

Rental Property Tax Deductions Checklist

Deductible Expenses - Financial Year 2016 - 2017

- 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, stamp duty, 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 any 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 - contact Capital Claims Tax Depreciation to confirm your situation)
- 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
- 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 calls 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

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Paperwork to assist your accountant

- Bank statements for property related accounts - income and expense accounts and loan accounts
- Statement of income and expenses from your property manager
- Rates notices
- Invoices and receipts relating to your property expenses
- Insurance documents outlining your insurance premiums
- Tax depreciation schedule (quantity surveyors report)
- Travel log book

Helpful links

- ATO: Residential rental properties — expenses you can claim <https://www.ato.gov.au/General/Property/Residential-rental-properties/Expenses-you-can-claim/>
- ATO: Rental properties 2016 <https://www.ato.gov.au/Individuals/Tax-return/2016/In-detail/Publications/Rental-properties-2016/>
- Capital Claims Tax Depreciation <http://capitalclaims.com.au/residential-depreciation-schedules/>

This checklist is intended to be used as a guide only for the 2016—2017 financial year only. We recommend all investors seek advice from a qualified accountant, or the ATO. Do not rely on the information contained in this checklist alone. Should you have any feedback regarding this checklist, please don't hesitate to get in touch with us on 1300 922 220.

**Capital Claims Tax Depreciation services investors
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