



# Property Management Newsletter

July 2018

## Tips on depreciation

- Expert advice from our partners, BMT

**Depreciation is an important- but often overlooked - component of an investor's tax return. Here are some tips from BMT to make it work for you.**

### 1. Claim depreciation to maximise returns

Any investment property that generates income may be eligible for thousands of dollars in depreciation deductions. In fact, most investors can claim an average of \$5,000 - \$10,000 in deductions in the first full financial year alone. Property depreciation is often missed as it is a non-cash deduction; ie the investor does not need to spend money in order to claim it.

### 2. Order a tax depreciation schedule

A BMT Tax Depreciation Schedule outlines all the deductions you can claim for your property. It lasts for 40 years and the fee for preparing it is 100 per cent tax deductible.

### 3. Amend previous tax returns

Investors can amend two previous tax returns to recoup any missed deductions.

### 4. Ensure you use a specialist Quantity Surveyor to prepare your tax depreciation schedule

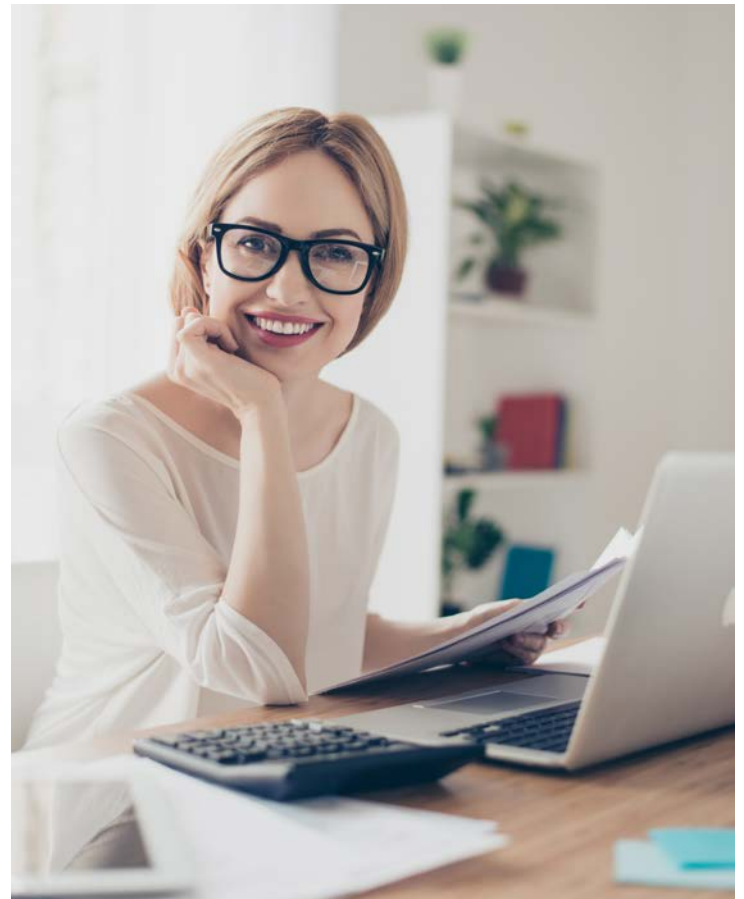
Quantity Surveyors are one of the few professionals recognised by the ATO to have the appropriate construction costing skills to estimate building costs for depreciation. However, only a tax depreciation specialist such as BMT can be relied on to maintain detailed knowledge of all current ATO Tax Rulings relating to depreciation.

### 5. Claim for renovations and improvements

There is a difference between a repair and a capital works improvement and this will affect your claim. The full cost of repairs can be claimed in full in the same financial year they

are completed. An improvement, on the other hand, is when you improve the condition of an item or property beyond that of when it was purchased.

For more information, contact BMT at [bmtqs.com.au](http://bmtqs.com.au) or 1300 728 726.



## The LJ Hooker Foundation

**Make a difference and donate today!**

Visit [foundation.ljhooker.com.au](http://foundation.ljhooker.com.au)

**LJ Hooker** Foundation



**LJ Hooker**

[ljhooker.com.au](http://ljhooker.com.au)

Residential | Commercial | Rural | Home Loans

# Should you apply a blanket ban on pets?



**Some landlords refuse to entertain the thought of having pets on their investment property. Perhaps the landlord doesn't want the risk of damage to their property or they may simply not be animal lovers.**

Just as the landlord has the final say on who their tenant(s) will be, they also have the prerogative to accept pets to be housed – inside or out.

But ruling out pets entirely can restrict the pool of tenants to choose from. Indeed, it could rule out securing a very reliable tenant that pays their rent on time and maintains the property in an excellent condition.

Property managers believe owners will be much more receptive to having pets at their investment property if they knew more about the 'furry friend' and its history.

Amy Sanderson, Head of Property Management at LJ Hooker said: "Landlords rightfully want to know about the tenants' history, so it's up to the tenants to provide the same sort of information about their pets if they are serious about having them. It's a great idea to prepare a pet resume, and it's exactly what the name suggests.

"A well-prepared pet resume would include a suite of information including its registration, record of vaccinations, veterinary reports and testimonials from previous property managers about the behaviour of the animal.

"A reference from a previous property manager will enable the landlord to know if the dog digs up backyards, the cat has damaged carpet, or if the pet has left any visual or odour impacts on the property upon vacating.

"There is no reason why pet owners can't be responsible tenants, making sure the property is maintained as though it's their own."

Ms Sanderson said rentals listed as 'pet-friendly' often attracted more online visits than properties which do not accept pets.

"There is always the potential for a 'pet friendly' property to command a premium rental return as there are less properties advertised in this manner, therefore more competition from tenants.

"Legislation is being drafted in some states to make pet ownership in rental properties easier. But in any case, landlords shouldn't ordinarily rule this option out when seeking new tenants."

# Preparing for the year ahead

**Does tax time make you wish you were more organised 12 months ago?**

Often investors' bookkeeping skills aren't the best and they end up missing out on hundreds of dollars' worth of claimable expenses.

Here are some valuable tips we have learnt over the years that will help ensure you are managing your investment efficiently and claiming all possible expenses.

## Create a digital filing system

For your yearly rent and expense summary from your property manager, quantity surveyor reports, receipts of legal fees, scrapping schedules and more, having a digital filing system in place to manage this information will save you loads of time and effort.

To do this, scan or photograph all your paper receipts and download and save any digital receipts into a special investment folder on your computer. Whilst you don't need to provide the physical tax receipts, make sure you keep them on file in case you are audited by the ATO.

In addition to this, create an excel spreadsheet to track all of your expenses.

## Important documentation for tax time

It's a good idea to talk to your accountant about what documentation the ATO requires for you to support your tax return and claims. A safe suggestion is to keep all your receipts even if they are small. Your accountant is the best person to determine what is claimable and what is not so provide all this information to them. Be careful not to lose any receipts as misplacing them may mean you show a higher capital gains and therefore tax relating to it.

## Investment expenses and how to pay

A good way to ensure you keep a track of your expenses is to avoid paying any expenses out of your own pocket. It is better to have your property manager pay for any property related expenses from the rent they collect from your tenants. If you can't avoid paying something yourself keep a summary of what you have paid on page and give this to your accountant.

## Documents needed for your accountant

Either keep your monthly rental statements and invoices from your property manager or ask them to provide you with a yearly summary of your property detailing rent received and expenses paid on your behalf. This summary must be given to your accountant.

For more tax time tips, visit [ljhooker.com.au](http://ljhooker.com.au)

Disclaimer: This newsletter does not necessarily reflect the opinion of the publisher. It is intended to provide general news and information only. While every care has been taken to ensure the accuracy of the information it contains, neither the publishers, authors nor their employees, can be held liable for inaccuracies, errors or omission. Copyright is reserved throughout. No part of this publication can be reproduced or reprinted without the express permission of the publisher. All information is current as at publication release and the publishers take no responsibility for any factors that may change thereafter. Readers are advised to contact their financial adviser, broker or accountant before making any investment decisions and should not rely on this newsletter as a substitute for professional advice. © LJ Hooker Corporation Limited