

Maximising Property Depreciation

Did you know it is possible to depreciate your rental property at up to 60% DV (diminishing value), as opposed to 4% whilst complying with IRD requirements.

By splitting the purchase price of your investment property into the various depreciation categories set by the IRD you will increase your depreciation claim. There are 3 main categories: Land – non depreciable; Buildings and structure – depreciable by 4%; and chattels and building fit out – depreciable at 7.5% - 60%.

Under the IRD category for chattels the following are included: carpets, blinds, stove, light fittings. By applying the correct depreciation rates as specified by the IRD you can maximise your depreciation claim and therefore your cashflow.

Some investors prefer not to claim depreciation on their rental property due to the possibility of depreciation recovery. This can occur when you sell the property for a profit, however a properly structured apportionment can also provide relief when selling the property by minimising any depreciation recovery.

It pays to do it right from the onset and employ an expert.

If you have any questions about residential tenancy matters, contact the experts. We are the specialists.

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