



Property Management

WHAT EXPENSES CAN YOU CLAIM ON YOUR RENTAL PROPERTY?

As an owner of a rental property, you are entitled to claim tax deductions for some of the expenses you incur while your property is rented or available for rent.

To work out what you can and cannot deduct from your tax, you need to understand which expenditure category your costs fall into.

- Expenses that are not related to the rental of a property, such as expenses connected to your own use of a holiday home that you rent out for part of the year.

IMMEDIATE DEDUCTIONS

Immediate deductions are expenses you can claim in the same income year you incurred the cost, the proviso being they were incurred at **your** expense (not your tenant's expense).

Immediate deductions would include expenses like:

- Advertising for Tenants
- Bank Charges
- Body Corporate Fees & Charges
- Cleaning
- Council Rates
- Electricity & Gas
- Gardening & Lawn Mowing
- In-house Audio & Video Service Charges
- Insurance
- Interest on Loans
- Land Tax
- Lease Document Expenses
- Legal Expenses
- Mortgage Discharge Expenses
- Pest Control
- Property Agent's Fees & Commissions
- Quantity Surveyor's Fees
- Repairs & Maintenance
- Secretarial & Bookkeeping Fees
- Security Patrol Fees
- Servicing Costs e.g. Water Heater
- Stationery & Postage
- Telephone Calls
- Tax Preparation Expenses
- Travel & Car Expenses
- Water Charges



The three categories are:

- An expense you cannot claim a deduction for.
- An expense you can claim an immediate deduction for in the income year you incur the expense.
- An expense you can claim deductions for over a number of income years.

NON-DEDUCTIBLES

Expenses you cannot claim deductions on include:

- Acquisition and disposal costs of the property e.g. purchase cost, Conveyancing costs, advertising expenses and stamp duty on the transfer of property.
- Expenses not actually incurred by you, such as water or electricity charges paid for by your tenants.

relax . celebrate . enjoy



WHAT EXPENSES CAN YOU CLAIM ON YOUR RENTAL PROPERTY? (CONTINUED)



LONGER TERM DEDUCTIONS

There are expenses you incur on your rental property that you can claim tax deductions for over a number of income years. These deductions fall into the following categories:

- Borrowing expenses.
- Depreciating assets.
- Capital works deductions.

BORROWING EXPENSES

Borrowing expenses are expenses directly incurred from taking out a loan on your property. It includes loan establishment fees, title search fees and costs for preparing and filing mortgage documents.

Also included are costs that you incur based on your lender's requirements e.g. lender's mortgage insurance.

Borrowing expenses do not include interest expenses or insurance policy premiums.

DEPRECIATING ASSETS

The Australian Tax Office (ATO) states that you are entitled to deduct an amount equal to the decline in value for an income year of a depreciating asset that you held for any time during the year.

Examples of depreciating assets include:

- Floor carpets depreciated over 10 years.
- Window curtains depreciated over six years.
- Solar powered generating systems depreciated over 20 years.

PROPERTY MANAGEMENT INDUSTRY UPDATE

Did You Know? We held 61 viewings in June. Our vacancy rate is 3.5% where as the industry average is sitting at 6.5% and we have leased 89 properties in 2017!

Disclaimer

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