

Quick Guide to Investment Property Depreciation After the 2017 Housing Tax Integrity Bill

In November 2017 new legislation passed limiting depreciation claims for some residential investment properties. It's important to note that the changes only *'limit'* deductions and only on *'some'* residential investment properties.

The same legislation also includes a provision which can substantially reduce your future capital claims tax obligation if your depreciation claim is limited.

The facts:

1. Commercial property is NOT affected
2. Property owned by companies or trusts is NOT affected
3. Brand new properties are NOT affected
4. Even properties up to 6 months old are NOT affected
5. Buildings themselves are NOT affected
6. Depreciation Schedules that were in use before the changes are NOT affected
7. Properties that have been "substantially renovated" are NOT affected

So what is affected?

The only thing affected is the Assets in second hand residential properties.

Assets are things like appliances, air con, hot water, carpet, blinds, and curtains etc etc.

Depreciation on Assets in second hand properties purchased after 9/5/17 cannot be claimed.

BUT, that depreciation can be deferred and used when the property is sold to reduce your Capital Gains Tax.

Investment Property Reference Table

| | Treated differently after 2017 Budget | Building Depreciation Claimable | Asset Depreciation Claimable | Deferred Depreciation Claimable |
|--|---------------------------------------|---------------------------------|------------------------------|---------------------------------|
| New residential property or less than 6-Months old | No | Yes | Yes | No |
| Commercial property | No | Yes | Yes | No |
| Used residential property exchanged before 10/05/17 Leased after 30/06/17 | Yes | Yes | No | Yes |
| Used residential property exchanged before 10/05/17 Leased prior 01/07/17 | No | Yes | Yes | No |
| Used residential property exchanged after 09/05/17 | Yes | Yes | No | Yes |
| Substantially renovated residential property exchanged after 09/05/17. | No | Yes | Yes | No |
| Residential property owned in Company Structure | No | Yes | Yes | No |

As the new legislation has made things more complicated, we recommend investors have their properties assessed by an expert. A FREE Investment Property Depreciation Assessment is available over the phone from Depreciator.

To take advantage of your free assessment just call Depreciator on **1300 66 00 33** and we'll assess your property within a few minutes and answer any questions you may have. This includes an estimate of your available Depreciation and a no-obligation quote.

If your assessment is positive we recommend having your Depreciation Schedule Prepared before you see your accountant. You can claim 100% of the fee.