



ABN: 68 650 180 979
Unit 18, 7 Anella Ave, Castle Hill NSW
2154
Free call: 1800 800 775 **F:** (02) 9659 2444
Website: www.ozinvest.com.au

Property Investment Costs Part 3

Welcome to Part 3 of this series outlining the costs of owning an investment property.

Once again, we will use the PIA software as a visual aid to help you through this section.

It is worth noting that the costs of Property Management vary in all states of Australia, and we will provide you with accurate costs for the individual property you decide on in consultation with our Investment Property Consultant. Also, the amounts shown on the Rental Costs panel you are looking at are averages for properties around Australia, and will vary a little from State to State.

Agents Commission is your Property Management Fees, which is the cost of managing the property by your designated Property Management specialist.

We are assuming you have at least one tenant change per year, and the Property Managers will charge between one week and two weeks rent as a standard letting fee for finding the new tenant.

All other costs are averages for Australian properties.

The OzInvest Leaseback Fee is included in this panel.

In addition to the above tax deductions for out-of-pocket expenses, the Tax Office allow you to claim bonus depreciation allowances that do not cost you any cash from your own pocket as tax deductions each year.

You are entitled to fully depreciate the building on your land, and also the Fixtures and Fittings in the building.

The Fixtures and Fittings can be depreciated at varying rates of depreciation based on their category. At OzInvest, we provide you a free Quantity Surveyors report to establish your maximum tax deductions for depreciation from day 1 of your investment property purchase. Your Tax Agent will provide these details to the Tax Office on your behalf based in the Quantity Surveyors report.

The depreciable Fixtures and Fittings may be an area where unscrupulous marketing companies may embellish figures to show better-than-achievable after tax net costs of ownership. We know from our years of experience that the average brand new 4 bedroom 2 bathroom home will have up to \$25,000 value in Fixtures and Fittings. If any marketing company shows you a property they are recommending with Fixtures and Fittings values way in excess of this amount, be very cautious. There may be other areas where the figures are embellished as well.