

WHEN IS A QS REPORT NOT “A QS REPORT”?

By George Smit B.Sc.QS (yes, I am a QS!!!) George qualified some 31 years ago , worked for various professional firms, and worked for a home builder/developer as their national development manager. He has specialised in depreciation for the last 13 years where he trades as **Condev Depreciation Services**. George also has Parkinson 's disease.

The answer to the question is, of course, always. They are so different, beyond the average investors understanding. A QS report or to be terribly pedantic about it, but then I am a QS after all, is more correctly known as a **DEPRECIATION AND BUILDING ALLOWANCE SCHEDULE**. But please understand that it is **not a uniform or standard product**. Tax law on depreciation alone fills up a stationary cupboard. And it's not black and white. The ATO has taken to favour the press release rather than changing the law. It's "guide to rental properties" is frankly more of a wish list than one based in law. The Australian Institute for QS's is not much better. Their approach seems to be to list the various ways one can deal with various issues rather than refer to the law which is a bit too complex. Besides they don't want to offend the ATO. The ATO is, like most business's, suffering a skilled labour shortage. Try getting a sensible answer to a technical query

Then there are the QS's themselves. No one took depreciation seriously until the downturn hit and the bigger profitable jobs dried up. I recall one very senior QS in a very large firm in the city saying that he would take Suncorp as a client rather than a thousand mom and pop investors. Some do property valuations as a bread and butter and hope for some cream in tax work. Very, very few ever specialise. There are maybe 5-7 in the whole of Brisbane with the experience. They all have their own companies and you would have to be very lucky to have them cast their eyes over your report. Never mind thoroughly check the work done by a more lowly paid "cadet"

QS's are by nature very conservative professionals. Dealing with the banks with builders payments, will do that to you. Give them two methods, both, I was going to say approved by the AIQS until I read their disclaimer, so let me rather say "covered by the AIQS". Take a wild guess at which method they will choose to use. Right first time, the most conservative one, also happens to be the one that is legally incorrect, but "covered by the AIQS", absolutely loved by the ATO. The only loser is the property investor. But then from what I read, the ATO really needs the money.

Investors are also part of the equation. They phone around "I just want a quote", they say. They get very agitated when you ask them what method they are getting quotes for. They don't want an explanation, they "just want a quote". I ask if they are getting references from accountants or investor groups, "I just want a quote" by now screaming. I continue to ignore their cries for "I just want a bloody quote" My coup de grace comes when I ask them what they need the QS report for. "It's to reduce my tax, man, I am paying far too much". " How much do you want to reduce your tax by?" \$5,000 or \$10,00pa ? And hang up. Most phone back a day or so later. So far nobody has bothered to check my references. Go figure that in over 13 years.

And now the property investor can also DIY depreciation, but that's another story!!!