

## Rental Property Tax **Deductions Checklist**



### Deductible Expenses

- Bookkeeping fees, accountants fees and fees for accounting software
- Advertising the property for rent
- Agents fees and commissions for property management
- Bank charges – for accounts used for collecting rent and paying outgoings
- Body corporate fees (excl special purpose levy contributions for improvements, initial repairs)
- Borrowing expenses – e.g. search fees, valuation fees, survey and registration fees, broker's commissions, mortgage insurance, etc. (Note: borrowing expenses are deductible but not all at once – check with your accountant)
- Capital Allowances (Division 43 claims for building, capital improvements) – an

annual write-off for the depreciation of the building and/or structural improvements or additions – use a depreciation schedule prepared by a quantity surveyor to report on qualifying works

- Cleaning – internal and external (windows, pool etc) gardening, lawn maintenance, pest control

- Depreciation of fixed assets (division 40 assets e.g. carpet, blinds, hot water system, air conditioning etc) – use a depreciation schedule prepared by a quantity surveyor (changes may apply for properties purchased after 7.30pm 9th May 2017)

- Electricity and gas expenses not paid for by the tenant

- In-house video service charge (e.g. Foxtel) not paid by the tenant

- Insurance premiums – sickness/accident, building, fire, burglary, public liability, landlord insurance

- Interest expense on the loan
- Land tax or other property related taxes
- Lease preparation, registration, stamping
- Legal costs for recovering unpaid rent, seeking damages for breach of agency agreement, reviewing tenant credit worthiness
- Mortgage discharge expenses and penalty interest on early loan repayment
- Mortgage insurance – treated as a borrowing expense
- Postage, stationery, telephone call and rental (when related to dealing with real estate agents, tenants, services and other matters related to the rental property)
- Pre-payments – full amount deductible up front if less than \$1,000 and relates to period less than 12 months (confirm with accountant)
- Quantity Surveyor report – for claiming Capital Allowances and Depreciation (as referred to above)
- Rates (council and water) that are not paid for by the tenant
- Repairs and maintenance during the tenancy (initial repairs will be considered capital improvements and written down over time)
- Security monitoring costs
- Travel expenses – to prepare for incoming tenants, to collect rent, to inspect the property during or at the conclusion of tenancy, to action repairs and maintenance, to inspect prior to purchase, visiting agent

to discuss the property (commercial only)

### **Paperwork to assist your accountant at Financially Sorted**

- Bank statements for property related accounts – income and expense accounts,
- Loan statements for property related investments,
- Statement of income and expenses from your property manager/agent,
- Rates notices (both council and water)
- Invoices and receipts relating to your property expenses,
- Insurance documents outlining your insurance premiums,
- Tax depreciation schedule (quantity surveyors report),
- Travel log book,
- Any other document you normally provide.

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If any products are discussed, you should obtain a Product Disclosure Statement relating to the products and consider its contents before making any decisions. It is recommended to seek advice from a qualified Professional relevant to your particular needs or interests. (For instance, Tax Advice from a Tax Agent, Financial Advice from a Licensed Financial Adviser and so on and so forth).





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