



CLAIM MORE FROM OLDER PROPERTIES

No matter the age, no property is too old to claim depreciation.

61% of depreciation schedules prepared by BMT Tax Depreciation are for pre-owned properties. Of these schedules, 33% are properties which were built prior to 1985 and see owners claim an average of \$4,042 in annual depreciation deductions in the first five years.

Property depreciation is made up of two main elements: capital works deductions and depreciation of plant and equipment. Capital works deductions are deductions available on the structure, including items that cannot easily be removed. Depreciation of plant and equipment is available on mechanical and removable fixtures, including those deemed to have an effective life set by the Australian Taxation Office.

The capital works component of a property is strictly qualified by age. Legislation states that for any residential property which commenced construction prior to the 18th of July 1985, the owner will not be able to claim capital works deductions. For commercial buildings this date is the 20th of July 1982. Depreciation of plant and equipment is not limited by age; it is the condition and quality of each item which contributes to the depreciable amount.

Specialist quantity surveyors identify a large proportion of available deductions on older properties through plant and equipment depreciation deductions. On average, 15% of the total construction cost of a residential property is made up of plant and

equipment. This includes items such as carpet and hot water systems, as well as less obvious items such as garbage bins, mechanical exhaust and door closers. These plant and equipment items are rarely the same age as the building, usually being replaced or updated over time. The greater amount of plant and equipment items identified, the higher the depreciation claim.



Another important part of maximising claims on older properties is identifying any additional works, extensions or internal refurbishments which have taken place over the life of the property. Even if the work were completed by a previous owner, any structural addition completed after the qualifying dates can be claimed as capital works, further increasing deductions. A specialist quantity surveyor will be able to identify and estimate costs of all additional works, extensions or internal refurbishments on older properties.

Substantial depreciation deductions may be claimed by engaging a BMT or DEPPRO Tax Depreciation specialists to assess an investment property, no matter the age.

relax . celebrate . enjoy



PERTH HOUSE PRICE HITS \$500K

Perth property prices are on track to return to a record high, with the median house price hitting \$500,000.

The median price, based on data from the Real Estate Institute of WA and the Chamber of Commerce and Industry, suggests West Australians have shrugged off doom-and-gloom fears about the economy and have waded back into the housing market.

It comes as a consumer survey shows West Australians are feeling their most optimistic about the economy for nearly two years.

Updated REIWA analysis of residential property sales for the last three months of 2012 shows the median house price has hit \$500,000 \$5,000 higher than previously thought and 6.4 per cent higher than the same period in 2011.

Preliminary figures for 2013 indicate prices for the March quarter will "at least" equal the high of \$505,000 set in the March quarter of 2010.

The rise is being fuelled partly by an increase in sales of more expensive properties.

REIWA president David Airey said the share of first-homebuyer activity had declined, but the increase in "trade-up" sales of more expensive properties had lifted the median price.

Acton Real Estate managing director Graeme Baxter said certain areas and price ranges had been performing well for a while but solid sales results were now being seen across the board.

The most sought after houses were in the \$400,000 to \$600,000 range.

"We are seeing more sales in the South West, western suburbs and along the north coastal region," Mr Baxter said. "And there have also been strong results in off-the-plan sales, all of which indicate a more complete market recovery."



Disclaimer

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We wish to advise you that our office will be closed over the Easter Break

Closing: 5pm Thursday
28th of March

Opening: 8:30am Tuesday
2nd of April

During this period your tenants will be able to contact us in case of emergency

CONGRATULATIONS

To our winner of the Easter Colouring in Competition!!

