INVESTORS BIZO



October 2008 Issue

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'Chart your Course'

Now is this time to review your investments.

It is vital in these unprecedented times to ensure your investment property is performing to its maximum potential. No doubt you have it tenanted, you manage it well, but are you claiming your maximum legitimate tax deductions? Tax Depreciation on your improvements offers substantial tax deductions.

The Tax office allows these deductions, albiet it is up to you to act and have an qualified expert prepare you Tax Depreciation Schedule.....

We at RESIDEP specialise in inspecting your property and preparing your report in a comprehensive yet easy to use format that accountants love.

Whether you are a first time or seasoned property investor, book-keeper or accountant, our aim is to make the process as easy as possible for you to claim the taxation deductions you are entitled to. Most investment properties can claim some form of taxation allowance no matter how old.

The Tax deductable cost of the report is generally recovered in the first year of the tax return, or else we won't charge you

Residep specialises in providing Tax Depreciation Schedules for your investment property. Unlock the hidden cash flow in your property, remove the confusion and contact RESIDEP now for an obligation free quote.

RESIDENTIAL CHECKLIST

Please complete this checklist to indicate if you are likely to receive taxation depreciation on your residential property.

- 1. Do you own a Residential Investment Property *If yes, then read on.....*
- Have You Purchased this property in the past 5 years?
 Not a prerequisite, however maximises claim if yes.
 - Was it built after 1985 or had extensions completed since 1985?
 After 1985, eligible for Building Allowances
 Before 1985, ineligible for Building
 Allowances but you can claim for
 "plant items" (See Q 4-10)

Does the Property have...

4. Carpet / Vinyl

7. Curtains / Blinds

Ceiling Fans

8. Air-Conditioning

6. Stove

9. Hot Water System

10. Was the property purchased with furniture?

If you answered YES to Q1, 2, 3 and any of 4-10, We guarantee your claimable amount in the first year alone will exceed that of the cost of the report

Or else We won't charge You!

Did you know in Tax Depreciation...There are Two Distinct Allowances...

Building Allowances

Introduced in 1985 a historical allowance based on the historical construction cost & the historical construction date. (1982 for Commercial).

Depreciation Allowance on Plant and Articles

Has the Property got: Carpet Vinyl, floating timber, blinds, fans, air conditioning, stove, hot water system ???

These are claimable Plant Items - These are Assessed and Claimable



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'The waters we navigate'

Level of Market Activity: From January 2007 to September 2007 there were buoyant conditions with strong demand. From October 2007 to January 2008 demand was still in excess of supply especially at 'entry levels' of the market, albeit it was easing somewhat from mid February 2008 for those sections of the market above 'entry level'. After the second interest rate rise in March 2008, generally there has been a cooling effect in the market, across all price sectors. Demand decreased and in turn, competitive pressure amongst buyers eased. Supply began increasing. Selling periods were extending. Activity slowed as there is was gap between expectations of buyers and sellers. From early September 2008 there initially was an increase in activity as pent up demand that had been waiting for an interest rate cut plus changes to Stamp Duty assessment thresholds materialised. From Mid September 2008, activity has slowed again as a result of a loss of confidence and uncertainty, relating to the ongoing unravelling of the Global Financial Crisis becoming more apparent. The Global Financial Crisis resulting in an increased Cost of Funds and reduced liquidity, has seen unprecedented moves from October 2008 with the US Federal Reserve

approving the 'bail out package'; European Union countries dropping interest rate in unison, the Australian Reserve Bank slashing interest rates by 1% and the Australian Federal Government announcing a \$10 billion stimulus package. From October 2008 it appears buyers are cautious, activity is slow and the market is favouring buyers.

Recent Market Direction: From January 2007 to September 2007, the market was rising with bias favouring vendors. Strong demand and limited supply continued placing upward pressure on prices. From October 2007 to early 2008 demand was still in excess of supply, with competitive market conditions resulting in bias continuing to favour vendors especially at the 'entry levels' of the markets. Moderating demand in the remaining market saw bias closer to neutral, but remained as favouring vendors as supply was still relatively tight. From mid March 2008, the easing in Market Activity, saw a cooling effect in pricing. This cooling effect has remained evident through to October 2008. Clarity as to the market direction is now hinging on the reactions to the ongoing unravelling 'Global Financial Crisis', and response to unprecedented actions being initiated by Central Banks, Governments and Markets throughout world economies, balanced to the micro-market of the Greater Brisbane Region with the stimuli of ongoing major public infrastructure spending programs and continued population increases.



Property Residential Type Medium Rise Address Duncan St., West End Construction Concrete Render **Total Purchase Price** \$546,456 First 5 Years \$63,356 **Total Depreciation** \$354,918 Percentage of total cost 64.95%



Property Residential Unit Type High Rise Construction Concrete Render 54 sq.m. of living Build Date March 2008 Total Purchase Price \$462,175 First 5 Years \$55,622 Total Depreciation \$319,148 Percentage of Total Cost 69.05%

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