

Repairs and Maintenance vs Capital Improvements



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[Awareness](#), [Depreciation](#), [Depreciation Schedule](#), [Property Depreciation](#), [Property Tax Depreciation](#), [Quantity Surveyor Report](#), [Rental Property Depreciation](#), [Rental Property Repairs](#), [Tax Depreciation](#)
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Investors often confuse repairs and maintenance and [capital improvements](#). Both are legitimate tax deductions, but they are treated differently when recording your deductions for tax purposes each year.

Repairs and maintenance for your residential property means repairing or servicing an asset with the purpose of keeping it in the same condition as when it was purchased. Examples include repairs made to an oven, a wall, leaks fixed in a ceiling by repairing part of the roof, or replacement of fence palings or single panels of a broken fence. Repairs and maintenance costs can be claimed in whole in the year the cost is incurred; that is, the year you paid for the repair.

Capital improvements and additions to your residential property are improvements made to an asset that are beyond the condition of that asset at

purchase. Examples of capital improvements include things like replacing a roof, repiering the whole house, replacing walls, adding rooms, replacing fences, repainting, or replacing assets such as ovens, cooktops, rangehoods, blinds, carpets.

Depreciating assets for a residential property that cost less than \$300 (eg. exhaust fan, bathroom accessories, smoke alarm) can be claimed in full, in the financial year in which the item was purchased and installed. Capital improvements and additions that cost in excess of \$300 must be depreciated over time, which means only a portion of the expense can be depreciated in the year of purchase, and the balance is claimable proportionally each year for the effective life of the asset. For example, a new tile roof, installed on the 1st July, for a cost of \$20,000, has an effective life of 40 years, and will depreciate at 2.5% per annum.

Commercial properties are treated differently again, [click here](#) to see our recent article on refurbishing business spaces.

Regardless of the type, if you own an investment property, the best way to ensure your depreciation deductions have been maximised is to use a [depreciation schedule](#) prepared by Capital Claims Tax Depreciation. For an estimate of deductions you may be entitled to, or to have your current depreciation schedule reviewed free of charge, please don't hesitate to get in touch. Call us on 1300 922 220.



Free estimate of deductions

**Find out how much depreciation you
could be claiming each year**

Find out