Ross-Hunt real estate

1973 - 2023

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Under One Roof

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REIV AWARDS FOR EXCELLENCE WINNER PROPERTYDATA SALES AGENCY OF THE YEAR - METRO

What is the Impact to Rental Providers of the New Renting Taskforce Victoria

Earlier this year the Labor Government created and launched a New Rental Taskforce within Consumer Affairs to crack down on Rental Providers (Landlords) and Estate Agents who have been found to break the New Residential Tenancies Act and Regulations that were introduced back in March of 2021.

The State Government has allocated $4 million dollars to fund a team of investigators who are out randomly auditing Estate Agencies and conducting onsite property inspections, with a particular focus on properties that “do not meet Minimum Rental Minimum Standards” and properties where there is clear “false and misleading advertising”, or a failure of the Rental Providers and Agents to “properly disclose any information about the property, it’s compliance status, and the properties history” to a prospective Renter.

Ref: www.consumer.vic.gov.au/about-us/in-focus/renting-taskforce

If you are wondering how the taskforce identifies which properties, or which Agency to target first, they have a number of methods including:

- Using intelligence and market analysis to boost monitoring of rental campaigns
- Conduct targeted inspections and act on identified breaches
- Consumer Affairs has written to every Renter, using the contact details provided to the Bond Authority, asking the Renters to lodge a complaint if the property does not meet the standards, or the Owner has not complied with the Gas, Smoke, Electric and Pool safety inspections
- The Government is spending a lot of money on social media campaigns targeting any Renters attending ‘Open for Inspections’, asking them to lodge a complaint if the property they inspected did not meet the standards, or the advertisement was false and misleading, or they were aware of other breaches that needed investigating
- And finally, Consumer Affairs are encouraging other Real Estate Agencies to lodge anonymous complaints against Agents

The investigators have been working in regional Victoria for the past couple of months, and CAV reported the first rental property inspections started in the Clayton area the weekend of 3rd and 4th August 2024. They plan to ramp up the investigations over the coming months.

Victorians looking for a rental property are urged to use the new form to report concerns - it only takes about five minutes to complete and can be submitted anonymously.

"Most rental providers and estate agents do the right thing - our renting taskforce is cracking down on those trying to get away with rental offences."
Gabrielle Williams - Minister for Consumer Affairs

The taskforce will focus on poor conduct and offences affecting the safety, security and tenure for renters. These include:

- Renting out a property that doesn’t meet the rental minimum standards
- False advertising
- Not lodging bonds with the Residential Tenancies Bond Authority and excessive bonds
- Illegal notices to vacate
- Failure to provide a condition report
- Rental bidding
- Restricting rent increases between successive fixed-term rental agreements
- Extending the notice of rent increase and notice to vacate periods to 90 days

All Properties offered for Rent in Victoria must meet ALL 14 Rental Minimum Standards

Allowing a new Renter to move into a rental property that doesn't meet ALL 14 of these standards is a criminal offence, and both the Rental Provider (Landlord) and the Agency are exposed to potential penalties of over $11,800 for individuals and over $59,200 for companies.

Ref: Residential Tenancies Regulations 2021 – Schedule 4: https://classic.austlii.edu.au/au/legis/vic/num_reg/rtr2021n3o2021397/sch4.html

False advertising and other misleading conduct may also be a breach of the Australian Consumer Law. Significant penalties apply for breaches of the Australian Consumer Law – up to $50 million for corporations and $2.5 million for individuals.

The Benefits of Ross-Hunt Real Estate Managing Your Investment Property Portfolio

Over the last 2 months, the Property Management Team at Ross-Hunt Real Estate have been working with an external Property Management Consulting team, to implement a series of new systems, processes and documentation that is designed to protect the Rental Providers, the Agency and the Renters.

Over the coming weeks and months, our PM Team will be reaching out to you, to:

⇒ Discuss the Status of your rental property, and whether it meets the 14 standards, and if not, then we will be suggesting that we coordinate a 3rd party inspection, and repairs if needed.

⇒ As your rental property comes up for lease renewal, or when a renter vacates the property, as part of our commitment to compliance and audit procedures, we will be updating all of the owner documents and instructions, to ensure that if your property was randomly selected for a taskforce audit, that we can satisfy the audit with updated evidence, instructions, reports and safety inspections.

Now more than ever, it is critical that we have written safety inspection reports and rental minimum standards reports on file, so there is a big push to ensure that every property within the portfolio complies with:

✓ A “**Compliant**” **Smoke Detector** safety inspection and report – within the last 12 months, by a suitably qualified electrical contractor

✓ A “**Compliant**” **Gas and Carbon Monoxide** safety inspection and report – within the last 24 months, by a suitably qualified gasfitter or plumber

✓ A “**Compliant**” **Electrical** safety inspection and report – within the last 24 months, by a suitably qualified electrician

✓ A “**Compliant**” **Pool Barrier and Spa** safety inspection and report – within the last 48 months, by a suitably qualified contractor

✓ **Evidence** that the property has been inspected, and that **it complies with all 14 Rental Minimum Standards**, both at the start of the tenancy, and at ALL times throughout a tenancy

The Property Management Team are working very hard to check every property, update the documents and conduct internal audits to make sure they reduce the risk of Criminal Charge and Penalties to the Rental Providers and Agents, on the off chance that one of the properties within our portfolio is randomly selected for an audit.

Visit the CVA website for additional information: www.consumer.vic.gov.au/housing/renting

2024 Victorian Land Tax Changes for Property Investors

Land tax is an annual tax based on the total taxable value of all the land you own in Victoria, excluding exempt land such as your home. Land tax is calculated on the 'site value' (i.e unimproved value) of all taxable land you own as at midnight on 31 December each year.

As part of the Victorian Government's Covid Debt Levy to recoup some of the budget deficit resulting from Covid-related Government spending, land tax rates were increased, effective from 1st January 2024. The increase will apply from the 2024 land tax year for 10 years, to 2033.

What Has Changed?

For **land held in trusts**, additional surcharge rates apply **on top of the general rates** (for land valued below $3 million).

Absentee owner surcharge **(AOS)** and vacant residential land tax **(VRLT)** can also apply **on top of the general rates** in certain circumstances. For the 2024 land tax year, the AOS is 4 per cent (up from 2 per cent). The introduction of higher AOS is designed to discourage leaving properties vacant, aiming to improve housing availability.

VRLT applies to homes that were vacant for more than six months in the preceding calendar year. For the 2024 land tax year, the VRLT is 1 per cent of the capital improved value of land.

- *From 1 January 2026 the VRLT will also apply to unimproved residential land in Melbourne (specific local council areas) that are capable of but have remained undeveloped for 5 years.*

For full details and an online calculator, visit the State Revenue Office's website at: www.sro.vic.gov.au/calculators/land-tax-calculator

Land Value	2023 Land Tax General Rate	2024 Land Tax General Rate
Less than $50,000	Nil	Nil
$50,000 to < $100,000	Nil	$500
$100,000 to < $300,000	Nil	$975
$300,000 to < $600,000	$375 plus 0.2% of amount > $300,000	$1,350 plus 0.3% of amount > $300,000
$600,000 to < $1,000,000	$975 plus 0.5% of amount > $600,000	$2,250 plus 0.6% of amount > $600,000
$1,000,000 to < $1,800,000	$2,975 plus 0.8% of amount > $1,000,000	$4,650 plus 0.9% of amount > $1,000,000
$1,800,000 to < $3,000,000	$9,375 plus 1.55% of amount > $1,800,000	$11,850 plus 1.65% of amount > $1,800,000
$3,000,000 and over	$27,975 plus 2.55% of amount > $3,000,000	$31,650 plus 2.65% of amount > $3,000,000

Ross-Hunt's Sales Director, Jeff Anderson says:

"We manage thousands of investment properties across Melbourne. Many investors have multiple properties, and some have owned them for 20-30 years and longer. I am constantly talking to people who simply do not have the money to pay these large taxes, many of whom have no choice but to sell. In some cases, I am hearing of people's land tax bill having gone from $1,500 per year to $25,000 - $100,000 per year. Most investors buy with a retirement plan in place and intend to hold long term, however that is all changing and fast.

Investors are selling en masse; I have never seen such a quick change of sentiment from investors in my 38 years in the industry.

Most tell me that when they add up all the taxes and charges due to owning an investment property, that it is just not worth it anymore. Many are now buying investment property interstate with much lower land tax rates, which explains the super strong growth in median prices in states like QLD, SA and WA over the past 6-12 months.

It's not just the land tax though; there are agents management fees, council and water rates, owner's corporation fees, maintenance, repairs, annual smoke alarm checks, compliance issues, with new laws coming into effect in 2025 where all investment properties must have air-conditioning and heating installed.
The NT is the only place in Australia with no land tax.

Nearly every property our agency is selling at the moment is to an owner occupier and not investors, placing even further stress on a red-hot rental market. The 800,000 new homes promised by the State Government need to be built sooner than the forecasted 10 years, especially when you consider we have a further 1 Million+ migrants heading to Australia over the next 3 years, with the majority of them coming to Melbourne."

All Things Property

Jeff Anderson is the Director of Ross-Hunt's Sales Department. He is an Award Winning Auctioneer and Buyers Advocate. Jeff has over three decades of experience selling and auctioning property right across Melbourne.

Contact Jeff if you need any real estate advice or would like a market update on your home or investment property.

Jeff Anderson - 0411 222 744 | jeffa@rosshunt.com.au
Sales Director | Auctioneer | CEA & Buyers Advocate

Ross-Hunt, serving the community for over 50 years - 1973 to 2024

ATO issues warning to rental property owners to ensure their tax returns are correct this tax time

The ATO has issued a warning to Rental Property Owners that they have the spotlight on their returns this tax time. ATO Assistant Commissioner Rob Thomas explained that the ATO has found the majority of rental property owners are making errors in their tax returns, despite 86% using a registered tax agent.

The most common mistake is not understanding what expenses can be claimed and when. In particular, the difference between what can be claimed for repairs and maintenance versus capital expenses.

Other mistakes on the ATO's radar include overclaimed deductions and a lack of documentation to substantiate the expenses claimed.

Dodgy Deductions

Rental property owners can claim deductions only to the extent they're incurred in producing income. This means any costs you incur in generating rental income each year, may be claimed for the same period. There are some exceptions.

'It's normal for landlords to have to fix or replace damaged items in a rental property. But there is a bit of a myth that all expenses can be claimed immediately.'

'A repair can usually be claimed straight away but for capital items, think dishwashers, curtains or heaters, they can only be claimed immediately if they cost $300 or less, otherwise they need to be claimed over time,' Mr Thomson said.

'We sometimes see rental property owners 'double dip' on expenses that the property manager has arranged and included on the property's income and expenses like repairs from the rent received.' Mr Thomson said.

Rental property owners can only claim for amounts that they incur, so even if there are two records for the same expense, the amount can only be claimed once.

One of the most common deductions claimed by rental property owners is interest on mortgages. A common issue with interest deductions is where taxpayers are redrawing or refinancing a loan for their rental property and using the money to pay for private expenses like a new car, school fees or a holiday, then claim the whole amount of interest charged on the investment loan for the year as a deduction.

'For example, if you have an $800,000 mortgage for a rental property and then add $50,000 to the loan to upgrade your family car, you can only claim the interest on the initial $800,000, not the interest on $850,000.'

A deduction can be claimed for levy payments to body corporate administration funds and general-purpose sinking funds at the time they are incurred, as long as the fees are used for routine maintenance of common property.

However, if the body corporate requires payments to a special purpose fund to pay for a particular capital expenditure, like replacing the roof of an apartment building, these levies are not deductible until the capital works are complete and the expense has been billed to the body corporate.

Costs relating to borrowing expenses, including loan establishment fees, lender's mortgage insurance and title search fees, are also commonly claimed incorrectly. These costs are generally claimed over a 5-year period or the life of the loan, whichever is less. State or territory stamp duty can't be claimed as a deduction while you rent the property (except in the ACT). You need to keep these records until you sell, when the amount will be added to your cost base to reduce any capital gain you may have on the sale.

Risky Records

A lack of documentation to substantiate claims of expenses and deductions is another leading cause of errors.

'You need to keep detailed and complete records, including receipts, invoices and bank statements for interest expenses. You should also detail how you calculate your deductions and any apportionments. This will allow you or your tax agent to correctly complete your tax return,' Mr Thomson said.

Claims for capital works aren't based on the purchase price of your property, but the construction cost when it was built. This information can be used to create a comprehensive capital works deduction schedule. A quantity surveyor to suitably qualified professional can help to prepare a capital work deduction schedule, but this is not mandatory.

'Taxpayers are responsible for what they include in their tax return, even when using a registered tax agent. If you don't have sufficient records, you can't claim it,' Mr Thomson said.

Careless Capital Expense Claims

Repairs such as fixing a dishwasher can generally be claimed immediately, but buying a new dishwasher cannot.

Some expenses including improvements and capital works must be claimed over time, for example remodelling the bathroom in your rental property. In most circumstances, capital expenses are claimed at 2.5% over 40 years. Any unclaimed capital works expenses are added to the cost base of the property for capital gains tax purposes when you sell.

'Spending money to fix something could be a repair, initial repair, capital works, or a depreciating asset. The ATO Investor toolkit can help you to understand the difference, as the amount you can claim as a deduction this tax time will depend on which category it falls into,' Mr Thomson said.

Source: Australian Taxation Office for the Commonwealth of Australia

Strata Insurance: Why Expertise Matters

Why Use a Strata Insurance Broker?

While online personal insurance may seem convenient, Strata Insurance involves intricate legislation and complex claims management that require the expertise of a specialist broker.

The Role of the Strata Insurance Broker

Personalised Coverage: Brokers like BJS Body Corporate provide tailored advice and recommendations to Strata Managers and OCs alike, offering the most cost-effective solutions and a range of insurance options to suit individual needs.

Expert Claims Handling: BJS' dedicated strata claims experts manage the entire claims process, easing the administrative burden and ensuring fair settlements.

Regulatory Updates: BJS keeps property owners and managers informed about frequent changes in Strata Insurance regulations, ensuring compliance and minimizing risk.

Direct Insurer Vs Insurance Broker

Product Variety: Direct insurers offer only their products, while brokers source multiple quotes from various insurers, providing detailed comparisons to ensure the right coverage for each property.

Personal Advice: Brokers provide 'personal advice' tailored to your specific needs, unlike direct insurers who offer 'general advice' without considering individual circumstances.

Dedicated Service: With a dedicated account manager, brokers offer consistent and personalised service, unlike call centres used by direct insurers where advice may vary.

Claims Support: Brokers handle claims on your behalf, advocating for you to ensure the best possible outcome, whereas direct insurers require you to manage claims yourself.

Your BJS Body Corporate Insurance Broker works closely with OC committees and Ross-Hunt Managers to enhance efficiency, reduce risk, and offer greater value to all property owners.

For more information about how BJS Body Corporate Insurance Brokers can support you and your Strata insurance needs, please reach out to your Ross-Hunt OC Manager or contact BJS Body Corporate Insurance Brokers.

Contact a BJS Body Corporate Broker Today on 1800 003 077

We are proud members of FBA Family Business Australia

Jennifer, our beautiful colleague and friend. You made us smile each and every day with your gentleness, beauty, amazing laughter and storytelling of adventures around the globe. We will miss, but always remember you.

RECENTLY Sold

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