

**Quantity Surveyors
Tax Depreciation Specialist**

ASSET ECONOMICS



***“Maximising
Your Return &
Improving Your
Cash Flow!”***

Tax Depreciation - A worked example

Acquisition

Property Purchase Price	\$	300,000.00
Transaction Costs	\$	15,000.00
Total Acquisition Costs	\$	315,000.00

Expenditure

Interest Only Repayments @ 7.5%	\$	23,625.00
Rates	\$	2,000.00
Body Corp	\$	2,000.00
Management Fees	\$	1,248.00
Insurance	\$	400.00
Maintenance	\$	1,000.00
Total Expenditure	\$	30,273.00

Income

Rent @ 300 per week	\$	15,600.00
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Income - Expenditure (\$ **14,673**)

Depreciation Year 1 (\$ **7,500**)

Total Tax Deductions (\$ **22,173**)

Based on Australia Sliding Scale Tax System

1					
No Investment Property					
Taxable Income	\$	100,000.00			
No Investmet property					
\$	-	\$ 6,000.00	\$ 6,000.00	0%	\$ -
\$	6,001.00	\$ 30,000.00	\$ 23,999.00	15%	\$ 3,599.85
\$	30,001.00	\$ 75,000.00	\$ 44,999.00	30%	\$ 13,499.70
\$	75,001.00	\$ 100,000.00	\$ 24,999.00	40%	\$ 9,999.60
Total Tax Payable					\$ 27,099.15

Tax Ratio 27%

Senario 1 - 2	\$ 5,869.20
Senario 2 - 3	\$ 3,000.00
Senario 1 - 3	\$ 8,869.20

\$ -

2

Investment Property - 70% of the allowable deductions - No depreciation

Gross Income	\$ 100,000.00				
Less shortfall	(\$ 14,673)				
Less Depreciation					
Taxable Income	\$ 85,327.00				
\$ -	\$ 6,000.00	\$ 6,000.00	0%	\$ -	
\$ 6,001.00	\$ 30,000.00	\$ 23,999.00	15%	\$ 3,599.85	
\$ 30,001.00	\$ 75,000.00	\$ 44,999.00	30%	\$ 13,499.70	
\$ 75,001.00	\$ 85,327.00	\$ 10,326.00	40%	\$ 4,130.40	
Total Tax Payable				\$ 21,229.95	

Tax Ratio 21%

3

Investment Property - 100% of allowable deductions					
Gross Income		\$ 100,000.00			
Less shortfall		(\$ 14,673)			
Less Depreciation		(\$ 7,500)			
Taxable Income		\$ 77,827.00			
\$	-	\$ 6,000.00	\$ 6,000.00	0%	\$ -
\$	6,001.00	\$ 30,000.00	\$ 23,999.00	15%	\$ 3,599.85
\$	30,001.00	\$ 75,000.00	\$ 44,999.00	30%	\$ 13,499.70
\$	75,001.00	\$ 77,827.00	\$ 2,826.00	40%	\$ 1,130.40
Total Tax Payable					\$ 18,229.95

Tax Ratio 18%