

Buying a Granny Flat to rent out?



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Granny flats are on the rise as a great property investment move! Not only are granny flats a cheaper way of entering the property investor market, they add value to a principal place of residence or to an investment property. As a rental, granny flats provide an extra income and generate substantial tax depreciation deductions for property investors.

Granny Flats have come so far since some basic four walls, shabby carpet and a lime green laminate kitchen. There is a wide range of contemporary and stylish granny flats to choose from to suit your budget and taste. Designs can include one, two or three bedrooms, or even a two-storey granny flat with a two-car garage underneath! It may leave you thinking about moving in yourself!

Our research indicates the cost of an average brand-new granny flat is between \$100,000 to \$150,000, with a rental yield return of up to 15%. Additionally, the

tax depreciation deductions available to granny flat property investors can total tens of thousands of dollars over the first few years of the investment.

Below we have a look at two brand-new granny flat scenarios that we have recently produced a tax depreciation schedule for. Both producing great tax depreciation results for the property investor:

1. A typical 60sqm brand-new granny flat with average specifications

Tax Depreciation Deductions Available					
Financial Year 1/7/2018 to 30/6/2019	Financial Year 1/7/2019 to 30/6/2020	Financial Year 1/7/2020 to 30/6/2021	Financial Year 1/7/2021 to 30/6/2022	Financial Year 1/7/2022 to 30/6/2023	Tax Depreciation Deductions Available (over the first 5 financial years)
\$7,027	\$6,423	\$5,364	\$5,049	\$4,734	\$28,867

2. A typical 60sqm brand-new granny flat with high specifications

Tax Depreciation Deductions Available					
Financial Year 1/7/2018 to 30/6/2019	Financial Year 1/7/2019 to 30/6/2020	Financial Year 1/7/2020 to 30/6/2021	Financial Year 1/7/2021 to 30/6/2022	Financial Year 1/7/2022 to 30/6/2023	Tax Depreciation Deductions Available (over the first 5 financial years)
\$7,865	\$8,264	\$7,178	\$6,252	\$5,413	\$34,972

There are great tax depreciation deductions to access from a brand-new granny flat or from an existing granny flat. By claiming the tax depreciation deduction, you can reduce your taxable income - hopefully putting more money in your purse or wallet.

Contact our friendly team to discuss your granny flat and find out what depreciation deductions are available to you. We provide free, all-inclusive quotes and estimates of deductions up-front so you can feel confident before proceeding. Get in touch today on 1300 922 220.