 40).

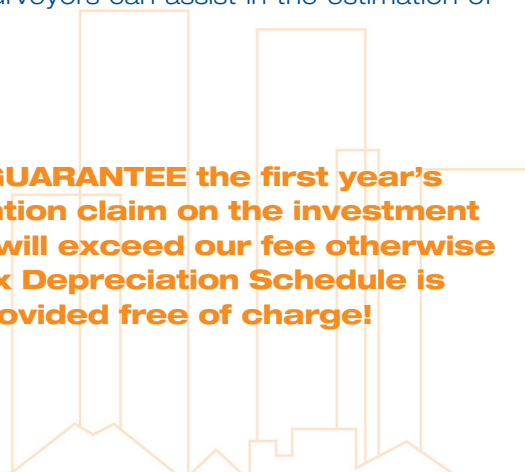
Division 43 Capital works refers to the construction write-off allowance for income producing buildings ie the bricks and mortar.

The ATO have established periodic rates of depreciation for Division 43 building allowance which apply to the date of construction and the intended purpose of the building. These rates are constant over the effective life of the building and are set at either 4% or 2.5% giving an annual depreciation allowance based on the original construction cost.

Where construction costs are unknown, the ATO have recognised that Quantity Surveyors are suitably qualified to calculate historic construction costs, whereas valuers, real estate agents and accountants are not. (Tax Ruling 97/25)

Likewise, any renovations undertaken by previous owners can be depreciated provided these works were undertaken after 27th February 1992. RPM qualified Quantity Surveyors can assist in the estimation of such works.

RPM GUARANTEE the first year's depreciation claim on the investment property will exceed our fee otherwise the Tax Depreciation Schedule is provided free of charge!



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Division 40 refers to depreciating assets commonly known as plant. Generally these are items which are not permanently attached to the structure and can be removed without damage, such as;

- :: Carpet
- :: Blinds and curtains
- Just to name a few.
- :: Hot water systems
- :: Cook tops
- :: Ovens
- :: Rangeshoods

Plant items are depreciated at an annual rate based on their effective life as set by the ATO.

All RPM Tax Depreciation Schedules will report Plant items in 2 formats; Prime Cost Method and Diminishing Value Method.

If claiming the Prime Cost Method, you are claiming a lower but more constant portion of the available deductions over the life of the property; this method particularly suits investors looking to hold the property for the longer term.

Claiming the Diminishing Value Method allows a greater portion of the asset to be depreciated in the earlier years of ownership, this method is commonly adopted by investors with a short term strategy, ie 5 years ownership.

Significant cost savings when commissioned with other RPM reports

