

(RENTAL PROPERTY CHECKLIST)

Property Details

- Address of property
- Purchased in the name of (& ownership share)
- Date property was constructed
- Purchase price (& other costs) and date of acquisition
- Loan details
- Date the property first earned rental income
- The date of sale and proceeds (if sold in the current year)

Apportion expenses for private use? Holiday Home?

- Is rental property available for rent for 52 weeks a year?
- Do you use the rental property for any personal use?
- Is your holiday rental home being rented in the high season when holiday tenancy is usually high?

If there is an issue with any of these questions, then rental expenses should be claimed on an apportionment basis.

The ATO has an audit focus on rental properties in popular holiday areas (ie coastal areas) that are available for rent on a short-term holiday rental market. They need to be rented during the peak periods over summer, and that the rental rates are at market value during the peak, shoulder and low seasons of the year, otherwise the claiming of rental expenses like interest charges, depreciation, rates, etc may not be fully claimed.

Income & Deductions

Income

- Total rental income (or annual statement from real estate agent)
- Other rental related income (Insurance payments, reimbursements or recoupments, bond etc)

Deductions

- Interest on bank loan for rental property
- Borrowing fees (Establishment fees, stamp duty, title search fees, valuation expenses, mortgage insurance)
- Advertising
- Body corporate fees
- Rates (Council and water)
- Insurance
- Property agents commissions
- Cleaning and gardening expenses
- Land Tax
- Legal expenses (drafting lease agreements, enforcing rental payments etc.)
- Repairs and maintenance (expenditure must be incurred as a result of general wear and tear on the rental property. Expenditure that results in the property being improved beyond its original state will not be deductible, but depreciated)
- Postage, stationary and telephone expenses
- Travel expenses (travel must be related to the renting of the property, ie: inspection)
- Pest control expenses
- Expenditure/Depreciation relating to an asset of a capital nature (ie: air conditioners, smoke alarms, curtains and drapes, carpets, furniture and fittings, hot water service, electric heaters, refrigerators, stove/oven, washing machines etc)

Other Details

- Expenditure for capital works (deductions for construction expenditure and structural improvements may be available for construction that commenced after 18 July 1985 on residential properties)
- We highly recommend a quantity surveyors depreciation report to be completed for houses built after 1985, so that the maximum claim of depreciation and capital allowances can be confirmed and justified.

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