



Tax breaks for SMSFs open doors for property investment

Australians love property and more people are using their self managed super funds (SMSF) as a tax effective way to get into this market.

Property has become one of the most popular asset classes for SMSFs with more than \$46 billion invested in property, according to ATO March 2009 asset allocation data.

National Sales Manager of daVinci Advisors Michael Kolikias believes the population of SMSF trustees buying property will continue to grow as people realise the tax breaks on investment products such as property warrants.

“Since super laws change to allow borrowing within super, property warrants have become a popular way for super funds to buy investment properties and pay it back, over time, in a very tax effective way,” Mr Kolikias said.

“The tax advantage is that all interest paid on the property loan is tax deductible for the super fund and rental income is only taxed at 15 per cent.” He said.

daVinci Advisors’ subsidiary Quantum Warrants allows clients to borrow up to 80 per cent of the asset’s value through a Property Warrant at a variable interest rate of 6.9%.

“Tax deductions on the interest and paying minimal tax on contributions within super means investors can pay down their property loan a lot quicker,” Mr Kolikias said.

“People are taking advantage of these tax benefits to take full ownership of property faster than you normally could outside of super. Most SMSF trustees pay the loan off within the ten years.

“In addition, if clients hold the investment property into retirement, they don’t pay any capital gains tax.

“This makes this investment strategy one of the most tax effective ways to buy and pay off a property loan,” he said.

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About Property Warrants

Key Features

- Quantum allows clients to borrow up to 80 per cent, while not requiring the client to provide personal guarantee or the financials of the SMSF – unlike similar products in the marketplace.
- In 2005 Quantum was the first issuer of Property Warrants in Australia.
- A simple way to leverage an investment in property through a limited recourse loan within Super.
- The benefits of property ownership with an initial investment that’s a fraction of the property’s full value.