



## Newsletter, October 2019

### Practice Update

I hope everyone is enjoying the warmer weather and daylight savings. The national basketball season has started and Adelaide have moved their games to the Entertainment Centre to encourage more attendance. It's actually better than I thought it would be for a non-purpose built basketball stadium. I'm not sure what it would be like playing on a temporary floor though.

### Rental property depreciation deductions

From 10 May 2017, the government stopped depreciation claims for "previously used" depreciating items (fridges, ovens, dishwashers, etc). This means that you cannot claim depreciation on:

- Items purchased as a part of an existing property acquisition (they must be newly built properties that have not been lived in);
- Second-hand items that you purchase (they must be new or factory seconds).

Prior to this, property investors would engage a quantity surveyor to prepare a depreciation report when they purchased an existing property. The quantity surveyor would estimate the cost of the depreciable items purchased by the previous owner that the new owner would then claim.

If you bought a property prior to 10 May 2017, you can continue to depreciate items under the previous rules. If you rented out your principle place of residence after 1 July 2017 (but acquired before 10 May 2017), you cannot claim depreciation on existing items.

The changes do not apply to non-residential properties.

While you can no longer claim depreciation on used equipment, that amount that would have been claimed under the previous rules can now be claimed as a capital loss when you sell the property. You can also claim a capital loss in the year in which a depreciable item is replaced. Quantity surveyors now include the estimated cost of "previously used" items purchased by the previous owner in their report to determine the capital loss.

### Rental property capital works deductions

There has been no change to the capital works deductions.

As a general rule, you can claim capital works deductions of 2.5% of the construction cost for forty years from the date of construction. A quantity surveyor is able to provide a report estimating the construction costs paid by the previous owner.

### Lodgement Dates

The September quarter has now ended so you should be aware of the following dates:

- 28 October 2019 September quarter superannuation payment due
- 29 October 2019 September quarter BAS due

Did you know that if your Tax Agent lodges your quarterly BAS electronically, you get a four week electronic lodgement and payment concession? This means that the September quarter BAS is due for lodgement and payment by 25 November 2019. Please contact me if I can be of assistance.

Kind regards,  
Nick