FOR IMMEDIATE RELEASE **24 February 2022**

THE TAX DEDUCTION THAT LASTS A LIFETIME

Many landlords are surprised to learn that they can claim depreciation as a tax deduction over the lifetime of their investment properties, according to BMT Tax Depreciation.

Bradley Beer, Chief Executive Officer of BMT Tax Depreciation, Australia's leading supplier of tax depreciation schedules, said that landlords are frequently under the misapprehension that they are unable to claim depreciation at all.

"Every day we hear investors saying that they think their property is too old to carry depreciation deductions. But depreciation is available on almost all investment properties regardless of age," said Bradley Beer.

There are two types of depreciation deductions that can be claimed. The first is on capital works, a property's structure and permanently fixed items such as kitchen cupboards, doors and sinks. These can be claimed for up to 40 years depending on the type of construction and date construction commenced.

"Capital works typically make up the bulk of a landlord's total depreciation claim, generally 85-90%," said Bradley Beer.

The second type of depreciation deduction is on plant and equipment, the easily removable items like carpet and blinds. These assets have a limited effective life as set out by the Australian Taxation Office (ATO) and can be depreciated over time. Investors can claim depreciation deductions for more than 6,000 different ATO recognised plant and equipment assets.

The catch, Mr Beer said, is that depreciation on plant and equipment assets can't be claimed in second-hand properties unless an asset is brand new.

He went on to say that any time an update is made to a property, the landlord should contact a depreciation schedule provider.

"We hear clients say all the time, 'I haven't made any major renovations so it's probably not worth it'," he said.

"But there are definitely opportunities to claim that people don't think about – some of those little things that you're doing every few years can add up."

"It could be installing a new air conditioner, a pathway or a garden shed."

Mr Beer said that if a property was constructed decades ago or was purchased second-hand after legislation changes came into play in late 2017, it's still important to get in touch with a tax depreciation specialist as often these buildings have undergone some form of renovation that can result in both capital works and plant and equipment deductions for the owner.

Mr Beer finished by saying that investors who have not been claiming depreciation can still claw back some missed dollars.

"It's quite straight forward to amend two previous years' tax returns with our schedules, but anything beyond this can get complex and come under tax commissioner scrutiny. So, it's best to get on top of it early," he concluded.

ENDS

Media contact: Lauren Howarth, 0448 507 979 or lauren.howarth@bmtqs.com.au