

Manager
Individuals Tax Unit
Individuals and Indirect Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

August 2, 2017

Response re: Housing Tax Integrity – limiting depreciation deductions

Dear Sir/Madam,

I write in response to the proposed Housing Tax Integrity measures.

As you would deduce from the letterhead above, my company puts together Depreciation Schedules for investors, so I have a vested interest in these proposed changes.

I completely understand the objective of the changes i.e. to prevent items of Plant and Equipment being revalued and depreciated by multiple successive owners – especially beyond the Effective Life of the item.

But what about a very common scenario where second owner purchases a property a year or two after it was built? Is it fair that this second owner is not able to depreciate the Plant and Equipment?

As you know, the ATO has an exhaustive list of Effective Lives for every conceivable item of Plant and Equipment.

And it is not difficult at all to establish when an item was installed in a property.

It makes sense to me that, say, carpet (Effective Life 10 years) installed in a 5 year old property has 5 years left to claim.

An oven installed in the same property has 7 years left to claim – 12 year Effective Life.

Ceiling fans installed in the same property have nothing left to claim – 5 year Effective Life.

There is a logic to this and it very easy to monitor.

It is in line with the objectives of the Integrity measures.

Yours sincerely,

Scott Brunson

1300 66 00 33
www.depreciator.com.au

AUSTRALIA WIDE

Staff are members of the
Australian Institute of Quantity Surveyors.

Depreciator Pty Ltd
GPO Box 7084 Sydney 2001
info@depreciator.com.au Fax: 02 9225 9995

