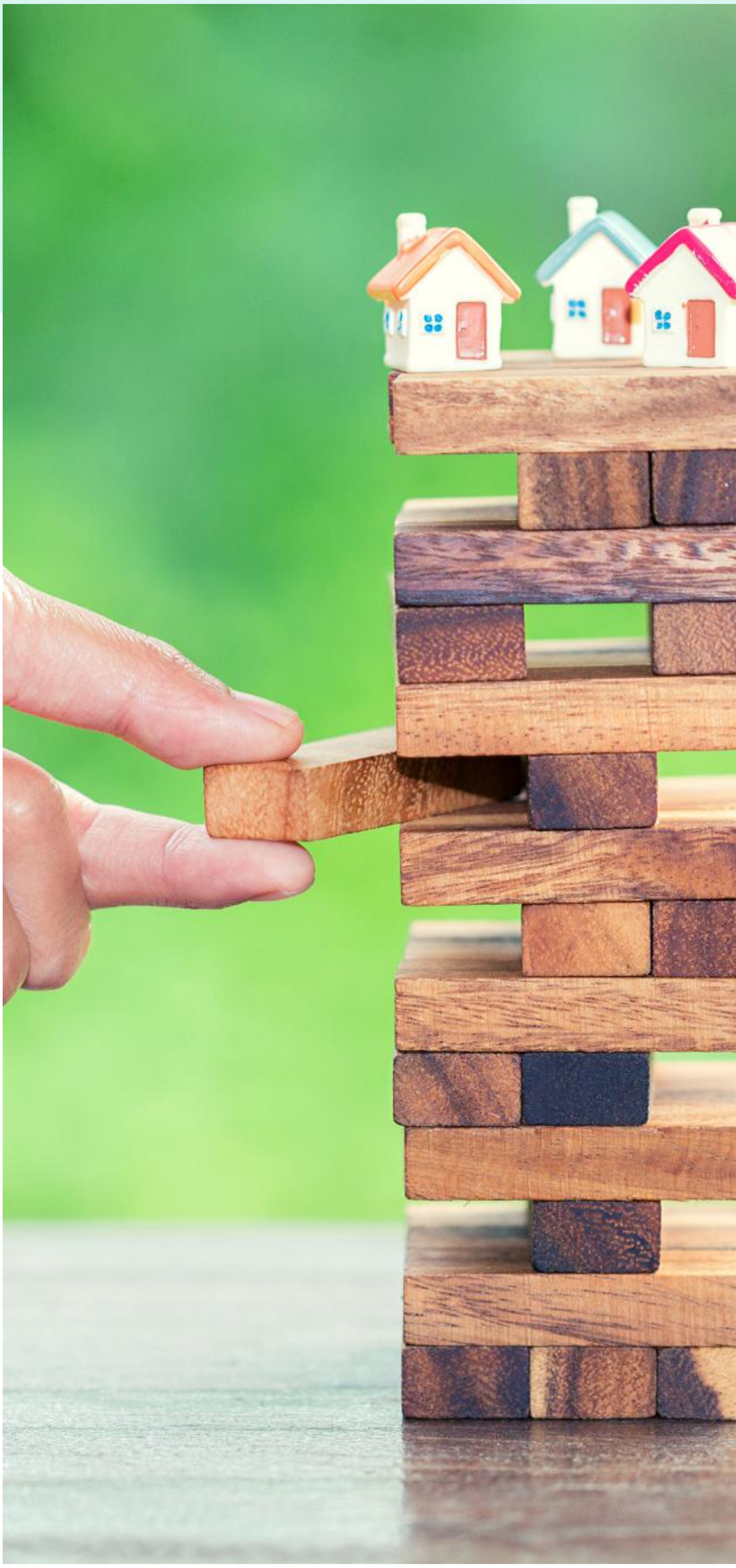
A SIMPLE GUIDE TO:
REDUCE YOUR TAX SIGNIFICANTLY

WE ALL HATE PAYING TAX!



But did you know there are ways to reduce your tax significantly?

Have you considered investing in property as one way to reduce your tax significantly?

There are countless reasons a wealth conscious person would choose to invest in property. Perhaps you wish to build your wealth, improve your lifestyle through capital growth. Or maybe you want to create passive income and secure financial freedom using cash positive properties.

Whatever the motivation behind property investment it pays to have a clear understanding of how to best leverage your property to get the most out of your position.

TAX REDUCTION THROUGH PROPERTY INVESTING

Tax reduction may or may not be your primary reason for investing but it is a definite benefit that every serious investor should be taking advantage of.

Most investors are aware that owning investment properties has the potential to reduce tax, but it is common to find property owners that aren't getting as much tax back as they could. (often by the truckload).

Investment Property Tax Deductions

There are several expenses associated with an investment property that you can claim on your tax. If done correctly you can bring your annual tax bill down significantly.

- ✔ Investment loan interest
- ✔ Rental Expenses
  - Advertising for renters
  - Body Corporate
  - Council Rates
  - Water Rates
  - Land Taxes
  - Cleaning
  - Gardening
  - Pest Control
  - Insurance
  - Management Fees
  - Maintenance/ Repairs
- ✔ Depreciation of Building/ Fittings
- ✔ Loan Costs
- ✔ Holding costs on land
- ✔ Accounting costs

We don’t have time in this article to go through every single claimable item and how best to leverage your position - that takes time and is why working with the right people is so crucial to your success and vital to your wealth creation strategy.

Capitalise on Depreciation

Most investors are aware that they are eligible to claim some of the expenses of owning property. One item mentioned above is depreciation.

> *Often when we are first assisting non career investors, we find that they are missing out on bucketloads of cash through failed deduction claims.*

Depreciation is a decline in the property's value both on the actual building as well as the fittings in the property. It covers things like general wear and tear, aging and decay.

3 IMPORTANT POINTS ABOUT DEPRECIATION

1. The full scale of depreciation claims is only applicable to brand new investment properties after a law change in 2017.

2. Depreciation isn't an out of pocket claim like other deductions such as rental expenses and accounting costs etc. It is built into the investment! You just must know how to capitalize.

3. An average deduction claim over 10 years could save you around $60,000 depending on the property.

ESSENTIAL ADVICE:

A word of warning, however, don't make the mistake of thinking a single article will make you an expert in claiming all you are due.

You should build a strong team of experts you can trust, and they will pay for themselves, TENFOLD.

Properties are a rare investment that offer multiple cashback opportunities allowing you to own an appreciating asset AND simultaneously leverage it to minimize your tax bill WHILST paying it off.

Negative Gearing

Negative gearing is too extensive and complex a topic to cover here but needs to be mentioned in an article about tax reduction. Here is a quick overview of negative gearing so you know where you stand when going through your next strategic wealth planning session.

Negative gearing is a category of tax deduction that can have a very real impact on your Property Portfolio.

The basic “negative gearing” definition as given by the Australian tax office:

> *“Your rental property is said to be 'negatively geared' if your deductible expenses are more than the income you earn from the property.*

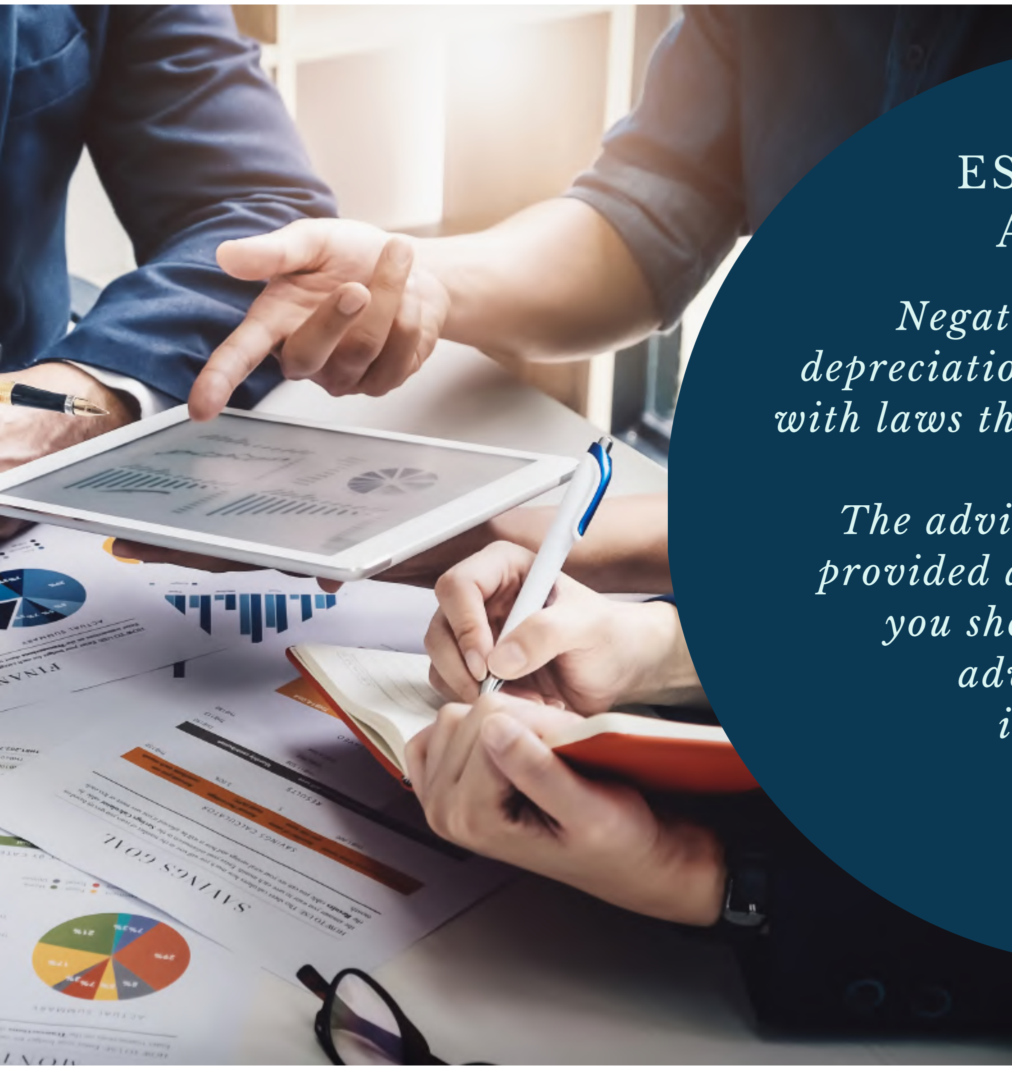
https://www.ato.gov.au/General/Property/Residential-rental-properties/Rental-expenses-to-claim/

To explain that in non ATO speak: You have an investment property that brings in $40,000 per year but all costs and expenses of the property are $50,000 you are left with a loss of $10,000 per year.

By utilizing that negative gearing, you can now remove that $10,000 from your taxable income.

Why would anyone choose to make a loss on their property?

Well, it is a risk, but it is often seen as worthwhile by investors as they take an educated gamble on making significant capital gain overtime on the property.



ESSENTIAL ADVICE:

Negative gearing and depreciation are complex topics with laws that change constantly.

The advice provided here is provided as a guide only and you should seek expert advice on your individual situation

Contact Jason McDaniel from Radius Property Group on **0439 269 137** to find out more.

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