

MAY 2025

PROPERTY MANAGEMENT NEWSLETTER

News, Trends & Developments
in the World of Real Estate

A Note From Karlie

As we approach the end of the financial year, it's the perfect time for Landlords to review their investment strategy and ensure they're claiming every eligible deduction.

Key areas to focus on:

🔧 **Claimable Expenses** – Don't miss out on deductions like property management fees, insurance, council rates, loan interest, repairs, and maintenance. Keep receipts and records organised to make it easy at tax time.

🏠 **Depreciation Benefits** – A tax depreciation schedule can unlock thousands in deductions for eligible properties. If your property is newer or has been renovated, it's worth investigating.

📁 **Capital Gains & Planning Ahead** – Sold a property this year? CGT may apply, but exemptions and timing can make a big difference. EOFY is also a great time to review your portfolio and plan future moves.

💼 **Get Professional Advice** – A property-focused accountant can help you uncover savings, stay compliant, and make smart long-term decisions. Need help or a referral to a trusted tax expert? Reach out — we're here to support your success.

THIS MONTH'S FEATURED ARTICLES

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Winter Maintenance Plan

As your property manager, my first task each June is a preventative maintenance sweep that shields your investment from seasonal hazards and reassures Tenants that their comfort matters. We recommend beginning on the roof—engaging a trusted roofer to re-seat any lifted tiles, reseal flashing and clear every gutter run. Downpipes are checked to ensure water discharges properly into sound stormwater drains; this simple step prevents the sub-floor moisture issues that trigger costly callouts.

Timber decks should receive a fresh coat of oil before the rain drives fine cracks wider. Indoors, I recommend scheduling a licensed technician to service the gas heater or split system, replace smoke-alarm batteries and issue a compliance certificate, which I forward to you and the Tenants for full transparency. Where appliances pre-date modern flue standards, it's suggested that we install carbon-monoxide monitors as a low-cost safeguard.

We then tackle energy efficiency. Quality draught stoppers around doors and sash windows lower heating bills and stop condensation pooling on sills. I remind occupants to use extraction fans after cooking and showers, and supply a compact dehumidifier if humidity persists. This structured, proactive routine minimises emergency repairs, upholds Tenant satisfaction and protects your income stream throughout the colder months

Efficiency Upgrades that Benefit Tenants

When energy bills are rising faster than headline inflation, Landlords who invest in efficiency upgrades offer Tenants welcome relief while safeguarding their own returns. As your property manager, I recommend prioritising improvements that curb running costs, enhance comfort and lift compliance ratings; these measures can often be depreciated or part-funded through state and federal incentives.

1. Insulation that actually insulates - Roof-space batts should reach a minimum R4.0 in temperate zones and R5.0 in cooler regions. If the ceiling already hosts thin, tired batts, topping up costs under \$20 m² and trims winter heat loss by roughly 25 per cent. Wall insulation is dearer, but blow-in cellulose can be installed between studs with minimal disruption during vacancy periods. Always retain invoices—ATO depreciation schedules permit a straight-line write-off over 40 years.

2. Double glazing or secondary panes - Modern uPVC or thermally broken aluminium frames slash conductive heat transfer and mute street noise, raising both energy efficiency and Tenant satisfaction. Where a full refit is beyond scope, adhesive secondary glazing or acrylic magnet inserts achieve two-thirds of the performance for a quarter of the cost. Victorian rentals must now meet minimum energy standards, so progressive upgrades will avoid a last-minute compliance scramble.

3. Heat-pump hot-water systems - Conventional electric storage tanks can account for 25 per cent of household power use. Replacing a failing unit with a heat-pump model cuts consumption by up to 70 per cent and, in many states, attracts Small-scale Technology Certificates that lower purchase price at point of sale. Schedule installation between tenancies and display the first reduced power bill in your marketing pack; prospective renters notice tangible savings.


4. Reverse-cycle air conditioning - Split-system heat pumps deliver three to four kilowatts of warmth for every kilowatt consumed, outperforming gas wall furnaces once temperatures dip below 10 °C. Specify units with a minimum 4-star seasonal energy rating and position outdoor compressors away from bedrooms for quiet night-time operation. Annual filter cleaning is included in my routine inspection checklist to maintain efficiency and indoor air quality.

5. LED lighting and smart controls - Swapping halogen down-lights for IC-4 rated LEDs reduces lighting demand by up to 80 per cent and eliminates the fire risk of exposed insulation. Coupling LEDs with motion sensors in laundries, stairwells and communal areas further trims wastage. Smart thermostats and Wi-Fi-enabled plugs let tech-savvy Tenants monitor usage in real time; these small touches differentiate your listing in crowded online searches.

6. Solar PV with consumption metering - A 6.6 kW rooftop array covers most daytime demand in a three-bed dwelling and qualifies for STCs worth roughly \$3,000 in upfront rebates. Pair the system with a consumption monitor—Tenants can track solar production via an app, reinforcing perceived value. Batteries remain expensive, but Landlords targeting top-tier rent in premium suburbs increasingly see hybrid systems as a marketing edge.

7. Water-wise fixtures - High-efficiency shower heads, dual-flush cisterns and aerated tapware shave hundreds of litres off quarterly usage. In South Australia and Queensland, where Tenants often pay water supply charges, these upgrades contribute directly to household affordability, lowering arrears risk.

Solid efficiency investments reduce vacancy days, lengthen lease terms and, under most state legislation, justify modest rent premiums. They also future-proof your asset against tightening regulations and potential carbon pricing.

A photograph of a modern, single-story villa with a curved roof and large glass windows. The villa is surrounded by a swimming pool and a paved patio area with lounge chairs and umbrellas. The interior of the villa is visible through the glass walls, showing a well-furnished living area. The sky is clear and blue.

A guide to rental property tax deductions

Investing in rental properties offers numerous tax deduction opportunities that can reduce taxable income and improve cash flow. Effectively utilising these deductions supports the growth of a successful property portfolio and enhances potential for future investments.



Advertising fees

Expenses incurred for advertising and marketing to secure Tenants are tax deductible when arranged independently. If conducted through a property management agency, advertising costs are typically included in their costs and as part of those fees.



Body corporate fees

Owners of strata properties can claim body corporate fees. Special levies can also be claimed and it's important for your accountant to know the type of levy, whether it's a capital works deduction (claimed over time) or an immediate deduction.



Insurance

Protecting your investment property against underinsurance is an important step. The two most common insurances you need for a rental property includes Landlord insurance and building and contents. Your insurance premiums are tax deductible. When you pre-pay for your insurances you can claim it back in the same financial year.



Cleaning expenses

Costs for cleaning the rental property, whether through professional services or purchased cleaning supplies, are deductible. However, time spent cleaning personally is not eligible for deduction.



Council rates

Local government and council rates are fully tax deductible for the time your property is available for rent.

The Australian Taxation Office (ATO) considers these as ongoing expenses that are incurred in the course of earning rental income. The same applies if your local council charges an annual emergency services levy.



Gardening and lawn mowing

If your lease agreement includes garden and lawn maintenance, expenses such as hiring professional lawn mowing or gardening services are 100% tax deductible.



Interest repayments

You can claim the interest charged on your rental property's home loan. This is in addition to any other fees related to servicing the loan.

It's important to note that you can't claim payments made on the home loan's principal amount. The same applies if you have used part of the loan for private purposes. In this instance, any interest repayments deductions must be apportioned.



Land tax

Land tax is paid annually when you own a property (that isn't your main residence) that's above the land tax threshold.

You can claim land tax on your investment property as a tax deduction each financial year. Land tax amounts, when it's payable, the threshold and available exemptions and concessions differ between states and territories, so it's important to check what applies to you.



Legal fees

Legal expenses related to rental activities, such as disputes over Tenant damage, are deductible. Legal fees associated with property acquisition are not deductible and instead contribute to the property's cost base.



Pest control

Expenses for pest control, if the Landlord is responsible as per the lease agreement, are deductible.



Property management fees

Fees for professional property management, including related communication expenses, are fully deductible.



Refinancing costs

Administrative costs associated with refinancing an investment property mortgage, such as establishment or break fees, are deductible.



Repairs and maintenance

Repair expenses (e.g., fixing a broken fence) and maintenance costs (e.g., varnishing a deck) are deductible. Capital improvements (e.g., retiling a bathroom) must be depreciated as capital works deductions.



Tax depreciation

Depreciation is generally the second largest and the only non-cash deduction available to property investors, meaning you don't need to spend money to claim it. Property depreciation is the natural wear and tear of a building and its assets over time. The ATO allows owners of income-producing properties to claim this as a tax deduction.

Claiming depreciation deductions are an essential component to property investment, failing to claim will result in missing out on thousands of dollars. BMT Tax Depreciation's specialist quantity surveyors make sure all claims are maximised, ensuring you claim all available deductions compliantly.

The BMT Guarantee means if they can't obtain at least double their fee worth of deductions in the first full financial year claim, there will be no charge for their services. BMT found residential clients an average of over \$11,000 in first full financial year deductions last financial year.



Tax depreciation schedule and accounting fees

Paperwork and tracking income and expenses can be extensive when owning an investment property. Having an accountant to look after this for you is the easiest way to make it a stress-free experience.

Your accountant uses a tax depreciation schedule prepared by a specialist quantity surveyor to determine your depreciation deductions every year. Both your accountant's fees and the tax depreciation schedule fee are tax deductible in the same year you paid for them.



Travel

Legislation changes made in 2017 may affect your eligibility to claim travel expenses to and from your rental property.

As a property investor, you cannot claim travel expenses to visit your property.

However, you can claim travel expenses if you are in the business of renting residential properties. Therefore, the ATO only allows the following entities to claim travel expenses:

- corporate tax entity
- superannuation plan that is not a self-managed superannuation fund
- public unit trust
- managed investment trust
- unit trust or a partnership, where all members are entities of a type listed above



Utilities

Including utilities under a lease agreement can increase Tenant demand and the property's rental rate. Any utilities you include and pay for, including electricity and internet, are tax deductible.



Water charges

Any water charges you pay for the property are tax deductible. While water usage is sometimes covered by the Tenant, the expenses you directly incur, such as the annual service charge and any sewer service charges, can still be claimed.

**Claim your reduced fee and receive your free
tax depreciation estimate.**

Enter promo code XL11 at

bmtqs.com.au/del or call 1300 268 335

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