

DON'T WAIT UNTIL TAX TIME...

Put an extra \$190 in your pocket every fortnight.

Investors often look forward to tax time. Many of the losses from holding a property can be claimed back, including interest, rates, repairs and maintenance, property management fees & depreciation deductions.

Many investors may not realise that they don't have to wait all year to benefit from the deductions available to them. Instead, they can improve their cash flow throughout the year simply by nominating to use a Pay As You Go (PAYG) withholding variation.

Introduced in July 2000, a PAYG withholding variation allows individuals to vary the amount of tax withheld by their employer in each pay to anticipate their tax liabilities. This means they can take advantage of the deductions available to them regularly, rather than wait until the end of a financial year for their tax refund.

By selecting a PAYG withholding variation, a property investor's expected tax refund for the financial year is estimated. This allows their employer to take less tax out of their wages.

As can be seen in the example below, a PAYG withholding variation will provide added flexibility for a property investor. Having access to the extra money during the year makes it easier to manage cash flow and allow for costs such as urgent repairs or maintenance. The additional income also gives the owner the option to invest the extra money or reduce loan liabilities.

It is important to note that submitting a PAYG withholding variation does not replace a normal tax return. A tax return still needs to be filed at the end of the year to calculate the actual amount of tax liability.

The following example shows how a PAYG claim is calculated for an investor without depreciation and how including the depreciation claim will help to further improve the investor's fortnightly income.

The investor owns a house purchased for \$532,000 and rented for \$600/week, or \$31,200/year. Expenses for the property including interest, rates, repairs and maintenance, property management fees and insurance totalled \$41,400.

An assessment of the property by BMT Tax Depreciation discovered the investor could claim \$13,354 in depreciation for the property in the first full financial year. Before claiming depreciation, the investor will receive an additional \$145/fortnight in their pay by applying the PAYG withholding variation. By including the depreciation claim, the investor will receive \$335, or an additional \$190 in their fortnightly pay.

	Without depreciation claim	With depreciation claim
Purchase price	\$532,000	\$532,000
Annual expenses	\$41,400	\$41,400
Annual rental income	\$31,200	\$31,200
Deductible loss (first full year)	\$10,200	\$10,200
Depreciation (first full year)	\$0	\$13,354
Total deductible loss (first full year)	\$10,200	\$23,554
Tax refund (37% marginal tax rate)	\$3,774	\$8,715
Cash difference this refund could make applying PAYG per fortnight	\$145	\$335

The depreciation deductions in this case study have been calculated based on the diminishing value method of depreciation and are based on a first full year of ownership. A marginal tax rate of 37% has been assumed.

**Article from 'Maverick', Issue 36, by BMT Tax Depreciation Quantity Surveyors.
For information on setting up a PAYG withholding variation, consult your Accountant.
To have a Tax Depreciation schedule done, consult a specialist Quantity Surveyor.**

LEASED IN AUGUST

Bolte Cres, Kallangur	2-bed Duplex, carport	\$275 (same)
Kipling St, Caboolture	3-bed highset House, storage under	\$275 (\$5 incr)
Woodrose Rd, Morayfield	3-bed House in gated community with pool	\$280 (same)
David St, Burpengary	2-bed T/house, SLUG, Pool in complex	\$285 (same)
Bateman St, Deception Bay	3-bed House, DLUG	\$300 (\$20 decr)
Linwood Ct, Caboolture	4-bed House, ens, DLUG	\$330 (same)
Lyndon Way, Bellmere	4-bed House, ens, DLUG	\$330 (same)
Newmarket Dve, Morayfield	4-bed House, ens, DLUG	\$335 (\$5 incr)
Rainbird Cct, Kallangur	3-bed Duplex, ens, DLUG	\$345 (same)
Bantry Ave, Burpengary	3-bed House, Pool, bush outlook	\$360 (new)
Hedges Ave, Burpengary	4-bed House, ens, DLUG	\$375 (new)
Turquoise Ct, Griffin	4-bed House, ens, DLUG	\$395 (same)
Bearcat Ct, Bray Park	4-bed House, ens, DLUG	\$415 (\$10 incr)
Dunnart St, North Lakes	4-bed House, ens, DLUG	\$425 (same)
Joyner Cct, Caboolture	4-bed House + 2-bed Granny Flat ens, DLUG, carport	\$560 (new)

Lorraine our Leasing Consultant has been on Annual Leave this month and will be back in September. A big 'thank you' to the whole team, especially Carol and Debbie, for covering for Lorraine and ensuring everything has run without a hitch in her absence.

Thinking of Selling your Investment Property?

As you are aware, we are a specialist Property Management company and do not handle Real Estate Sales.

If you decide to sell your property, your choice of agent is very important. Selling a tenanted property requires a very different approach, and an over-zealous selling agent who is unaware of tenants' rights can potentially cause problems that affect the outcome of a sale. In some cases, agents' ignorance of the tenancy laws could unwittingly place their clients in breach of a contract of sale, causing financial loss to the seller.

We have good working relationships with several excellent local Agents and we can recommend one to you, so if you would like a sales appraisal please contact Laura at the office.

CALENDAR DATES FOR SEPTEMBER

DISBURSEMENTS

Wed 3rd Sept
 Wed 10th Sept
 Wed 17th Sept
 Wed 24th Sept

 Monthly Statement Issued

 Wed 24th Sept

OFFICE HOLIDAYS

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Do you know someone who needs a good managing agent?



Tell them to STOP COMPLAINING and give us a call!

They will love you for it.