



## STRAIGHT TALK

PROPERTY INVESTOR / OWNER NEWSLETTER

July 2014

### What's Making News at KHRE This Month?

#### Why pay more Tax than you have to?

The late Kerry Packer famously told a Parliamentary Enquiry some years ago that he, *of course* arranged his affairs to pay as little tax as possible.

*"After all", he said, "you are not doing that good a job with it that I would want to donate more!"*

Australians love property investment! With the inability of Governments to adequately house the population, it must fall to the private sector to provide quality homes to meet the demands of the rental market. To this end, there are many favourable tax advantages given to those who invest in rental property.

Generally speaking, all the costs of running and owning a rental property are tax deductible against the rental income.

One of the greatest advantages is depreciation deductions for the plant and equipment supplied at/to the property. In many cases there also exists the ability to depreciate the cost of the building itself.

These all amount to "non-cash" deductions that can really help the bottom line.

The only way to do this properly is to engage a Quantity Surveyor. They attend the property, going through it to extract every possible capital item that can be written off and from this, prepare a Schedule that gives all the deductions - usually for a 10 year period.

At KHRE we have used and recommend the services of BMT Quantity Surveyors.

You can find them at: [www.bmtqs.com.au](http://www.bmtqs.com.au)

#### What We Have Rented This Month

*It's the middle of winter but we are still experiencing a steady demand for rental properties. Here is what we have rented out this month:*

**Andrews Farm** ..... 3BR House - \$350pw  
**Elizabeth East** ..... 3BR House - \$265pw  
**Davoren Park** ..... 3 BR House - \$255pw  
**Munno Para** ..... 3 BR House - \$235pw  
**Smithfield** ..... 3BR House - \$255pw  
**Elizabeth Downs** ..... 3BR Semi - \$215pw  
**Smithfield** ..... 3 BR House - \$290pw



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## Be Wise and Systemise Your Investment Property



The key to successful property investment is not just getting the highest rent or appointing a property manager to do the job for the lowest fee. There are a number of factors that prudent property investors take into account to ensure that their investment is profitable and grows in capital value, namely;

- Do an annual stocktake on your investment. Prior to end of financial year, review the condition of the property to check if all areas are well maintained and in working order. Get necessary repairs done at this time to take advantage of the tax savings you can maximise.
- Seek input and advice from your property manager who understands your investments and whose role it is to maximise the income and minimise the expenses of your investment.
- Ensure that your property is fully occupied by tailoring your lease to the peaks in the market place in order to avoid the lease expiring in the low demand times.
- Create a budget for your investment. Set up a bank account in which funds can be placed to cover future costs such as painting, carpeting and replacement of appliances. Just as in your own home, these items need to be budgeted for to meet your investment needs.

By adopting this approach you will have funds on hand rather than having to dip into your personal budget to meet the cost.

With some strategic planning in the above areas, you can be assured that your property investment will meet your needs of capital growth and appreciation.

## Understanding the Benefits of Renewing Your Tenant's Lease

Ensuring a continued tenancy is paramount in order for you to budget for regular and ongoing rental income.

Not only this, but a tenant on a fixed term lease on an ongoing basis means more income, as the property will not become vacant or suffer additional wear and tear through the tenant vacating and a new tenant moving in.

We understand this and will, with your consent, approach your tenant prior to the lease expiring to invite them to renew the lease. Should you wish to enter into a new lease with your current tenant, we will use all avenues to ensure that the lease is signed.

We will inform your tenant that by entering into a fixed term lease we can guarantee them security of tenure for that term, where if they remain on a continuing tenancy we cannot give that guarantee.

In some instances the offer of a moderate rent increase as against a higher one is another inducement that can be made to ensure that your tenant signs a lease and you have peace of mind.

