

Deductions for Rental Properties



What you need to know.

There are three rental expense categories, those for which you:



- Can claim a deduction in the income year you incur the expense, for example, interest on loans, council rates, repairs and maintenance, and depreciating assets costing \$300 or less.
- Can claim deductions over multiple years, such as for capital works, borrowing expenses, and the decline in value of depreciating assets.
- You cannot claim a deduction for personal expenses such as those related to your personal use of the property, some capital expenses, and the purchase of second-hand depreciating assets after 9 May 2017.

Before the property is available for rent, you can claim deductions for certain expenses, such as loan interest, if the expenses are incurred with the intention to rent out the property. It's important to categorize each expense correctly for tax purposes.

Claim the right amount of expenses

Remember to calculate the portion of the expense that is related to your income-producing activities if any of the following apply:

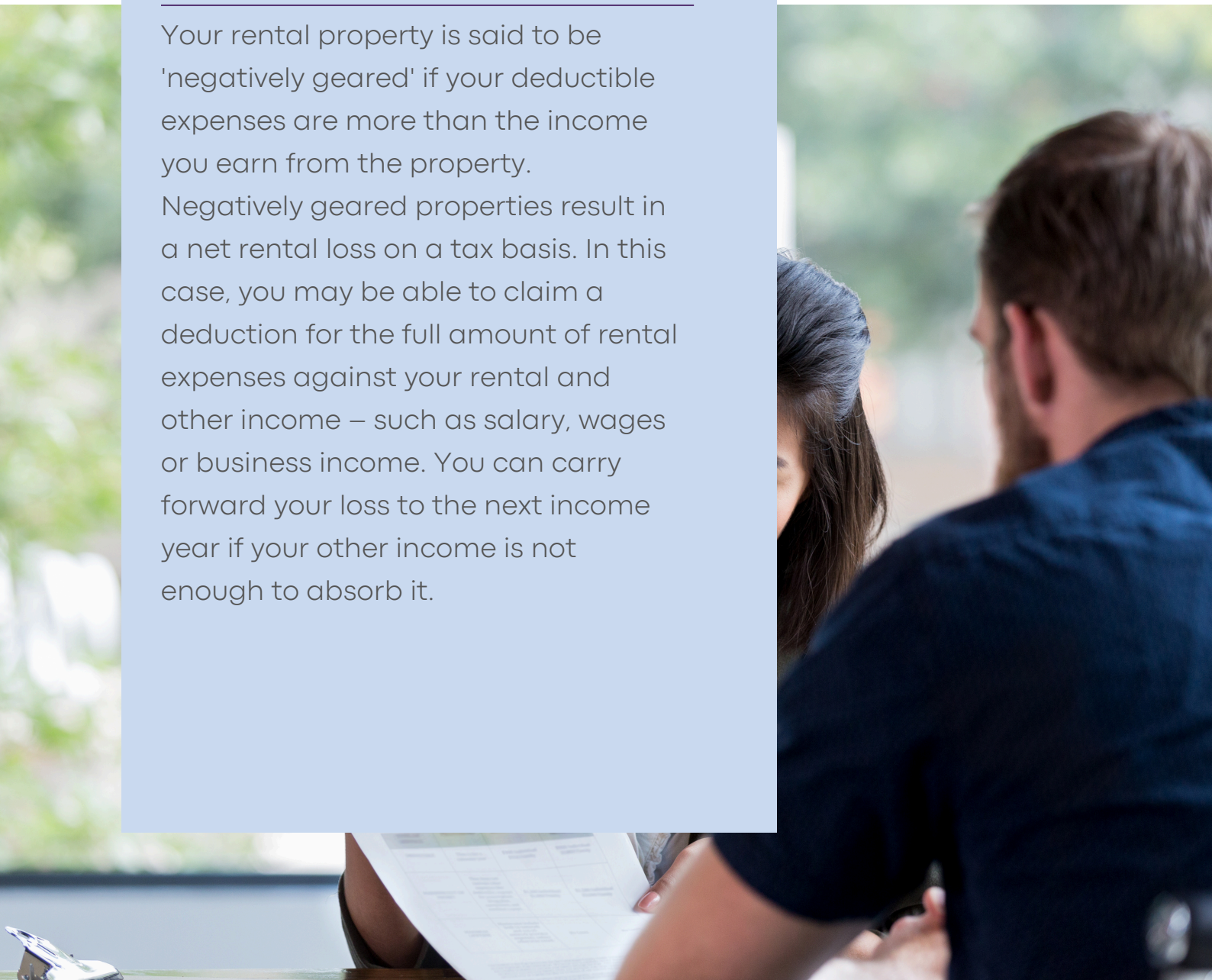
- Your property is genuinely available for rent only for part of the year.
- You use your property for personal purposes for part of the year.
- You only use part of your property to earn rent.
- You rent your property at non-commercial rates (less than market rates).
- You partially use your investment loan for personal purposes.



Positive or negative gearing

Your rental property is 'positively geared' if your deductible expenses are less than the income you earn from the property – that is, you make a profit from renting out your property.

Your rental property is said to be 'negatively geared' if your deductible expenses are more than the income you earn from the property. Negatively geared properties result in a net rental loss on a tax basis. In this case, you may be able to claim a deduction for the full amount of rental expenses against your rental and other income – such as salary, wages or business income. You can carry forward your loss to the next income year if your other income is not enough to absorb it.



What you can claim.

→ Advertising for tenants

→ Body Corp Fees

→ Pest Control

→ Interest and Prepaid Expenses

→ Repairs & Maintenance

→ Depreciation Schedule

→ Council Rates, Water Rates and Land Taxes

→ Cleaning/Gardening

→ Insurance (Building/Contents/Landlord)

→ Property Agent's Fees/Commission

→ Legal Expenses



Contact Information



Office: (03) 9728 1448

Address: 3/653 Mountain Highway, Bayswater VIC 3153

Postal: P.O Box 45, Kalorama VIC 3766