

MEDIA RELEASE

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Property investors advised to minimise lump sum tax refunds

Australia's largest provider of tax depreciation schedules, BMT, believes that property investors might actually benefit from minimising any potential tax returns at the end of each financial year through the use of a Pay As You Go (PAYG) withholding variation.

According to BMT, property investors doing so can instead receive regular tax return entitlements as a part of each pay cycle, rather than waiting to receive a single lump sum later on at tax time.

"Though the idea of minimising a yearly tax return may appear counterintuitive, using a PAYG withholding variation could theoretically maximise an investor's cash flow throughout the year – not just at one single point," said BMT Tax Depreciation managing director, Brad Beer.

"This is because if you're owed a tax refund at the end of the financial year, you've essentially given the ATO an interest-free loan equal to the amount of the refund.

"This money could have been working for you in other ways throughout the year, by being invested elsewhere or accruing interest in your savings account."

Setting up a PAYG withholding variation can be as simple as contacting an accountant, according to BMT, who will then notify the Australian Taxation Office (ATO) of any deductions available.

The party's employer will be able to adjust the amount of tax withheld each pay cycle accordingly, resulting in a much more accurate amount of tax being paid each period.

BMT also believes that the benefits of using this method may be heightened for property investors who use depreciation schedules, as these refunds also qualify for the PAYG withholding variation.

"Tax depreciation schedules can assist in maximising the cash flow generated by property, and setting it up to receive these entitlements in every pay cycle means more cash in your bank now rather than later," said Brad Beer.



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"I'd advise anyone interested to contact their accountant, and seek advice as to whether this process could work in their individual circumstances," concluded Brad Beer

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About BMT Tax Depreciation

BMT Tax Depreciation (BMT) is a Quantity Surveying company specialising in the provision of tax depreciation schedules for residential and commercial investment properties. Commencing business in 1997, demand from property investors nationally has seen business expand Australia-wide with offices now located in Sydney, Parramatta, Melbourne, Brisbane, Newcastle, Adelaide, Perth, Gold Coast, Cairns, Canberra, Hobart and Darwin.

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