MAVERICK™

Issue 58 2025
Biannual publication

1 FEATURED

The Build-to-Rent boom: Australia's most tax-effective property strategy

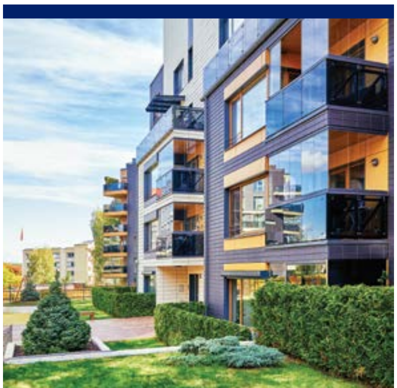
Amid Australia's ongoing housing shortage, Build-to-Rent (BTR) is emerging as a viable solution. With over 16,000 completed, income-generating apartments and a strong pipeline of new developments, BTR is attracting institutional investors thanks to its stable returns, improved project feasibility and some of the most generous tax and depreciation benefits available.

What Is Build-to-Rent?

Build-to-Rent (BTR) housing refers to large-scale residential developments designed and constructed specifically for long-term rental under single entity ownership and professional management.

These developments are purpose-built to deliver a consistent, high-quality rental experience, featuring tenant-centric amenities such as on-site management offices, parcel lockers, gyms, rooftop gardens and shared lounges. This emphasis on service and amenity drives strong tenant demand, improves retention and supports premium rental pricing in competitive markets.

Continued >



Visit
bmtqs.com.au

INSIDE THIS ISSUE 58 | 2025

BMT Tax Depreciation
QUANTITY SURVEYORS

Importantly, the inclusion of communal spaces and quality fit-outs also increases the property's depreciation potential under Division 40, offering investors an additional layer of tax optimisation.

Unlike traditional Build-to-Sell models, where units are individually sold to owner-occupiers or investors, BTR properties are retained and leased by a fund, developer or real estate investment trust (REIT) over the long term. Tenants benefit from longer lease options, consistent management and a more community-focused living environment.

From an investment perspective, these are new-build, income-producing assets that qualify for generous depreciation incentives, including Division 43 capital works deductions and Division 40 plant and equipment deductions.

Federal Government tax reforms

Effective January 2025, the Australian Federal Government implemented a suite of targeted tax reforms that position BTR as one of the most strategically tax-advantaged investment vehicles within the residential property sector. The centrepiece of this policy shift is an accelerated capital works deduction rate of 4 per cent per annum, significantly more than the 2.5 per cent typically available under Division 43.

For eligible BTR developments that commenced construction after 9 May 2023, this change means construction costs can now be depreciated over 25 years rather than 40, improving early-year cash flow, internal rate of return (IRR) and net present value for long-term holders.

In addition to enhanced capital works deductions, qualifying BTR projects can also access full Division 40 plant and equipment depreciation across shared facilities such as rooftop BBQs, communal furniture, gym equipment and co-working spaces, further elevating the total depreciation claimable each year.

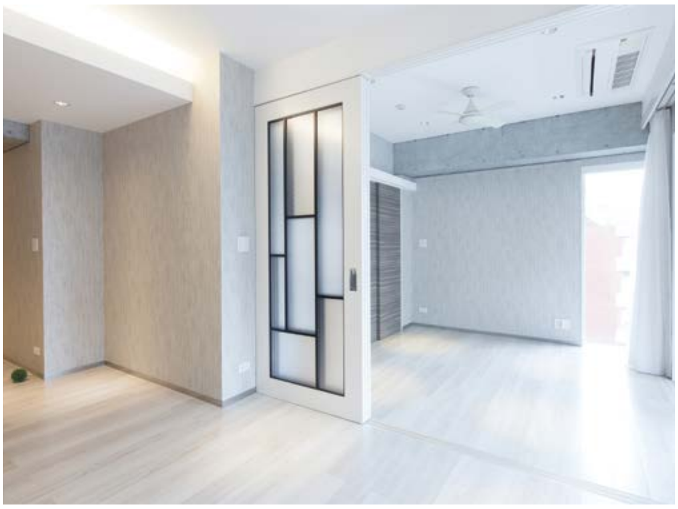
When structured through a Managed Investment Trust (MIT), eligible BTR developments can benefit from a reduced final withholding tax rate of 15 per cent, halved from the standard 30 per cent for foreign investors from information exchange countries.

Eligibility criteria

These generous concessions are underpinned by strict eligibility criteria, which were formally introduced to bring consistency and transparency to the sector.

To qualify for the enhanced tax benefits, a BTR development must:

- Feature at least 50 self-contained dwellings on a single title
- Be held under single entity ownership for a minimum of 15 years
- Offer tenants lease terms of at least five years
- Provide at least 10 per cent of dwellings as affordable housing
- Rent properties at no more than 74.9 per cent of market rent
- Be professionally managed throughout the compliance period.



Capital Works (Build-to-Rent Misuse Tax) Bill 2024

To ensure compliance, a misuse tax has been implemented. This clawback provision applies if a development is strata-titled and sold down, or if it ceases to meet its affordable housing obligations within the 15-year holding period. The measure protects genuine investors while maintaining policy integrity.

Ownership structures in BTR and depreciation treatment:

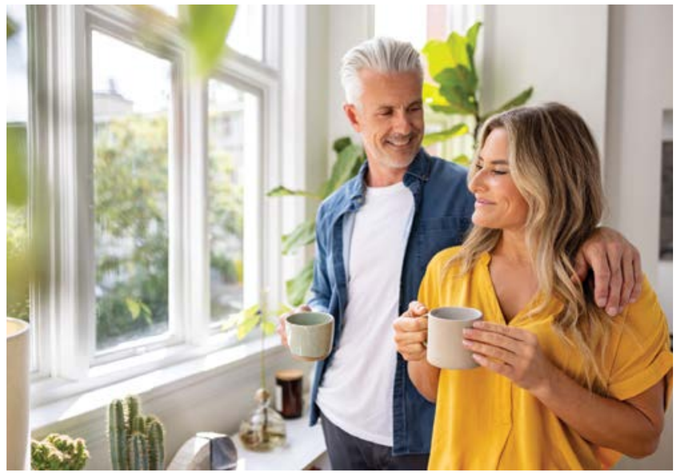
- Institutional investors like real estate investment trusts, retail or industry super funds and global asset managers typically hold BTR assets long-term, allowing full optimisation of depreciation and stable income generation.
- Private developers who retain ownership post-construction can access the full range of Division 43 and Division 40 deductions while building capital value.
- Managed Investment Trusts claim depreciation centrally and distribute tax-effective income to unitholders, making them attractive for foreign and wholesale investors.
- These structures enable different investor types to maximise post-tax returns while maintaining compliance with BTR eligibility requirements.

As the sector matures, BTR developments are evolving beyond their traditional focus on premium inner-city apartments, with growing momentum in decentralised growth corridors and emerging suburban markets. Developers are increasingly targeting affordable and mid-market segments, aligning with national housing policy and expanding access to high-quality rental options across a broader demographic.

Backed by strong bipartisan policy support and reinforced by the 2025 Build-to-Rent tax reforms, BTR offers an attractive alternative residential investment strategy.

For more information on the depreciation deductions available on an investment property contact BMT Tax Depreciation on **1300 268 628** for expert advice.

Wealth building through an SMSF property portfolio



The self-managed superannuation fund (SMSF) sector continues to experience strong growth as more Australians look to take direct control of their retirement savings. According to the latest ATO data, there are now over 646,000 SMSFs in Australia, comprising 1.2 million members. More than 20,000 new funds were established between June and December 2024 alone, with property, both residential and commercial, emerging as an increasingly popular investment choice.

Between June 2021 and June 2024, the value of SMSF- held residential properties rose by 26.4 per cent to $55.2 billion, while commercial property grew by 25 per cent to $102 billion. This growth has been fuelled by declining setup costs and increasingly flexible lending terms, including higher loan-to-value ratios and the consideration of future super contributions, making property investment accessible to those with a starting balance as low as $250,000.

SMSF property investment rules and strategy

Both commercial and residential property can be purchased within an SMSF with both offering excellent potential for capital growth. To invest in property through an SMSF, trustees must ensure strict compliance with the sole purpose test, meaning the asset must be held exclusively to provide retirement benefits to fund members.

Residential property rules:

- Cannot be purchased from or leased to a related party, even at market rates.
- Members and their relatives cannot live in the property, regardless of rent paid.
- Must be purchased on a commercial, arm's-length basis.

Commercial property rules:

- Can be purchased from a related party, provided it qualifies as dedicated business real estate.
- Can be leased to a related party, such as the trustee's business, if done on commercial terms.
- Lease agreements must be properly documented, rent paid on time and reviewed regularly.

> *i*
>
> For both residential and commercial properties, an SMSF can use a Limited Recourse Borrowing Arrangement (LRBA) to acquire a higher-value asset.
>
> Under an LRBA, the lender's recourse is limited to the specific asset purchased, thereby protecting the SMSF's other assets.
>
> While some lenders may require personal guarantees from fund members or related parties, this does not extend the lender's rights to other SMSF assets, though the guarantor may have personal liability.

Why depreciation matters inside an SMSF

Tax depreciation refers to wear and tear on income-producing property and its assets. Within an SMSF, depreciation deductions reduce taxable income, generally taxed at 15 per cent in the accumulation phase.

For example, if an SMSF uses $300,000 to help purchase a $1 million commercial property and claims $30,000 in annual depreciation, it saves $4,500 in tax each year. These savings can be redirected toward loan repayments or reinvestment.

> *i*
>
> To qualify for the **zero per cent tax rate on income and capital gains**, an SMSF member must have **retired after reaching preservation age or turned 65** and the fund must be **paying a retirement phase pension, within the transfer balance cap of $2 million as of 2025/2026.** Otherwise, the fund remains in the accumulation phase and pays 15 per cent tax on all earnings.

Depreciation can also help offset rising tax burdens. It is proposed that as of 1 July 2025, earnings on super balances over $3 million will be taxed at 30 per cent, including unrealised capital gains under Division 296. For SMSFs with large property holdings, this makes accurate depreciation reporting and proactive cash flow management even more important.

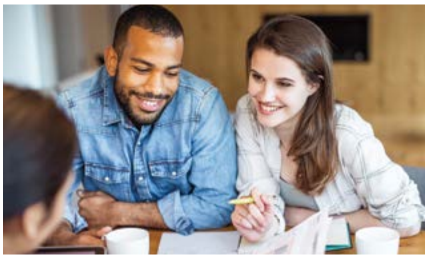
Compliance, risk and the importance of professional advice

Non-compliance, such as leasing a residential asset to a related party or failing to transact at arm's length, can expose trustees to penalties, loss of tax concessions and even fund disqualification. Professional advice is essential before acquiring or managing SMSF property.

When structured strategically and supported by depreciation, a property portfolio can enhance an SMSF's long-term performance. Whether acquiring a commercial asset for business use or adding a residential investment, depreciation should be embedded into the fund strategy. A qualified quantity surveyor and SMSF adviser are key to maintaining compliance and maximising benefit.

For further advice on property investment within an SMSF or to **Request a Quote**, contact BMT Tax Depreciation on **1300 268 628**

Boost cash flow with PAYG withholding variations



A Pay as You Go (PAYG) withholding variation is a handy way to access your deductions sooner. Instead of waiting until tax time, it allows you to reduce the tax withheld from your wages throughout the year, so you enjoy more of your income when you earn it.

By lodging a variation application, taxpayers can either decrease or increase the withholding rate based on their forecasted tax position. A downward variation reduces the amount withheld from each pay cycle, while an upward variation increases it. The variation is valid for the financial year in which it is lodged and must be submitted by 30 April of any given year.

The role of depreciation

As a non-cash deduction that can substantially lower taxable income, property depreciation benefits are often only realised at the end of the financial year. However, by incorporating professionally prepared depreciation estimates into a PAYG withholding variation, investors can reduce tax withheld each pay cycle and access those benefits throughout the year.

A downward PAYG withholding variation is designed for taxpayers who expect to claim deductions that will reduce their taxable income. This is particularly useful for property investors with negatively geared properties, who can use the additional income to meet ongoing investment expenses, reduce debt or reinvest.

Investors applying for an upward PAYG withholding variation typically anticipate increased income, such as capital gains or positively geared rental returns and seek to prepay additional tax during the year. In this context, depreciation will still be claimed, reducing liabilities in the PAYG adjustment.

i

Case study: An investor with a $120,000 annual income and an $18,000 rental property loss, including $6,000 in depreciation, lodged a downward PAYG withholding variation. This reduced the amount of tax withheld from their salary, resulting in a fortnightly take-home pay increase of approximately $205. This allowed the investor to redirect cash flow towards investment loan repayments, maintenance obligations and potential reinvestment for portfolio growth.

Application and compliance

A PAYG withholding variation application can be lodged online or through a registered tax agent and must include estimated income, deductions and supporting documentation.

A depreciation schedule is not submitted with a PAYG withholding variation application but is essential for accurately estimating property-related deductions. It supports a compliant and reliable downward variation by helping investors justify reduced withholding amounts based on projected depreciation over the financial year. Once approved, the ATO notifies the employer to adjust the withholding amount.

When applied correctly and supported by accurate depreciation estimates, a PAYG withholding variation enables property investors to align their tax deductions with expected rental income. This can significantly improve cash flow, reduce reliance on credit and enhance the overall financial performance of their property investment portfolio.

To ensure your PAYG withholding variation application is backed by an accurate and compliant depreciation estimate, contact BMT Tax Depreciation on **1300 268 628** or **Request a Quote**.

Keep your depreciation schedule current with MyBMT

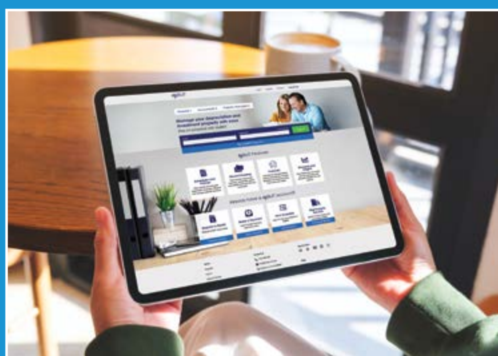
For property investors, maximising deductions is key to improving cash flow and a depreciation schedule plays a critical role. As investment properties undergo renovations, asset replacements or structural upgrades, the original schedule may no longer reflect the property's current condition. That's where BMT Tax Depreciation's MyBMT platform adds value.

MyBMT enables investors to efficiently manage and update their depreciation schedules. Whether new flooring has been installed, appliances upgraded or major renovations completed, it's essential that these changes are reflected in the schedule to ensure all eligible deductions are captured.

Through the MyBMT platform, investors or their accountants can request an update directly online, removing the need for lengthy phone calls or back-and-forth emails. Once logged in, they can select the relevant property and upload documentation such as invoices, receipts or a renovation summary. BMT's expert team will review the changes and update the schedule, accordingly, helping to maintain maximum depreciation benefits year after year.

Commercial property investors can also use MyBMT to upload property photos, track income and expenses and collaborate with their accountant, all within a central, secure portal. This approach supports proactive tax planning and smarter asset management.

Investors who have made changes to their property should not risk missing out on valuable deductions. Logging into MyBMT to update a depreciation schedule is a simple step that can help boost overall returns and strengthen long-term investment performance.



From paddock to profit: Depreciation benefits of Agritech in large-scale beef farming

Australia's agricultural sector is a critical pillar of the national economy, renowned not only for its scale and export capacity but increasingly for its adoption of innovative technologies. Among rural industries, beef production is the most valuable, contributing over $14 billion in annual farmgate value and supporting one of the world's most advanced supply chains.

With global demand for traceable, high-quality protein increasing, agricultural technology (agritech) is playing a transformative role in improving efficiency, profitability and long-term sustainability, particularly across Australia's largest cattle operations.

Properties such as Anna Creek Station in South Australia span more than 23,000 square kilometres and many pastoral enterprises manage 40,000 to 100,000 head of cattle. These stations must compete on efficiency and volume while navigating challenges such as labour shortages, water insecurity and environmental variability, areas where agritech delivers significant value.

Agritech in beef operations

The beef sector is embracing agritech to improve productivity, oversight and resource efficiency. IoT water sensors with solar telemetry provide real-time monitoring of tanks and bores, reducing labour and livestock risk.

GPS collars track cattle movement and grazing patterns, aiding mustering and land use decisions. Drones support safer, more efficient surveillance and mustering in remote areas. Satellite imaging delivers pasture biomass data to guide grazing rotations, destocking and drought response.

Farm management platforms like AgriWebb and MaiaGrazing centralise data on livestock, paddocks and treatments, enhancing compliance, tracking and decision-making.

Together, these technologies streamline operations and support sustainable, data-driven beef production across large pastoral enterprises.

Depreciation of agritech assets

In addition to operational benefits, agritech investments offer substantial tax advantages through depreciation. Under Australian tax law, these assets are considered depreciating assets, meaning producers can claim a portion of their cost each year as a tax-deductible expense. This reduces taxable income, improves cash flow and supports reinvestment into further technology upgrades.

BMT Tax Depreciation recently prepared a detailed schedule for a privately held mega farm in the Northern Territory, spanning 3.4 million acres and running 40,000 head of cattle for both live export and boxed beef markets.

Following a change in ownership, the new operators introduced a suite of infrastructure and technology upgrades that generated significant depreciation deductions, providing a strong financial return and boosting the bottom line.

Table 1. Depreciation deductions on upgrades for beef cattle farm

Asset	Total value	1st year deductions	1st 5 year cumulative
40-F			
Fences	$3,285,000	$3,285,000	$3,285,000
Fodder storage	$240,000	$240,000	$240,000
Boreholes	$750,000	$750,000	$750,000
Water tanks	$5,000	$5,000	$5,000
Troughs	$550,000	$550,000	$550,000
Pipelines	$412,500	$412,500	$412,500
Solar pumps	$51,000	$51,000	$51,000
Div 40			
Solar panels	$10,000	$500	$2,500
Sheds	$518,000	$12,950	$64,750
ATV	$129,000	$25,800	$129,000
Motorbikes	$60,000	$12,000	$60,000
Trailers	$305,000	$61,000	$305,000
GPS tracking collars	$4,050,000	$1,350,000	$4,050,000
Drones	$25,000	$8,333	$25,000
Div 43			
Helicopter hangar upgrade	$102,000	$2,550	$12,750
Helipad upgrade	$123,640	$3,091	$15,455
Total depreciation deductions	**$10,616,140**	**$6,769,724**	**$9,957,955**

For high-turnover operations, depreciation deductions can lower taxable income, boost cash flow and fund further tech investment. Additionally, low-value items and software subscriptions may be eligible for immediate write-offs, depending on tax thresholds.

i

Section 40F allows primary producers to claim accelerated depreciation for eligible assets used in their operations. The rules were introduced to support investment in farm infrastructure by allowing faster tax write-offs.

With over 60 per cent of Australian beef exported, agritech is essential to meeting global standards for sustainability, traceability and animal welfare. Technologies enabling live data, environmental monitoring and digital compliance, position producers as leaders in responsible protein production.

Integrating advanced technology with strategic depreciation planning allows cattle producers to enhance operational efficiency while making the most of available tax benefits, supporting long-term productivity and profitability.

For expert advice on property tax deductions available for agricultural farms, contact BMT Tax Depreciation on **1300 268 628** or **request a quote** online today.

Discover the build cost of your next project

The BMT Construction Cost table is a useful guide to the cost of construction for different types of residential and commercial buildings.

To discover the build costs of your next project, adjust costs for various regions by multiplying the construction cost by the regional variations opposite. This will provide an approximate cost for the construction cost per square metre in your area.

Alternatively, you can download and calculate build costs using the BMT Cost Calc app at **bmtqs.com.au/cost-calc**.

Regional variations

Hobart	95 - 125%
Canberra	92 - 125%
Melbourne	95 - 105%
Adelaide	95 - 108%
Sydney	100%
Perth	98 - 120%
Brisbane	95 - 115%
Cairns	110 - 130%
Darwin	100 - 120%

Construction type		Level of finish (per m²)		
		Low	**Medium**	**High**
House	3BR weatherboard project home, level block, single level, shelf design	$1,981	$2,217	$2,743
	3BR brick veneer project home, level block, single level, shelf design	$2,111	$2,351	$2,808
	3BR full brick project home, level block, single level, shelf design	$2,193	$2,436	$3,046
	4BR weatherboard home, level block, single level, unique design	$2,781	$2,972	$3,709
	4BR brick veneer home, level block, single level, unique design	$2,955	$3,095	$3,895
	4BR full brick home, level block, single level, unique design	$3,305	$3,776	$4,161
	3BR brick veneer project home, level block, two level, shelf design	$2,201	$2,432	$3,000
	3BR full brick project home, level block, two level, shelf design	$2,283	$2,567	$3,149
	4BR brick veneer home, level block, two level, unique design	$2,999	$3,390	$3,935
	4BR full brick home, level block, two level, unique design	$3,315	$3,806	$4,155
	Architecturally designed executive residence	$4,400	$5,633	$7,879
Townhouse	2BR single level brick veneer townhouse including allowance for common property	$3,105	$3,532	$3,978
	2BR 2 level brick veneer townhouse including allowance for common property	$3,188	$3,591	$4,173
	3BR single level brick veneer townhouse including allowance for common property	$3,075	$3,502	$3,934
	3BR 2 level brick veneer townhouse including allowance for common property	$3,158	$3,679	$4,188
Units	3 level walk-up unit complex, concrete structure, ground floor parking	$3,268	$3,508	$4,257
	3 level walk-up unit complex, concrete structure, basement parking	$3,203	$3,442	$4,188
	4-8 level unit complex, including lift, concrete structure, ground floor parking	$3,734	$4,017	$4,866
	4-8 level unit complex, including lift, concrete structure, basement parking	$3,651	$3,934	$4,786
	8 or more level unit complex, including lift and basement car parking	$3,874	$4,397	$5,591
Commercial	1-4 level open plan offices, including A/C & lifts, excluding fit out	$3,367	$3,754	$4,412
	4-8 level open plan offices, including A/C & lifts, excluding fit out	$3,903	$4,188	$5,632
	8 levels and over, including A/C & lifts, excluding fit out	$5,585	$5,898	$6,167
Industrial	High Bay Warehouse, standard configuration, concrete floor, metal clad	$1,604	$1,811	$1,952
	High Bay Warehouse, standard configuration, concrete floor, pre-cast concrete wall clad	$1,969	$2,081	$2,319
Retail	Suburban shopping mall area including A/C	$4,206	$4,385	$4,907
	Supermarket, including A/C, excluding fit out	$2,663	$2,844	$3,188
Hotels/motels	Single level boutique motel including A/C, guest facilities	$5,181	$5,928	$7,793
	Single level tavern/hotel including A/C, excluding loose item fit out	$4,322	$5,144	$6,190

The above rates exclude goods and services tax (GST). Please visit **bmtqs.com.au** for more information.

The construction costs are average prices in a metropolitan area and should be adjusted with reference to specific conditions. They are not intended to be relied upon or used for tendering or pricing variations. Construction costs include costs of labour and materials, waste, hoisting, fixing in position and a profit allowance based on prevailing market conditions but exclude any GST, costs of land, demolition and any work outside the footprint of the building.

Sydney
Level 17, 123 Pitt Street
Sydney NSW 2000

Parramatta
Level 14, 3 Parramatta Square,
153 Macquarie Street
Parramatta NSW 2150

Brisbane
Level 22, 127 Creek Street
Brisbane QLD 4000

Gold Coast
Level 15 Corporate Centre One
2 Corporate Court
Bundall QLD 4217

Newcastle
19 Brunker Road
Broadmeadow NSW 2292

Melbourne
Level 50, 120 Collins Street
Melbourne VIC 3000

Darwin
Level 1, Paspalis Centrepoint
48-50 Smith Street
Darwin NT 0800

Perth
Level 28, 140 St Georges Terrace
Perth WA 6000

Cairns
181 Mulgrave Road
Cairns QLD 4870

Canberra
Level 5, 15 Moore Street
Canberra ACT 2600

Adelaide
Ground Floor,
121 King William Street,
Adelaide SA 5000

Hobart
Level 3, 85 Macquarie Street
Hobart TAS 7000

1300 268 628 | maverick@bmtqs.com.au | bmtqs.com.au