

Have you considered pre-paying your loan interest before 30th June?

Which Property Financial Services Press Release

The end of the financial year is an excellent opportunity to assess your finances, according to mortgage expert Yanna Clapham.

"There are a number of strategies and options for how you repay your loan, so now is a good time to make sure your mortgage is the most suitable for your circumstances" said Mrs Clapham, Director of Financial Services at Which Property Financial Services.

One strategy many property investors consider at this time of the year is pre-paying the interest on their loan, which could provide investors with significant savings. "This strategy is in many cases best applied upon the purchase of a property prior to 30th June, and it's not too late" said Mrs Clapham.

So how does this strategy work? It is possible to pre-pay the interest on your investment property's loan, allowing you to claim next year's interest repayment against this year's taxable income. This strategy has become increasingly popular for investors seeking to offset their tax in the current financial year.

For some, there may also be tax savings available on future pre-payments too – specifically if you have a particularly high taxable income this financial year and/or lower income the following year.

"This may be the case for an investor who has sold an investment property this financial year, thus incurring capital gains tax. By purchasing another investment property and pre-paying the interest, the tax rate can be reduced, generating a tax saving. Another good example would be anyone who is looking to retire or semi-retire, knowing that their income will be substantially less the following year" explains Mrs Clapham.

Everyone's circumstances are different, and it is best to tailor a strategy to suit your needs. The easiest way for you to determine if this strategy is suitable for your personal circumstances is to discuss this opportunity with your accountant or mortgage expert.

You can contact Yanna about your mortgage needs on phone 07 3505 6000 or email finance@whichproperty.com.au.

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