

R&W

Property Management News

June 2017

Are you prepared for tax time?

June. Where has the year gone! Tax time is quickly approaching and we suspect you may have already fished out your calculator, or called your accountant, and gotten busy with number-crunching your income and expenses for this year.

If you are a new property investor, "Income" includes the amount of rent you receive for the property on an annual basis. "Expenses" (and the things you need to keep a record of) can include:

- advertising for tenants
- bank charges
- body corporate fees and charges
- borrowing expenses
- capital works
- cleaning
- council rates
- decline in value of depreciating assets
- gardening and lawn mowing
- insurance
- interest expenses
- land tax
- legal expenses
- pest control
- phone
- property agent fees and commissions
- repairs and maintenance
- stationery and postage
- travel undertaken to inspect or maintain the property or to collect the rent
- water charges.

Much of these records will come from your annual owner statements, however there are some complexities surrounding some items.

The trickier ones to look out for are:

1. Capital Works

Not all repairs and maintenance are fully

it's "capital works" or "repairs and maintenance" please always consult a professional tax advisor.

2. Depreciation

Depreciation refers to the loss in value of an asset calculated against its lifespan. These are complex calculations that are best carried out by a qualified Quantity Surveyor, but can result in some pretty good deductions!

Contact us if you are interested in pursuing this (now is a good time as the Quantity Surveyor's fee for service would also be tax deductible if you complete this before June 30!)

3. Travel Expenses

If you choose to inspect your property at any time, or visit the property to prepare for new tenants this is also tax deductible, for example motor and air travel costs, accommodation, and meals. Remember to keep the receipts and records so that it is easy to calculate the amounts and substantiate your claims over time. Again, you should always seek professional advice if you need help clarifying what is deductible and what is not.



tax deductible in the one year; 'capital works' includes expenses from making improvements to your property such as building constructions and carrying out significant repairs and maintenance. These are deductions that need to be claimed over a period of several years. If in doubt about whether



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Clean now, save later

While property managers make it clear to tenants that they must clean their leased property to a high standard before they vacate, condition reports do allow for inevitable wear and tear on a rental property after long leases and multiple tenants.

A property can appear to be scrupulously clean at first glance, but the natural aging of high-use areas such as hallways, lounge rooms and 'wet zones' (read: bathrooms and kitchens) will still require 'top up' maintenance cleans occasionally.



When necessary, we suggest landlords invest in the professional cleaning of their rental property - which can help postpone major repainting and the replacement of carpets, in addition to adding 'polish' to your property and attracting great new tenants.

Keeping your asset clean and in good repair (while keeping an eye on features that may need updating or replacing due to excessive wear) can help ensure that you consistently garner your optimum rental income.

SMSF property investment – is it for you?



Self Managed Super Funds (known as SMSFs) are increasingly popular among Australians, with statistics identifying that four new SMSFs are created every hour. The key benefit of a SMSF is that investors have total control over their finances, making all investment decisions for their fund.

Using an SMSF to buy property is an attractive option, but one which requires careful consideration and a good basic understanding of both tax and superannuation law.

There are certainly advantages to having property in a SMSF – as your super fund will be taxed at only 15%, which is substantially lower than the average individual's tax rate. Note however, that you cannot live in any property purchased within your SMSF and no trustee, member or relative can benefit from the property's purchase. In short, the property's purchase must be for the sole benefit of supporting the SMSFs strategy for building retirement wealth.

If you are interested in starting a self managed fund, there are a number of factors to consider – initially, you will need substantial funds to draw down upon, as you may use borrowings for property maintenance but not for property improvement.

If you require more information about SMSFs and whether they are the right investment path for you, take the time to speak with your accountant or financial advisor.

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The end of financial year has approached upon us. We hope you have engaged your tax agent and wish that this financial year was a success. This is a perfect time to find out how much your property is worth or how much rental yield you can achieve, please contact us on 8347 5000.



Hendra Wijaya
Principal

Recent Rentals

22/822 Anzac Parade, Maroubra
2 Bed 3 Bath 2 Car - \$850 PW

302/95 Brompton Road, Kensington
3 Bed 2 Bath 2 Car - \$1050 PW

404/89-91 Boyce Road, Maroubra
2 Bed 2 Bath 1 Car - \$660 PW

105/140 Maroubra Road, Maroubra
2 Bed 2 Bath 1 Car - \$740 PW

Recent Sales



38/3-11 Princess St,
Brighton-Le-Sands
Bed 2 Bath 1 Car 1 – Undisclosed



73 Murrabin Ave, Matraville
Bed 3 Bath 2 Car 2
Undisclosed



158 Robey St, Matraville
Bed 2 Bath 1 Car 1
\$1,760,000

The best reputation in real estate

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