



# TAX RETURN CHECKLIST

## PROPERTY INVESTORS

### INCOME

- Rental Property Summary Report from your Real Estate Agent
- Details of any other income – including insurance payouts for damages, reimbursements from tenants, etc.
- Capital Gains from the sale of a property – we'll need copies of your purchase and sale contracts

### DEDUCTIONS

#### IMMEDIATE DEDUCTIONS

You can claim these expenses immediately in your Tax Return.

#### Administration Expenses

- Stationery used to maintain your rental records
- Postage on documents relating to property management
- Telephone calls relating to property management – Keep a diary record of these to satisfy the ATO
- Legal expenses relating to debt collection or tenant problems
- Electricity and gas – paid by you

#### Insurances

- Landlords
- Building
- Contents
- Public Liability

#### Property Agent Management

- Fees/commissions – including GST
- Postage
- Statement fees and
- Bank charges/fees
- Lease document expenses
- Letting fees

#### Property Management + Maintenance Expenses

- Advertising for tenants – paid by you or paid by agent
- Body Corporate fees or Strata Title fees and charges. Special levies for capital works on a building can only be depreciated at 2.5%
- Cleaning
- Gardening / Lawn Mowing
- Pest control
- Security patrol fees

## Rates + Taxes

- Water rates, charges and usage
- Council rates
- Land tax – first time owners must lodge an initial land tax return with the Office of State Revenue in each state. This is YOUR responsibility – you won't be automatically issued an invoice for this.

## Repairs + Maintenance

- Repairs relating to wear and tear or damage because of renting out the property. They do not include repairs of any damage in existence at purchase. The expense is a repair when it is being restored. Generally, repairs include:
  - Plumbing
  - Electrical
  - Handyman

## Be aware of the difference between repairs and improvements.

For example – fixing broken glass on a window is considered a repair. Replacing the whole window frame is an improvement which can be depreciated at 2.5%.

Repairs made immediately after purchase of an investment property or maintenance to make the property suitable for rental are of a capital nature (initial repair). These form part of the cost of the property and can be depreciated and they are not immediately deductible.

## Settlement of Property Purchase – information on your Lawyer's settlement letter

- Balance of council rates
- Balance of water rates
- Balance of body corporate fees

## Interest and Loan Account fees on loans to finance investment properties.

- For the interest to be deductible, the loan must have been applied to acquire an income producing asset e.g. rental property.
- Where loans are used for both an investment property and private assets, the interest has to be apportioned based on how much of the principal was used for which purpose. This usually happens when you use a Line of Credit facility.

## Travel Expenses

As of 1 July 2017, travel expenses for rent collection, inspections, repairs and maintenance are no longer allowed by the ATO as result of the 2017 Budget.

## Quantity Surveyor

- Report showing depreciation expenses and Special Building Write-off

## Seminars

- Cost of attending property investment seminars – only to the extent that they relate to operating or maximising the return on currently owned properties
- Where money is spent on relevant seminars before any property is acquired, there will be no deduction available

## DEDUCTIBLE OVER A NUMBER OF YEARS

### Borrowing Expenses

Deductible over the period of the loan where the loan is less than five years, or otherwise deductible over 5 years. Expenses deductible include:

- Loan Application fee
- Title search fees
- Lenders Mortgage insurance
- Stamp Duty on Mortgage
- Mortgage registration fees

### Depreciation on New Plant & Equipment

- The ATO calls this "Decline in Value" of depreciating assets
- The costs of installing any plant and equipment are also depreciated

### Depreciation on the Building Construction

- The ATO calls this a "Capital Works" deduction

For further information, please feel free to contact our office today.

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