



Chan & Naylor
Our People. Your Advantage.

Mr. Peter J. Locandro (CPA)

Managing Partner - Chan & Naylor Melbourne



Topic – “Building Foundations for Property Investment”

Webinar # 1 - Thursday 29th October 2020 @ 1.00pm

Webinar # 2 – Thursday 12th November 2020 @ 1.00pm



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— **Welcome**

□ Chan & Naylor Melbourne – 3 office locations in Victoria

Moonee Ponds

Level 1, Suite 2, 38 Margaret Street

Wheelers Hill

Level 2, Suite 10, 622 Ferntree Gully Road

Melbourne

Level 5, 84 William Street (by appointment only)

□ Services

- ✓ Taxation & Accountancy
- ✓ Financial Planning & Wealth Creation
- ✓ SMSF Services
- ✓ Insurances
- ✓ Loan Broking
- ✓ Bookkeeping
- ✓ Xero & Cloud Accountancy Training...





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— Disclaimer

□ General Advice Only!

The information provided in this seminar/webinar has been prepared for general information purposes only and not as specific advice to any particular person or situation.

Any advice contained in this document is General Advice only and does not take into account any person's particular investment objectives, financial situation and particular needs.

Before making any decisions, it's recommended to seek advice from a qualified professional relevant to your particular needs or interests. This may include tax advice from an Accountant &/or Tax Agent, Financial Advice from Licensed Financial Adviser or other professionals where required.



□ Webinar # Series 1!

Thursday, 29th October 2020 @ 1.00pm

- ✓ Why Invest In Property
- ✓ What type of Property should you Invest In
- ✓ What Tax Deductions are Available
- ✓ Tax Deductions – Clarity on a Couple
- ✓ Banks – Keeping them Honest



□ Webinar # Series 2!

Thursday, 12th November 2020 @ 1.00pm

- ✓ Structuring – Importance of Getting this Right
- ✓ SMSF – How to Purchase Property within a SMSF
- ✓ Cash Flow Analysis
- ✓ Property Outlook – Next Year & Beyond
- ✓ Ready Set Go – What are the Next Steps?

❑ What do you need to do to be a successful property investor?

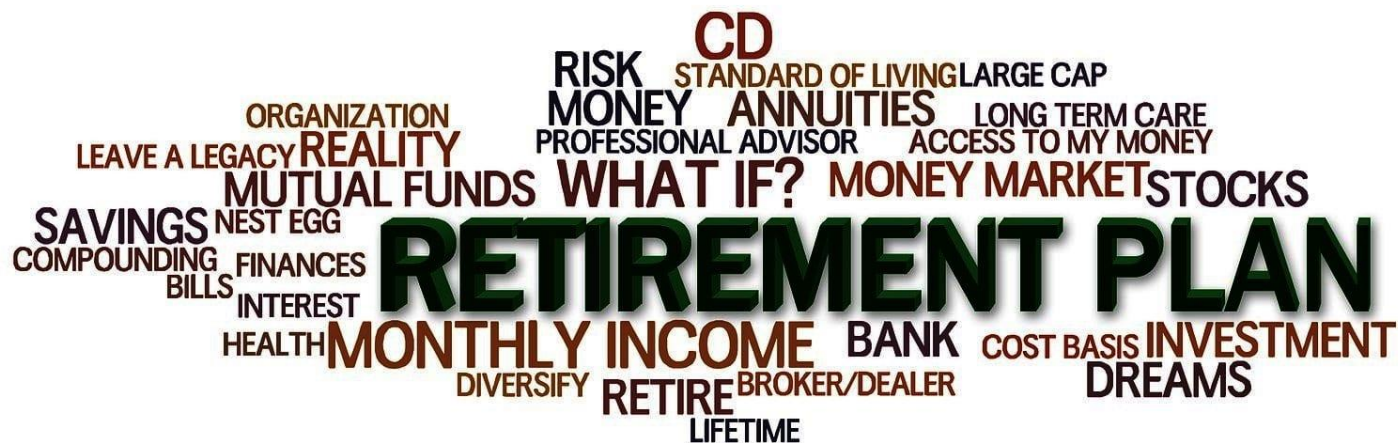
✓ No crystal ball

1. A 10-20 year plan
2. A clear strategy
3. Great advice/network
4. Know how to research
5. Proper financing structure
6. Patience – it takes time to become wealthy



□ Why Invest in Property?

- ✓ History – proven medium to long term performer
- ✓ Bridge the Retirement Gap
- ✓ Lending ability – banks love it
- ✓ Yield available
- ✓ Tax advantages – negative gearing
- ✓ Direct Control





□ Why Invest in Property ... continue!

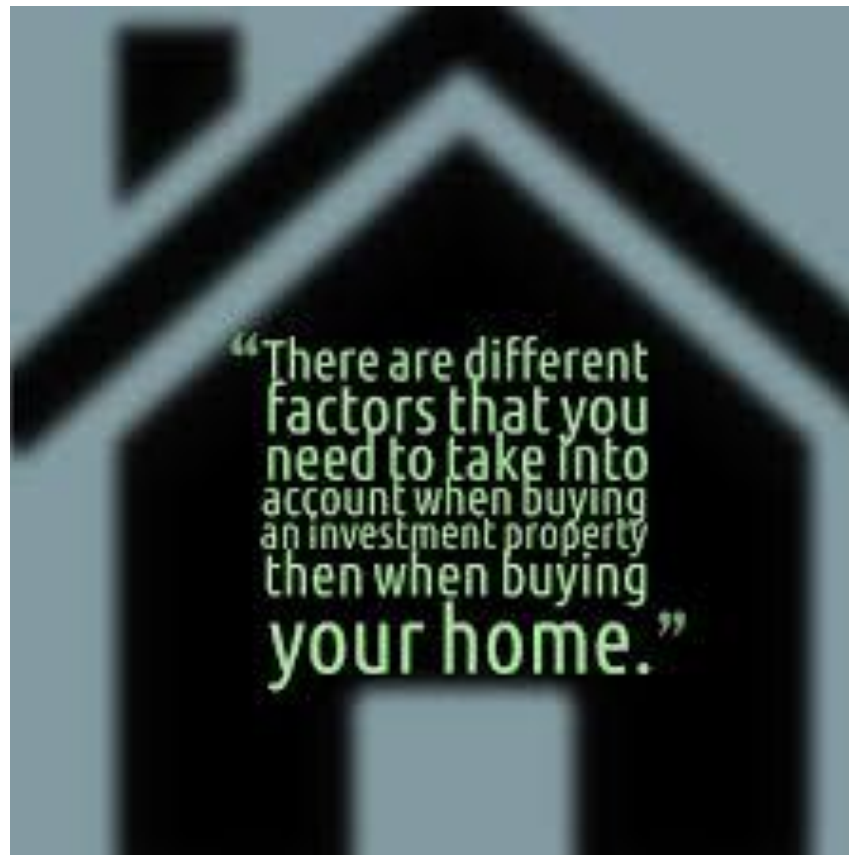
- ✓ Passive Income
- ✓ A chance to build generational wealth
- ✓ Protection in an economic downturn
- ✓ Capital growth performer
- ✓ Less volatility when compared to other investment types
- ✓ Negative gearing as a tax strategy



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— Why Property

□ Property Tip!



❑ Negative Gearing – What is it?

- ✓ Tax Strategy Only
- ✓ Rental Income is less than Rental Expenses
- ✓ What is Rental Income?
- ✓ What is Rental Expenses?
- ✓ Rental Property Loss – offset against other types of income to save some taxes





❑ Negative Gearing ... continue!

✓ Case Study

Roger – carpenter & PAYG earner \$80,000

Buys - investment property - \$400 p/week or \$20,800 per annum

Expenses - \$27,000 (including depreciation)

Taxable Loss - \$6,200



❑ Negative Gearing ... continue!

✓ Case Study (FY2020)

Particulars	Without Investment Property	With Investment Property	With Investment Property Profit
Taxable Income	\$80,000	\$80,000	\$80,000
Rental Property	\$N/A	(\$6,200)	\$6,200
Taxable Income - Adjusted	\$80,000	\$73,800	\$86,200
Taxes (incl. Medicare levy)	(\$19,147)	(\$17,008)	(\$21,286)
Take Home Pay	\$60,853 per annum \$1,170.25 per week	\$56,792 per annum \$1,092.15 per week	\$64,914 per annum \$1,248.35 per week
Variance		\$4,061	

❑ Negative Gearing ... continue!

In Summary

- ✓ Tax strategy to make a loss
- ✓ Still paying money to the bank
- ✓ What happens if interest rates go up – can you still afford to make repayments
- ✓ What happens if the tenant stops paying rent – affordability
- ✓ Be careful – change of legislation can occur at any time (last election)

❑ Negative Gearing ... continue!

Want to learn more about negative gearing

Website:

<https://melbourne.chan-naylor.com.au/fact-sheets/>



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What is
Negative Gearing?

What Is Negative Gearing?

Read The Brochure



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— What Type of Property

□ What Type of Property Should You Invest In ?

Options:

- ✓ Residential
- ✓ Commercial
- ✓ Land



Principal Residence

- ✓ Generally CGT free upon disposal
- ✓ Land Tax – Nil
- ✓ Mortgage Interest – Private & not tax deductible
- ✓ Expenses – generally not tax deductible

Property Tip – pay off private debt vs investment debt first!



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— Principal Residence

□ Principal Residence ... continue!

What happens when it changes character?

- ✓ Investment Property
- ✓ Market Valuation – recommended
- ✓ SRO – possible land tax
- ✓ Mortgages & Interest – purpose test





Tax Deductions Available


- ✓ Generally, the owner of a property (known as the landlord) is assessable for income tax on all income received
- ✓ Generally, the landlord may claim deductions for losses and outgoings incurred in gaining that income

❑ Tax Deductions ... continue!

Website:


<https://melbourne.chan-naylor.com.au/fact-sheets/>

❑ Full listing of all tax deductions that may be available.



Rental Property Tax Deductions Overview

[Read The Brochure](#)



Rental Property Tax Deductions Checklist

[Read The Brochure](#)



☐ Tax Deductions ... continue!

Interest

- ✓ Interest – use of the borrowed monies vs security provided
- ✓ Use of Mortgage Offset Facilities
- ✓ Will look at little later at “Keeping the Banks Honest”
- ✓ Interest only deductible, not principal payments





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— Tax Deductions

□ Tax Deductions ... continue!

Repairs & Maintenance

- ✓ Initial repairs at time of purchase
- ✓ Repairs because of tenant damage





☐ Tax Deductions ... continue!

Depreciation

- ✓ Depreciation generally provides a basis for writing off the capital cost of an item over its estimated life
- ✓ There are 2 main types of depreciation available:
 1. Improvements
 2. Structural

☐ Tax Deductions ... continue!

Depreciation – Building Write Off Allowance

- ✓ A taxpayer can generally claim a deduction for capital expenditure incurred in constructing and/or improving a rental property
- ✓ This deduction is allowable on any capital works commenced after the 17 July 1985
- ✓ Generally 2.50% per annum



Tax Deductions ... continue!

Insurance

✓ Insurance premiums are generally tax deductible

Be careful – make sure your premiums are reviewed!





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— **Be Aware**

☐ **ATO Reviews/Audits!**

- ✓ Like anything, the Government is looking closely
- ✓ Many wrongful claims by property investors
- ✓ These questions/reviews/audits will continue and will increase

➤ **Be Careful, They are Watching!**





❑ Keep the Banks Honest!

✓ Hungry for the right client now

Lender	Description	Initial Rate	Revert Rate	Comp Rate	LVR	Upfront Fees	Monthly Fees	Annual Fees	As Of
resimac	Prime Flex 70% - 80%	2.39%	2.39%	2.76%	80%	\$330.00	\$0.00	\$299.00	27-Oct-2020
AdelaideBank	SmartFit Variable Special SmartFit <=80% Owner Occupied	2.49%	2.49%	2.73%	80%	\$199.00	\$15.00	\$0.00	27-Oct-2020
ING	Orange Advantage \$150,000+ <=80%	2.54%	2.54%	2.89%	80%	\$299.00	\$0.00	\$299.00	27-Oct-2020
me	Flexible Home Loan FHB Special Offer <=80%	2.58%	2.58%	2.60%	80%	\$400.00	\$0.00	\$0.00	27-Oct-2020
AMP	Pro Pack Owner Occupied <=80% Owner Occupied \$100,000 - \$500,000	2.59%	2.59%	3.00%	80%	\$295.00	\$0.00	\$349.00	27-Oct-2020
MACQUARIE	Offset Home Loan Package \$150,000 - \$750,000 70% - 80%,	2.64%	2.64%	2.91%	80%	\$363.00	\$0.00	\$248.00	27-Oct-2020
citibank	Standard Variable <=80% Owner Occupied	2.69%	2.69%	2.84%	80%	\$649.00	\$8.00	\$0.00	27-Oct-2020

Keep the Banks Honest ... continue!

- ✓ Hungry for the right client
- ✓ Loan should start with a 2.00%
- ✓ Loan broker – we regularly/annually review our client's loans
- ✓ Contact Lucy Ramunno @ lucyr@chan-naylor.com.au or 9370 4800

Objective – go shopping to save money, it's a free service to you!





Previous Webinars

✓ Access via our website:

- Watch & listen
- Download Slide Presentation
- Download PDF's

<https://melbourne.chan-naylor.com.au/webinars/>

Webinar Resources

You can find details as to how to download slides and links to slides or notes that you may find useful. Please note that the information is of a general nature only.



Jobkeeper 2.0 | 1 October 2020

View The Webinar

Download The Slide Presentation

JobKeeper 2.0 Fact Sheet



Federal Budget 2020/21

View The Webinar

Download The Slide Presentation



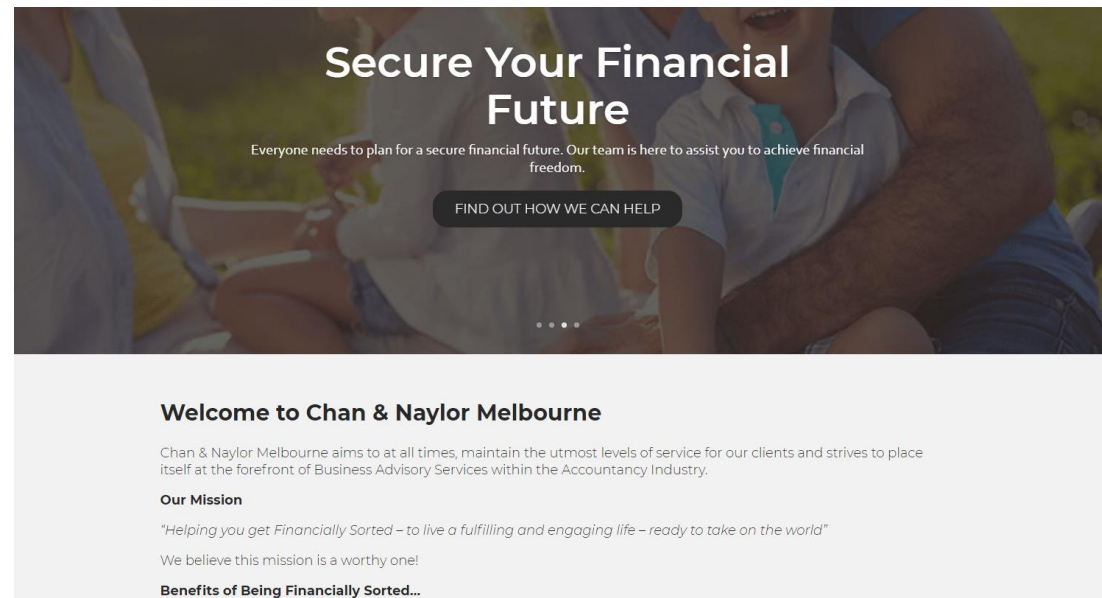
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— Website

□ Website

✓ Brand New!

✓ Webpage <https://chan-naylormelbourne.com.au>





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— Next Event

□ Webinar # Series 2!

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our next event

REGISTER NOW



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— What To Do Next

❑ **Our Focus - it's all about education of our clients!**

(proactive, webinars, marketing, seminars, newsletters, consultations)

❑ **Your Focus – it's all about investment in yourself!**

(read books, speak to the right people, attend seminars & webinars, discover opportunities available)

Take Homes...

- ✓ Talk to us for assistance – earlier the better
- ✓ Make sure all compliance is up to date with ATO – ITR's, BAS's, Super, etc.
- ✓ It's time to get Financially Sorted!

Contact **(03) 9370 4800**

Webpage **<https://chan-naylor.com.au>**

Email **peterl@chan-naylor.com.au**

