The Agency 2024

Navigating tax time: a guide for Australian property investors.

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As the end of the financial year approaches, landlords and real estate investors across Australia are preparing to tackle one of the most crucial aspects of property ownership: tax season.

The first step in preparing for tax season is to ensure that all your financial records are well-organised. This includes documenting rental income, expenses, maintenance costs, repairs, mortgage payments, property taxes, insurance premiums, and any other relevant documents. Maintaining meticulous records throughout the year will simplify the process of reporting your income and deductions accurately at tax time.

Understand tax deductions
The Australian taxation system offers various deductions that landlords can claim to reduce their taxable income. These deductions may include:

- Mortgage interest
- Property management fees
- Land tax
- Council rates
- Insurance premiums (e.g. building, contents and public liability)
- Repairs and maintenance (e.g. cleaning, gardening, pest control)
- Depreciation
- Travel expenses related to property management
- Familiarise yourself with the specific deductions applicable to rental properties in Australia and leverage them to minimise your tax liability.

Capital allowances and depreciation
Capital allowances and depreciation are valuable tax benefits that allow landlords to claim deductions for the decline in value of their property and assets over time.

Depreciation represents how much a property's value has decreased due to age, and includes both the structure and the fittings and loose assets.

Understanding the depreciation schedules and eligibility criteria outlined by the Australian Taxation Office (ATO) can help you maximise your tax savings and improve your cash flow.

Consult with a qualified surveyor to obtain a depreciation schedule which will show the total amount of depreciation and deductions that can be claimed for an investment property over the life of the building.

Keep track of capital improvements
While routine repairs and maintenance are deductible expenses, capital improvements that enhance the value or functionality of your property must be depreciated over time. Keep detailed records of all capital improvements including renovations, upgrades, and structural changes, as these expenses can be claimed as deductions over their respective depreciation periods.
Plan ahead for future tax years
Tax planning is an ongoing process that requires careful consideration and proactive strategies. Use the current tax year as an opportunity to review your investment portfolio, assess your financial goals, and implement tax-efficient strategies for the future. This may include restructuring your investments, timing capital expenditure to maximise deductions, or exploring alternative ownership structures for tax optimisation.

Our bespoke services and property management expertise gives you the edge. Leverage our national view of the real estate market through expert knowledge and advice to maximise your investment's returns. Get in touch with our experienced team today.

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