



## PROPERTY INVESTOR

# NEWSLETTER

MAR –  
APR 2016

*This newsletter has been designed to keep you updated on what is happening within the industry and our real estate agency*

### HOW LONG DO YOU HAVE TO KEEP RECORDS FOR THE ATO?

Generally, you must keep your written evidence for five years from the date you lodge your tax return – or, if you:

> have claimed a deduction for decline in value (formerly known as depreciation) – five years from the date of your last claim for decline in value

> acquire or dispose of an asset – five years after it is certain that no capital gains tax (CGT) event can happen, so you know you don't need the records to work out a capital gain or loss

> are in dispute with the ATO – the later of five years from the date you lodge your tax return or when the dispute is finalised.

### KEEP IN TOUCH

#### When was the last time you inspected your property?

We strongly recommend (where possible) that you take the time to inspect your investment property/s each year to visually keep in touch with the condition of the property.

All inspections that require you to travel to the property are tax deductible.

## 2016 FEDERAL ELECTION

### How it can affect the property market

We don't claim to be expert politicians when it comes to deciphering proposed policies, but we have taken the time to summarise some of the key aspects that may change the property market if the Australian Labor Party (ALP) takes over leadership. To assist in achieving their forecast of \$32Bn in savings over the next 10 years they are proposing:

#### PROPERTY INVESTMENT POINTS

- Eliminate negative gearing to all residential investment properties other than new housing from the 1st of July 2017.
- Stop investors from claiming losses on secondhand properties against their wage income after that date.
- All investment properties purchased prior to this date will be 'grandfathered' (meaning any current tax arrangement with your investment property will remain).
- Reduce the capital gains discount on all investment properties from 50% to 25%.

#### THOUGHT-PROVOKING POINTS

- Will investors want to hold on to secondhand properties instead of selling to retain their negative gearing status?
- Could this inflate investment prices on secondhand properties due to a fall in supply and demand?
- To obtain negative gearing benefits on new properties will investors want to buy properties in new start-up and more remote land development areas?
- How will it affect the investment renovators who thrive on purchasing secondhand properties and making them look like new?
- Will investors buy property differently through developer and marketing companies who often do not have the same regulations on property transactions as the traditional real estate agency?
- The latest data from the ATO shows that in the year 2012/13 property investors 'negatively geared' or reduced their taxable income by approx. \$5.5Bn. That's \$5.5Bn that the Government could have taxed (not necessarily collected).

P.T.O. >

**We are focused on maximising your rental income and optimising your capital growth**

# PROPERTY MYTHS AND THE TRUTH

## The property market rises in 7-10 year cycles

Most things in life run in cycles, including the property market, however, there isn't just one market.

Different areas and locations can run in different cycles and can easily vary from the 7-10 years that many investors follow.

Some investors are told that real estate is a safe investment because property prices will always rise. But there are no guarantees. The property booms in the mining towns are a classic example of this where many investors are now faced with a dramatic downturn in their investment.

Whether or not your assets will increase significantly in value depends entirely on your property, its location and its individual attributes. The fact is, not all properties are created equal.

When purchasing investment properties don't get caught up in myths – ALWAYS do your research.

Does it have the features that tenants are looking for?

How easy is the property to maintain?

How does the property compare to other properties on the market?

How does the property compare to properties that have recently sold?

The asking price and the sale price can be vastly different.

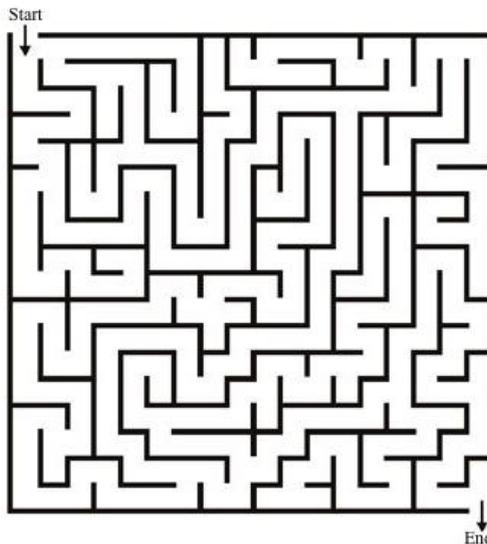
What is the return on the investment?

When purchasing property we recommend that you speak to as many professional experts as possible to seek information and knowledge.

### BUDGET FOR THE UNEXPECTED

Owning a property is the great Australian dream and can be a great investment to build your wealth and retirement fund. However, it is important to budget (and set aside additional funds) for not only renovations and the general upkeep of the property, but the unexpected as well. This could include replacing hot water systems that cease to work, appliances that break down or require replacing, or plumbing leaks to name a few.

To avoid possible unexpected times of financial hardship to meet these costs you may like to consider establishing a separate bank account for 'property maintenance' and pay a set amount each week if you do not have the funds at hand or a redraw/line of credit facility on your mortgage.



*The question isn't who is going to let me; it's who is going to stop me.*

— ayn Rand —

### TALK TO THE PROPERTY EXPERTS

#### BUYING, SELLING & PROPERTY MANAGEMENT

Call us if you are thinking about buying or selling or know of someone that is

### Properties Recently Rented!

Keeping you updated on the local rental market

#### HOUSES

##### 13 Oxley Dr, Mittagong

2 bed, 1 bath, 1 car \$360.pw

##### 8 Sedgman Ave, Mittagong

3 bed, 1 bath, 1 car \$440.pw

##### 9 Coachwood Pl, Robertson

4 bed, 2 bath, 4 car \$480.pw

##### 4 Turner Way, Renwick

5 bed, 3 bath, 2 car \$650.pw

# NEWS Updates



We would like to introduce our new property management team member Shannon Seery .

Shannon joins us with experience in the field and looks forward to managing your properties to a high standard.