

Are you building on vacant land with the intention to rent?

Recently passed legislation will make expenses paid for vacant land non-deductible. The new law comes into effect from 1 July 2019.

Specifically, if you are building a property that you will rent out when completed, expenses during the construction period are no longer deductible. You will only get tax deductions relating to property once it is completed and ready to be rented out. This includes “off-the-plan” purchases.

However, the new legislation will not remove all deductions relating to holding vacant land. Tax deductions will still be available if you are carrying on a business of property development.

Also, if the expenses during construction phase lose their deductibility, the costs incurred can still be added to the cost base of your asset. This will reduce your capital gain on the eventual sale.

If you require any assistance with this, please do not hesitate to contact our office.

Phone:
Emerald – (07) 4983 9999

Rockhampton – (07) 4930 0600