

MEEHANS SOLICITORS NEWSLETTER

January 2012



If you do not wish to continue receiving this monthly newsletter please go to sharon@meehans.com.au and type the words "unsubscribe me" in the subject bar.

DEPRECIATION – MAXIMIZING YOUR CASH FLOW

If you are a property investor it is important that you seek expert advice to ensure that you may claim the maximum depreciation available for your property. Many astute investors obtain the benefit of depreciation to maximize their cash flow as the Australian Taxation Office allows property investors to claim that depreciation in the value of their properties and fitting.

There are two (2) distinct depreciation allowances:

Division 40 - Depreciable Assets (Plant and Equipment Allowance):

Division 40 allows you to depreciate items such as carpet, cook tops, ovens, air-conditions, dryers and other systems.

Division 43 - Capital Works Allowance:

This is essentially a building write-off allowance. The residential property is regarded as a business expense. When you prepare your tax return you have the opportunity to claim depreciation on your investment. The preferred way to do this is to have an expert prepare for you a Depreciation Schedule. You should ensure that the professional is qualified and you should provide the expert with a list of all plant and building equipment and the value. A good Depreciation Report will make a huge difference to the depreciation benefit that you receive when you provide your papers to your accountant to lodge your tax returns.

If you require any further information in relation to the above, please feel free to call us at **Meehans Solicitors**.

CONSIDERATIONS WHEN BUYING RURAL LAND

Rural land means land that is used or apparently intended to be used for gain or profit for grazing of livestock, dairying, poultry farming, viticulture, orcharding, beekeeping, horticulture, the growing of crops of any kind, and vegetable growing.

Under the *Property, Stock and Business Agents Act 2002*, Real Estate Agents can act in the purchase or sale of rural properties up to 20 hectares in size. However, a licensed Stock and Station Agent must handle properties over that size, and any livestock transactions.

Important issues to consider when buying rural land are:

- The economic climate of the area. Is the land to be used for agriculture, commercial purposes or private use?
- Check that the property has appropriate council approvals and council zoning for any external buildings, and any future development.
- What about your health and age? (Do you expect to have need for services that are found in cities and regional centres?)
- What are the property taxes?
- Does the contract include any licences such as water access etc.?
- What about accessibility of service utilities such as power and telecommunication?
- Check for flood plains, areas with access problems, water problems.
- Particularly check for any easements or rights of way that may be through the property.

- Check that effective controls are in place and work has been maintained to control noxious pests on the land, such as rabbits and noxious weeds. Eradication of these can be expensive.

If looking for undeveloped land, check the following:

- Water tables, depth, quality and reliability.
- Proximity of utilities and costs to bring them to the land / property and for installation and maintenance.
- Country road maintenance and accessibility in adverse climate conditions.

Buying rural land???? Ask **Meehans** to help you.

SELF-MANAGED SUPER FUND – TRUSTEE OBLIGATIONS

While a Self-Managed Super Fund (SMSF) offers a number of benefits, before you proceed to set one up you should obtain sound legal and financial advice. Usually your Accountant and Solicitor work together on deciding what is the appropriate structure for you.

You should remember that the ultimate responsibility legally relies on the trustee or member which will be you.

You have to take into account rules made by the Australian Taxation Office that outlines non-compliance and being taxed at a higher marginal tax rate. We are seeing more and more SMSF's holding around \$100,000.00, taking out loans and purchasing property valued at as much as \$400,000.00.

There can be many financial benefits as a result of a Superannuation Fund accessing borrowed monies and self managing investments, however it is an area which requires guidance from your Solicitor and Accountant.

SEMINARS BEING HELD BY MEEHANS IN FEBRUARY 2012:-

Family Law
Date: 20th February @ 6pm

Book your seat now by e-mailing sharon@meehans.com.au or call our receptionist on **46 27 3333** or book via our website www.meehans.com.au

BOOK NOW!!!!



MEEHANS SOLICITORS
171-179 QUEEN ST.,
CAMPBELLTOWN
PH: 46 27 3333

OR

2/31 OXFORD ROAD,
INGLEBURN
PH: 9829 3333

Hotline: 0418 37 32 37



(Paul Meehan – Principal)

Visit our website:-
www.meehans.com.au