



Waikato's only not-for-profit providing a safe environment for property investors to succeed.



June 2020 Event

Wednesday 10th June

This event will be online via Zoom - link to be sent via email on Monday 8th June. There will also be an attachment sent out so you can work out your dots! Please also have a pen and paper handy!

Mark Bunting - "Get Dotted"

They say its great to treat people how you want to be treated yourself - but there's a flaw in that honourable theory.

What if people don't want to be treated how you want to be treated?

Wouldn't they rather be treated how THEY want to be treated, spoken to in their language, and listened to just the same?

Why is it that even the people you're closest to annoy you with that 'little' thing they do?

Why do some people just stare blankly at you when you're speaking plainly?

Why do some people get offended when you didn't mean them to?

Why do you annoy people?

Why do they annoy you?

In this seminar I'll introduce to you....

- 1 - What's your communicative makeup
- 2 - How to spot someone else's
- 3 - How to speak 3 different languages to your own.

These skills will help you not only in your everyday life, but also in dealing with tenants, property managers, tradies, banks, and everyone else that you deal with in relation to your investment property and the running of it.



July 2020 Event

Each Wednesday in July starting 8th July at 7.00pm via Zoom

Waikato's Top Towns - Nesting & Investing

Do you want to know what's really going on in the Waikato? Who's investing big bucks in infrastructure? Where are the developments happening? Sick of hearing about just Hamilton?

We will get the latest news on what's really going on with the Mayors from all around the Waikato region.

This four part, interactive, Zoom series will showcase the Hamilton; Hauraki; Matamata-Piako; Thames-Coromandel; South Waikato and Waikato District Councils. Jump on board to level up on your Waikato knowledge & investment opportunities.



If your membership renewal is overdue, or due, or coming up for renewal soon, and you think it might be a bit tight to pay all at once - get in contact with us at admin@waikatopia.org.nz and we can work out payment over 3 months or something else that suits you. The sooner you get in contact, the sooner we can help you!! (Please note once we start our events in person again, this option won't be available from the event, you must have arranged it beforehand)



WPIA Discussion Group - Facebook

Do you have an interesting or inspiring investment story? Would you like to share your journey with other members? If you have something that you

would like share, we would love to hear from you. We can "interview" you about your story, or you could present a slideshow (we can help put this together for you), or you could even do a live stream at one of your properties! And it could be 5 minutes or 50 minutes long!
This would only be shared to our members, not publicly.

If you think you would like to be involved with this, get in touch!!

And if you arent a member of our closed group and are a current member, join here:

[Join the Members Only Facebook Group](#)



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Should you buy assets under \$5,000 now to take advantage of Asset threshold change?

In the past, if you purchased an asset the cost over \$500, then you would have to capitalize this asset, and claim depreciation based on the rate set by IRD to reflect the assets useful lifetime. Whereas if it cost \$500 or less (for residential property investors this includes GST and also includes any installation), then you could claim this low value asset as a repair and fully claim the cost as an expense in the year spent.

New threshold = From 17/3/20 to 16/3/21 \$5,000 or less

Long term threshold = From 17/3/21 \$1,000 or less

This creates an obvious opportunity until 16/3/21, that you could buy assets worth \$5,000 or less, and get a full tax deduction on the cost in this year.

So should you do that?

1. **Cash buffer**

At the moment it is uncertain times, so it is really important to have a cash buffer. Tenants might not be able to pay, or may pay late. You could lose your job or other income. Property prices could fall.

So before spending money on assets consider, do you have enough cash buffer, and in most circumstances I would wait to September or October to see how things play out over the next few months.

The cash buffer could also be for opportunities, so if you have cash available you might be able to take an amazing deal that comes along.

2. **Do you really need it?**

In general most people love a tax refund and hate paying tax. Unfortunately this logic is often wrong.

When buying an asset worth say \$4,000, you are spending \$4,000 to save a maximum of \$1,320 in tax. So in Net terms, you are still spending \$2,680.

So if you don't need the asset, it is better not to buy it! I would look at assets that you must do, such as for Healthy homes or insulation

3. **Are you making a loss?**

With new Ring Fencing rules in from 1/4/19, if you are already making a loss and expect to make a loss for the next few years, then extra repairs will just make your loss higher and then be Ring Fenced. **So there would be no cash benefit, so no point rushing!**

4. **Difference**

If \$1,000 or under, then if you do it on 17/3/21 or after, then will make no difference. No need to rush

If a repair, then threshold doesn't matter. See point 4, but in general new shower, roof, vanities, toilet, kitchen cupboards, kitchen bench, painting will all be repairs.

Assets that wear out quickly like computers have high depreciation rates. There is less benefit in having these as a repair, as they would have depreciated quickly anyway

Computer as repair, say \$3,000 and reduce tax by \$1,000 in 2021 year

Computer as asset, 2021 approx \$1,500 depreciation and reduce tax by \$500, 2022 approx \$1,500 depreciation and reduce tax by \$500. So end of 2022 would give very similar result for tax.

Assets that wear out slowly like driveways have low depreciation rates. So there is a big benefit in getting these as a repair if \$5,000 or less, as depreciation would be extremely slow and at 4% per year.

New Path \$4,000. If done 17/3/20 to 16/3/21, then repair so reduce tax by \$1,320 max

New Path \$4,000 done in April 2021, then asset. Year one depreciation only \$160, and max tax saving \$53 in year one. LARGE DIFFERENCE!

5. **New property purchased**

Anything done before tenanting is NOT a repair. So if you buy a rental property, paint and then tenant, the painting is not deductible as a repair. An example with assets, if you buy a rental property today, put in a heat pump for \$4,000, new carpet for \$3,000 and a new stove for \$1,000, and then tenant, these items are not repairs, even though they are under the \$5,000. They are a cost of buying the property.

So if you have just purchased and not tenanted, the \$5,000 threshold makes no difference.

I hope you have found this useful.

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9 June at 7.30 pm Rental Property Basics

10 June at 7.30 pm Adding Value and Getting ahead

Join our Association today and you will receive a complimentary copy of Graeme Fowler's latest book "20 Rental Properties in One Year"!



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Help us share items of interest with fellow members. We're keen to hear about news items, podcasts, industry commentary - anything property related. Either email the links and items to admin@waikatopia.org.nz or tag the WPIA Facebook page in a comment.

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