

FAJ TOP TAX TIPS 2024

PROPERTY



Do I have to pay tax when I sell my property? If the property in question was not your primary place of residence for the entirety of ownership, then the sale may be subject to Capital Gains Tax. However, there may be some reductions and exemptions available to you, so please contact us and we can assist in ensuring you pay the least tax possible. Please note that if you are planning to leave Australia there are different rules that apply to non-residents.

The First Home Super Saver Scheme The FHSSS allows you to contribute to your superfund to save for your first home. This helps first home buyers save faster, as these contributions receive concessional tax treatment. You can save a maximum of \$15,000 in any one financial year, and up to \$50,000 across all years. Couples can use the scheme to contribute up to \$100,000 as savings. To be eligible, you must be a first home buyer, you must move into the property as soon as practical after purchase, and you must intend to live in it for at least 6 months of the first 12 months of ownership. Speak to us to see if you are eligible for the First Home Super Saver Scheme.

What can I claim while I build? From 1 July 2019, legislation was introduced to limit the deductibility of holding costs. From this date, all deductible expenses related to holding vacant land are only claimable when the land is used in carrying on a business, it is held by a company, or where certain exceptional circumstances apply. This means expenses incurred while building a property on vacant land where the intention is to rent it out once complete can no longer be claimed. These costs will instead form part of the cost base for capital gains tax purposes.

Less common claims for investment properties There are many deductible expenses that property owners are aware of, but there are a few lesser known expenses that can also be claimed as rental deductions. These include special body corporate fees, lenders mortgage insurance, package fees on borrowings, prepaid interest, phone costs and internet usage. There are also some property investor training courses and information packages which may be tax deductible. If you are unsure if an expense is deductible please bring it in and we can help you decide.

First homebuyers grant First home buyers may apply for a grant of up to \$10,000 for the purchase of a newly built residential dwelling. A transfer duty grant may also apply to first home buyers who are or would have been eligible for the first home owner grant. For information on eligibility and first home buyers grant guidelines please visit the WA Department of Finance webpage.

Transfer duty rebate for off-plan apartments The WA state government is offering a transfer duty rebate of up to \$50,000 for buyers who enter into a pre-construction contract to purchase a new apartment or unit until 30 June 2025. Depending on the value of the apartment or unit, the rebate is anywhere between 50% to 100% of the duty payable (up to \$50,000). Multiple rebates are available for one person for additional unit or apartment purchases. Construction needs to be completed within 3 years of the contract date, and there is no cap on the purchase price.

What if I can't get a tenant? Provided you or a managing agent is actively trying to find a tenant, and you are not living in the property, then you can still claim all your expenses incurred.

Can I use my loan funds for private use? Yes you can. However, the portion of interest that relates to private use will not be deductible against the rental income received. It is usually better to keep investment and personal borrowings separate, but we can help work out what portion of your interest is deductible.

Purchasing a property? Prior to buying an investment property, it is very important to ensure you purchase the property in the correct name and the right ownership structure (joint tenancy vs tenants in common) for your circumstances, as this can result in more or less tax being paid. We can help you choose not only the correct structure for your acquisition but also ensure that assets are protected for future planning. Engaging a Quantity Surveyor at this time can maximise your entitlement to depreciation claims.

Immediate write off for depreciable items You can claim an immediate deduction for rental assets costing less than \$300 during the income year in which the asset was purchased. Assets costing over \$300 may be depreciated at rates set by the ATO. From 1 July 2017, you are no longer able to claim depreciation on second hand assets in rental properties, unless they were not previously used to earn income. You will only be able to claim a depreciation deduction for new rental assets purchased.

What is negatively geared property? When the rent received doesn't cover the costs to hold the property, a loss occurs. This loss can reduce your taxable income, therefore reducing the amount of tax you pay during the period of investment.

Francis A Jones has developed these Tax Tips to help you get exactly what you're entitled to in your tax refund. You can make an appointment by filling out the online appointment form www.faj.com.au/taxreturns or phone FAJ on 9335 5211.

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