

Investment Property Potential Tax Deductions – Over a number of years

- Borrowing expenses – deductible over the period of the loan where the loan is less than 5 years. Otherwise deductible over 5 years
- Expenses deductible include
 - Loan application fee
 - Lenders legal fees
 - Title search fees
 - Lenders mortgage insurance
 - Stamp duty on mortgage
 - Mortgage registration fee

Depreciation on Plant and Equipment

The ATO calls it Decline in Value of depreciating assets. There have been changes in the rules from 2018 onwards and no depreciation on items purchased as part of a non-new house.

Depreciation on the building construction

The ATO calls it Capital Works deduction.

Cost of installing any plant and equipment such as Hot Water Systems – these are considered part of the cost of the system and are to be depreciated.

Set of Assets eg dining table and 6 chairs – this is to be depreciated in accordance with their effective life.

Each item cannot be separately deducted for being under \$300.

Items NOT Deductible (or considered to be of a capital or private nature by the ATO) are:

- Purchase price
- Stamp duty on purchase
- Legal/conveyancing fees
- Pest and property inspection
- Sourcing fee
- Renovations immediately after purchase (these are depreciable)
- Repairs immediately after purchase (these are depreciable)
- Pre-purchase expenses including (especially if property was not purchased)

Items NOT Deductible (or considered to be of a capital or private nature by the ATO) cont'd:

- Attending to seminars to acquire more property
- Cost of reports on property prior to purchase
- Travel to inspect property prior to purchase
- Note where a property is used for holiday or short term rental specific rules apply and you should record your personal use of the property and ensure that you have records of when it was available for rental