

FROM OUR PROPERTY MANAGEMENT TEAM



End of Financial Year

We would like to take this opportunity to wish you a very prosperous Financial New Year.

Our office will be processing end of year financial property reports, which will summarise the income and expenditure on your investment property.

If you have any queries relating to this report, please feel welcome to contact our office.

Quirky Conversation for the Dinner Table

If you could be the CEO of any company, which would it be and why?

If time travel was possible, what event in the past would you like to visit?

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.ppmssystem.com

Fair Wear & Tear

Where do you stand as a landlord?

When it comes to property care by the tenant, the concept of 'fair wear and tear' can be a difficult one to manage.

The definition of fair wear and tear is something that takes place from the **normal use** of the property.

The Residential Tenancies Act clearly states that the tenant must leave the property at the end of the tenancy in the same condition as the commencement, allowing for fair wear and tear.



Determining what is property damage and what is fair wear and tear can often be a grey area.

If a claim was made, the Tribunal/Courts would look at:

- The original condition report of the property and compare it to the final exit report
- How long the tenant had resided in the property

- How many tenants lived in the property
- The age and depreciated value of the items (i.e. carpets, window coverings, screens, appliances, etc.)
- The circumstances of the tenancy will have a direct impact on fair wear and tear.

If a tenant had lived in the property for five years with three children the following may be considered fair wear and tear: worn and marked carpets, marks on walls, stained oven, etc.

However, if it was a couple that had lived in the property for 12 months with the same wear, it may not be considered fair wear & tear.

When a tenant vacates the property we are required to take fair wear and tear into consideration.

There may be times as an owner if you have had long term tenants, when you may be put in a position where investing in a touch up clean will be your best option. If the tenant disputes the matter and it goes to a Tribunal hearing the outcome is not always what you are seeking. P.T.O... ▶

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Property Locks & Security

Is your property secure enough?

There was a Tribunal hearing some years ago where a tenant was concerned about the security of their ground floor unit and contacted the property manager to request security screens. The property manager organised the quotes and sent them to the owner. The owner's response was they could not afford the expense at the time.

One week later the tenant notified the property manager that the unit was broken into and was claiming \$5000 in compensation.

The matter was taken to the Tribunal and the Magistrate questioned the tenant about how the property was broken into. The tenant's response was that the back door had been kicked in. Very quickly the case was dismissed!

The Residential Tenancies Act states that the landlord must ensure that the property is 'reasonably' secure for the tenant.

In this case the Magistrate determined that the property provided reasonable security as the property had to be broken into.

What would be considered unreasonable security would be a faulty window or door lock that allowed someone to access the property without force.

When maintenance issues about the property's locks & security are raised, it is important to act quickly to protect the tenant's safety.

When questioning the security of a property, it is prudent for owners to present the property in a manner that would allow the tenant to obtain contents insurance. This would include deadlocks and window locks. ■

Improve your financial position – Not the ATO's

With a Tax Depreciation Report



According to the ATO 52% of property investors don't claim all of their available deductions

Property investors are often surprised by the amount of items they are able to claim depreciation on inside and outside of their investment property.

Just like you claim wear and tear on a car purchased for income producing purposes, you can also claim the tax depreciation of your investment property against your taxable income.

You could have thousands of dollars in depreciation deductions waiting to be claimed.

There are two types of allowances available: depreciation of plant and equipment and building allowance.

Plant and equipment refers to items within the building like ovens, dishwashers, carpet, light fittings, blinds, etc. Building allowance refers to construction costs of the building itself, such as concrete and brickwork. Both these costs can be offset against your assessable income.

If you are unsure about the deductions you could be entitled to, you may like to visit www.bmtqs.com.au use their free tax depreciation calculator, visit the ATO www.ato.gov.au or contact your accountant. ■

We are Property Management Specialists

and have been for the past 10 years.

Our Boutique Sales Service is only available to our clients.

We don't go out looking for properties to sell. We believe that long term investment in property brings great returns.

As investors ourselves, we also understand that selling can sometimes be the best option.

We have found that offering a sales service to our clients helps make their lives easier. We've found that people who invest have little spare time and need people they can rely on and trust with the things that are important to them.

Finding someone you can trust with the responsibility of selling one of your very valuable possessions is not something taken lightly.

That's why we started selling 10 years ago.

To make sure we keep providing the best possible service for you and your properties, we have kept our Sales Service limited to only our clients and their friends and families.

We're here when you need us.