

Property Tax Deduction Checklist

<input checked="" type="checkbox"/>	Considerations
Rental Details	
	If you own or have interest in Australian property, you will need to include a rental property schedule as part of your Income Tax Return.
	Do you have multiple rental properties? If yes, are the properties: <ul style="list-style-type: none"> ▪ On different titles? If yes, separate rental property schedules will need to be prepared for each property; or ▪ On the same title? If yes, only one rental property schedule needs to be prepared.
	If you only have a part-interest in an investment property (joint proprietor or a tenant in common), only include your share of the income and expenses.
	Was your property used for private purposes during the financial year? If yes, apportion your property expenses according to how long the property was available for rent.
Income	
	Include all rental income paid by your tenants. Do not deduct any agent's fees, commissions or any other expenses.
	Include all other income received – e.g. compensation for lost rent, rental bond money received, reimbursements, proceeds on insurance policies, etc.
Expenses for which you can claim as an immediate deduction	
	<i>Administration expenses:</i> <ul style="list-style-type: none"> ▪ Electricity and gas expenses that are not covered by tenant ▪ Expenses incurred in attending property investment seminars ▪ Legal expenses relating to debt collection or tenant problems ▪ Postage on documents relating to property management ▪ Stationery used to maintain your rental records ▪ Telephone calls relating to property management.
	<i>Property agent management:</i> <ul style="list-style-type: none"> ▪ Lease document expenses ▪ Letting fees ▪ Postage ▪ Property agent fees and commissions ▪ Statement fees.
	<i>Property management and maintenance expenses:</i> <ul style="list-style-type: none"> ▪ Advertising for tenants ▪ Bank charges and fees ▪ Body corporate fees or Strata Title fees and charges ▪ Borrowing costs less than \$100 ▪ Cleaning ▪ Gardening and lawn mowing ▪ Insurances ▪ Interest on bank loans used to purchase an investment property. If using a line of credit, only the portion of the loan used to purchase the property is deductible ▪ Pest control ▪ Security patrol fees.
	<i>Rates and taxes:</i> <ul style="list-style-type: none"> ▪ Council rates ▪ Land tax – you must advise the State Revenue Office of your interest in an investment property in each state. They can charge interest and penalties for failure to report your interest ▪ Water charges, rates and usage.

Expenses for which you can claim as an immediate deduction... continued

Repairs and maintenance:

Repairs made immediately after purchase of the investment property or maintenance to make the property suitable for rent are considered to be of a capital nature. No immediate deduction is available as the ATO considers the lower price of the property – forming part of the cost of the property.

Repairs and maintenance expenditure is incurred as a result of general wear and tear on the rental property. Expenditure that results in the asset being improved beyond that of its original state will not be deductible. Such improvement expenditure will be required to be capitalised to the cost base of the property and can be depreciated. Generally, repairs include:

- Plumbing
- Electrical
- Handyman.

Expenses deductible over a number of years

Borrowing expenses exceeding \$100 are deductible over the period of the loan where the loan is less than five years. Otherwise they are deductible over five years. These expenses include:

- Lenders mortgage insurance
- Loan application fees
- Mortgage registration fees
- Stamp duty on mortgage
- Title search fees.

For any plant, equipment, fixtures and fittings purchased for more than \$300 are depreciated over their useful lives. The ATO provides guidance for certain assets [here](#).

An annual write-off may be available for the cost of constructing:

- a rental property building
- an extension, alteration or improvement to a rental property; or
- a structural improvement (e.g. a plastering or a fence).

Deductions for construction expenditure and structural improvements may be available and will, in most cases, be deducted on a straight-line basis over 40 years.

Other considerations

Have you purchased your property before 9 May 2017? If so, consider obtaining a depreciation schedule to maximise your depreciation deductions.

Will your income materially decrease in the next financial year? If so, it may be worth prepaying interest on your loan to maximise your tax savings.

Did you just purchase your property? Ensure you claim all expenses listed on your Statement of Adjustments.

ProSolution Tax Advisory is a registered tax agent (17682003). If you would like some assistance with your tax, please contact Mena Abraham at (03) 8624 4602 or at mabraham@prosolution.com.au.



Important disclaimer: This checklist is a simple resource that will assist you in assessing your potential tax position. The checklist is not exhaustive and exceptions may apply. The tax rules are correct as at July 2017 and may subsequently change. You should seek professional tax advice from a registered tax agent before taking any action. This checklist provides general advice only and cannot consider your specific circumstances. As such, ProSolution Group Pty Ltd does not accept any liability for reliance upon this checklist.