



PROPERTY INVESTOR

NEWSLETTER

MAY –
JUN 2016

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

LANDLORD PROTECTION INSURANCE REMINDER

Landlord Protection Insurance is designed to protect property investors from the unexpected. Tenants failing to pay rent, accidental and malicious damage as well as many other benefits.

Each insurance company has different terms and conditions so be sure that you choose a policy that provides the greatest cover.

Often Landlord Protection Insurance cover offered by banks can have limited inclusions.

A COMMON INVESTMENT MISTAKE

Don't leave it until it is too late. A common mistake of wealth creation is putting it off. You keep thinking you have 'no time' or 'you are waiting for the market to bottom out'. Life can be very busy and hectic, but isn't taking control of your financial future important? Property prices increase, building costs increase... How much is procrastination really costing you?

THE TENANCY AGREEMENT How binding is it?

A tenancy agreement is a written agreement between a tenant and the owner/s of a property that outlines the terms, conditions, obligations and expectations of both parties.

When a tenancy agreement is signed by all parties the agreement becomes binding. The rent is outlined, the start and end date and tenancy term are formalised.

Following the signing of a tenancy agreement many landlords feel at peace and relaxed knowing that rent will be paid for the set term of agreement.

At a point of law the agreement is binding, however there are circumstances that can result in the tenancy term being terminated before the end of the tenancy, such as:

- The tenant fails to remedy a breach of the agreement
- The property is deemed non-livable
- The tenant requests to break their agreement
- By mutual agreement of all parties
- The tenant encounters financial hardship

In addition to the above, there are five ways a tenancy agreement can be terminated

1. The tenant gives notice in accordance with legislation requirements
2. The landlord agent gives notice in accordance with the legislation requirements
3. The property is abandoned and notice is issued or a court order made
4. By mutual agreement of all parties
5. A court order is made

To minimise a tenancy being terminated before the end of the term it is important that we are thorough and strategic with our tenant selection process to ensure that they can maintain the rental payments, show stability of employment and income, have a record of secure long-term tenancies in the past and provide references. However, we can never guarantee that unexpected situations will not arise. P.T.O. >

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

END OF FINANCIAL YEAR

What can you claim?

You can generally claim an immediate deduction (that is, against your current year's income) for your expenses related to the management and maintenance of the property, including interest on loans.

If your property is negatively geared you may be able to deduct the full amount of rental expenses against your rental and other income, such as salary and wages and business income.

To claim deductions for expenses your property must include a dwelling that is rented or available for rent – for example, advertised for rent. If you're building a rental dwelling you can claim deductions for the land while you are building.

DEDUCTIBLE EXPENSES

Expenses for which you may be entitled to claim an immediate deduction include:

Advertising for tenants, body corporate fees and charges, council rates, water charges, land tax, cleaning, gardening and lawn mowing, pest control, insurance (building, contents, public liability), interest expenses, property agent's fees and commission, repairs and maintenance, travel undertaken to inspect the property, to collect the rent or for maintenance.

The following expenses for your rental property may be deducted over a number of income years:

Borrowing expenses (not including interest, which can be deducted immediately), depreciation (decline in value of depreciating assets such as carpet, furniture and appliances) and capital works expenditure.

SPOT THE DIFFERENCE COFFEE BREAK

Can you spot 12 differences between these pictures?



WHAT THE ATO SAYS ABOUT Pre-Paid Expenses

Pre-paid expenses are those that provide for services extending beyond the current income year, such as payment of an insurance premium on 1 January that provides cover for the entire calendar year.

You can generally claim an immediate deduction in the current income year for:

- pre-paid expenses of less than \$1000
- expenses of \$1000 or more where the service period is 12 months or less (such as payment of an annual insurance premium partway through an income year).
- A prepayment that doesn't meet these criteria may have to be spread over two or more years.

IMPORTANT: This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. Every effort is made to ensure the contents are accurate at the time of publication. Clients should seek their own independent professional advice before making any decision or taking action. We take no responsibility for any subsequent action that may arise from the use of this newsletter. **Published by THE PPM GROUP - www.ppmgroup.com**

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
rental market

HOUSE

29 Andover St, Carlton
3 bedroom family home,
large living, sunroom,
updated bathroom & rear
lane access - \$640 p/w

UNIT

2/34 Seaview St, Cronulla
Modern 1 bedroom unit,
polished floors, built in robe,
int laundry, balcony &
carspace - \$400 p/w

DUPLEX

5A Clive St, Revesby
Brand new 4 bedroom
duplex, open plan living,
ducted a/c, low maintenance
yard & dbl LUG - \$700 p/w



FOR SALE \$779,500
7/20-22 Gladstone St, Bexley

Front three bedroom villa with
separate driveway to auto
garaging. No common walls,
renovated kitchen, built in robes,
internal laundry and paved
courtyard. Great location close
to Bexley & Rockdale shops &
Rockdale Train Station.