



# Action Tax Services

'Success Starts with Action'

## THE 2017/18 BUDGET

The Australian Government has brought out the new 2017/18 Budget from 9 May 2017 and Investment Properties have been directly affected.

### Investment Property

The Australian Government handed down the budget with several proposed changes to investment property laws. Here's a rundown on the key features of the changes and what it means for you as an investment property owner.

- **Limiting plant and equipment depreciation deductions for residential investment properties acquired from 9 May 2017**

Plant and equipment which currently form part of a residential investment property as of 9 May 2017 will continue to give rise to deductions for depreciation until either the investor no longer owns the asset, or the asset reaches the end of its effective life.

Investors who purchase plant and equipment for their existing residential property investment after 9 May 2017 will be able to claim a deduction over the effective life of the asset.

However, property owners will be unable to claim deductions for plant and equipment purchased by a previous owner of the property.

Acquisitions of existing plant & equipment items will be reflected in the cost base for CGT Purposes for subsequent investors.

- **No deduction for travel expenses for residential rental properties**

The Government announced that from 1 July 2017 all travel deductions relating to inspection, maintaining, or collecting rent for a rental property will be disallowed.

Any travel deductions undertaken prior to 1 July 2017 (such as flights, fuel, etc.) will be allowed as a deduction in the 2016/17 tax return.

### Reducing Red Tape

#### Simplified Trading Stock

Simplified trading stock rules, giving businesses the option to avoid an end of year stock take if the value of the stock has changed by less than \$5,000.

#### Increasing The Threshold

to \$10 Million, up from the current \$2 Million threshold.

#### Account for GST

The option to account for GST on a cash basis and pay GST Instalments as calculated by the ATO

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This Information sheet is intended as a guide for Action Tax Services clients. All actual detail and circumstances differ, please discuss your situation with an Action Tax Services Consultant. Remember- if you are not sure if you can claim an expense, keep the receipt and we claim all allowable deductions and rebates for you whilst preparing your tax return.