

NRAS explained

What is the National Rental Affordability Scheme and why all the excitement?

The opportunity to now own a Positively Geared Investment Vehicle is real! Highly suited to individuals wanting a Positive Geared Investment Property or to Self Managed Super Fund investments

Secure * \$113,000 dollars of tax credits over the next 10 years and get the Australian Government to help you grow and maintain your wealth !

All you have to do is put a new Rental Property onto the rental market, sit back and have a rental management company do all the work for you through the National Rental Affordability Scheme

To explain the advantages of NRAS :

1. Positively Geared, meaning that for only \$45k deposit on an investment property of say \$450,000 ... you may never have to pay another dollar into the property
 - a. In fact, you could be receiving positive cash flow income in year one
 - b. We ask, where could you get title to an asset of Half a Million Dollars for only \$50k investment?
 - c. In fact between the negative gearing savings in tax of around \$7,500pa + \$10,350pa Tax Credits from the NRAS Tax Incentive = around \$18,000 Income Tax not paid to the tax man
 - d. Or you could view it as paying off your \$50k deposit in 2.5 years!!
2. NRAS properties are based in growth locations and need to be close to public transport, schools, employment, hospitals etc – the same requirements as for any sound Investment Property
3. NRAS is a highly managed programme that runs for 10 years and with a demand for the needs of 1,500,000 families / individuals who qualify to be your tenants ... and with only 50,000 NRAS licenses on the market or under construction - Your opportunity is enormous!
 - a. 40,000 licences already issued onto properties meaning your opportunity to secure one or 2 of the last 10,000 licences Australia wide is diminishing
4. May we assume you will be paying income tax this financial year? You now have the opportunity of diverting around \$18,000 pa, of Income Tax you will be paying into this NRAS opportunity to grow your own wealth; whilst the government and your tenant pay off a part of your financial planning!
 - a. Meaning that not only do you receive \$10,350 as a Tax Credit this financial year, you are also eligible to claim all costs associated with your investment property that could save you a further *\$8,000 in personal income taxes you would have otherwise paid to the tax man *based on your taxable income and expenses of your chosen investment property

View [here](#) to watch the video explanation and for more info on NRAS [click here](#)

Why do NRAS properties ideally suit a Self Managed Super Fund as an investment vehicle?

SMSF are tax efficient up to 15% only and negative gearing in order to be effective works off a higher tax rate we are sure you would agree!

With the average over ten years of *\$10,350 in Tax Credits* coming into the SMSF, it mostly negates the negative gearing factor and ranks this asset class high up on the agenda as a first choice investment vehicle

NRAS properties are to be found in Growth Locations and will become sought after rental properties now and into the future as the waiting list to be a NRAS tenant grows ... meaning very high occupancy rates and tenants who look after the property as their own to remain longer term tenants!

In one's personal capacity and dependant on current Taxable Income, after only a 10% deposit, we calculate that these properties will be positively geared in the investor's hands from the outset

What this means to you is that for an Investment of say \$50,000 you will own title to an Asset worth Half a Million \$'s and probably not have to make any further contributions plus receive a residual income from being Positively Geared ...

How good is that!!!

NRAS is the National Rental Affordability Scheme, where both Federal and State government have incentivised Investors to put a new Investment Property on the market (to help cover the undersupply of rental properties) and offer this new rental property at a discounted rent of 20% in the state of Victoria (as rentals increase affordability reduces)

What this means is that if the property is rented out at say \$380 per week and you provide a 20% discount on this rent then the tenant is saving \$76 dollars per week on their rent.

The upside is that you will receive an annual Tax Credit of \$10,350 as an incentive (no matter the value of the property or taxable income) for putting a rental property on the market this financial year, which is linked to Rental CPI. (Previous Tax Credit last year was \$9,981)

Divide \$10,350 by 52 weeks = \$199 per week which more than covers the \$76 discount given to the tenant. In fact you are left with a surplus of \$123 every week ... ensuring your investment is Positively Geared

The NRAS option is a 10 year incentive and the owner of the Investment can at any time during these 10 years remove the property from the scheme or sell it with or without the NRAS incentive. They estimate that with CPI tax credits over the 10 years will amount to over \$100,000!! Who *wouldn't want a discount of \$113,000* on their Investment Property??

As per table below this makes for an excellent Investment Propertunity for you and your clients. It also is highly suited to a *Self Managed Super Fund* which only receives Taxable Benefit up to 15% ... so an added \$10,350 tax credit provides an incredible opportunity to reduce negative gearing!

Taxable Income	Property Value	Stamp Duties	Deposit	Interest Only	Gross Rent	Body Corp	Tax Credit	Positive Gearing	Investment Rate of Return
\$80,000	\$430,000	\$4,000	10%	6%	\$380 pw	\$1,500	\$10,350	\$123 pw	64.73%
\$100,000	\$430,000	\$4,000	10%	6%	\$380 pw	\$1,500	\$10,350	\$144 pw	66.64%
\$120,000	\$430,000	\$4,000	10%	6%	\$380 pw	\$1,500	\$10,350	\$146 pw	66.65%
\$80,000	\$430,000	\$4,000	20%	6%	\$380 pw	\$1,500	\$10,350	\$155 pw	46.97%
\$100,000	\$430,000	\$4,000	20%	6%	\$380 pw	\$1,500	\$10,350	173 pw	47.70%
\$120,000	\$430,000	\$4,000	20%	6%	\$380 pw	\$1,500	\$10,350	\$175 pw	47.73%
Self Managed Super Fund									
Tax 15%	\$430,000	\$4,000	25%	6%	\$380 pw	\$1,500	\$10,350	\$68 pw	23.25%
Tax 15%	\$430,000	\$4,000	30%	6%	\$380 pw	\$1,500	\$10,350	\$93 pw	21.68%
Expenses include : Rental Management @ 10%, Rates \$2,000, Body Corp \$2,000, Insurance \$400, Maintenance \$450, Depreciation on Construction \$180,000, Depreciation on Fittings \$30,000									