



Tax Depreciation changes for Australian Property Owners

Who will be affected?

- Contracts exchanged **after 7.30pm on the 9th of May 2017** to purchase a previously-owned residential investment property.

Who will not be affected?

- Owners of brand new residential properties, regardless of when purchased.
- Residential investment property contracts exchanged **prior to 7.30pm on the 9th of May 2017**. However, investment property owners will not be able to claim depreciation on pre-existing plant and equipment assets within properties which have been lived in as a primary place of residence and the owner decides to rent the property out **after the 1st of July 2017**.
- Properties considered substantially renovated by the previous owner.
- Plant and equipment depreciation for assets that property investors install and incur the expense for. are still claimable
- Non-residential/commercial properties.
- Property owners who receive deductions that arise in the course of carrying on a business.
- Superannuation plans (other than Self-Managed Super Funds) that hold residential property.
- Public unit trusts and managed investment trusts.
- Corporate tax entities including properties held under company entities.

Effect on new properties

- Investors will be able to depreciate plant and equipment assets within a new property as they have been previously.
- Developers who build a new residential property will have a six month grace period in which they can rent out the property (in the situation where they can't sell it) and will continue to be able to sell the property to an investor with full depreciation entitlements.
- If a Developer decides to do this, assets will be considered trading stock and no depreciation can be claimed by the Developer while they are renting the property.

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Source: BMT Tax Depreciation 2017 Budget Essential Facts - Property depreciation legislation changes. An explanation of the Treasury Laws Amendment (Housing Tax Integrity) Bill 2017 - <https://www.bmtqs.com.au/documents/essential-depreciation-facts-2017-budget.pdf>



T (07) 4154 0400
E info@ulton.net
W www.ulton.net