

Depreciation for commercial properties



Many businesses, small and large, are in the process of finalising their business and individual financials for lodgement with the ATO over the next few months.

Unfortunately, a large portion of these business owners are not maximising their tax deductions by effectively depreciating their capital assets. This means an unnecessary cash flow loss for the business.

Often it is not clear who is entitled to depreciation capital works and business fit-out expenses - the landlord or the tenant?

The landlord

The property owner is entitled to claim depreciation for Division 43 works (capital works) that they have paid for. This includes the building, and structural/built additions, and includes newly built or upgraded bathrooms, kitchens, outdoor areas etc.

Also claimable are any Division 40 assets they have paid for and included as part of the tenancy agreement.

The tenant

Tenants are more likely to be claiming for the building fit-out (if they paid for it), as well as machinery, furniture and electrical assets.

For example, a cafe/restaurant business owner is likely to be claiming depreciation for the internal fit-out, fridges, bar and counter, tables, chairs, styling assets etc.

An office based or medical business will likely be claiming for partition walls, flooring, window dressings, reception counters, furniture, lunchroom fit-out, styling assets etc.

How to maximise your businesses deductions

In order to effectively maximise the capital works and depreciation deductions available to both commercial landlords and tenants it is essential to engage the services of a professional quantity surveyor to process both the known and unknown costs. Your quantity surveyor will dissect the construction contract costs and estimate costs where information is not available.

More than 20 years experience, expert applied knowledge, optimal results

Assessment of commercial buildings for capital allowances and depreciation is best managed by an expert. Our commercial division is led by Director Mark Wilkins. Mark has been involved in the construction industry for over 20 years and has specialised in the niche area of commercial building depreciation since 1999. Our professional team has extensive experience assessing all types of commercial properties from small industrial units to golf courses, aged care facilities, restaurants, retail manufacturing and rural properties. In recent years we have developed niche skills in assessing and reporting in the hospitality, child care and dental/medical industries.

Free expert consultation

To discuss how depreciation can benefit you as a commercial property owner or leasee, get in touch with our expert team today for a free consultation – email Alex our Senior Tax Depreciation Specialist at alexk@capitalclaims.com.au or call us on 1300 922 220. We are also happy to review existing depreciation schedules and provide advice as to whether they are effectively maximising your position.