|  |  |  |  |
| --- | --- | --- | --- |
| **Street Address** |  | | |
| **Suburb / Town** |  | | |
| **State** |  | **Contract Date** |  |
| **Postcode** |  | **Purchase Price** | $ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Name of Property Owner #1** |  | **% Owned** | % |
| **Name of Property Owner #2** |  | **% Owned** | % |
| **Name of Property Owner #3** |  | **% Owned** | % |
| **Name of Property Owner #4** |  | **% Owned** | % |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **INCOME** | **$** | How many days during 2017/18 was this property available to rent? | | |  | |
| **Rental Income** |  | How many days during 2018/18 was this property actually tenanted? | | |  | |
| **EXPENSES** | **$** | How many days during 2017/18 did your family occupy this property? | | |  | |
| **Advertising for Tenants** |  | If you rented out your primary residence, what % was rented out? | | |  | |
| **Body Corporate Fees** |  |  | | | | |
| **Borrowing Expenses** |  | Refer to “Borrowing Expenses” notes on Page 3. | | | | |
| **Cleaning** |  |  | | | | |
| **Council Rates** |  |  | | | | |
| **Depreciation** |  | Refer to “Depreciation” notes on Page 3. | | | | |
| **Gardening / Lawn Mowing** |  |  | | | | |
| **Insurance** |  |  | | | | |
| **Interest on Loans** |  | Is there any finance associated with this rental property? | | | | |
| **Land Tax** |  | What percentage of the finance relates to this single property? | | % | |
| **Legal Fees** |  |  |  | | | |
| **Pest Control** |  |  | | | | |
| **Property Agent Fees / Commission** |  |  | | | | |
| **Repairs & Maintenance** |  | Refer to “Repairs vs Renovations” notes on Page 4. | | | | |
| **Special Building Write-Off** |  | Refer to “Capital Works” notes on Page 4. | | | | |
| **Stationery / Telephone / Postage** |  |  | | | | |
| **Travel Expenses** |  | Refer to “Travel Expenses” notes on Page 4. | | | | |
| **Water Rates** |  |  | | | | |
| **Sundry Expenses** |  |  | | | | |

|  |  |  |
| --- | --- | --- |
| Furnishings & Equipment purchased during 2017/18 (read “Depreciation” on following page) | | |
| Description | Date Purchased | Amount |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

**HOW TO MAXIMISE YOUR TAX DEDUCTIONS**

To assist you to maximise your claim for expenses associated with your investment property we have compiled the following notes in respect of some of the more difficult areas.

**LOAN INTEREST**

Loan interest is only deductible to the extent that the funds borrowed were for the acquisition of an asset used to derive assessable income. Where an investment property is mortgaged and the borrowings are used for non-income generating purposes (e.g. to purchase a main residence, motor vehicle, other private assets, or used for other purposes), the interest has to be apportioned and can only be claimed to the extent appropriate to the income-generating assets. Loan interest is often the largest deduction, so taxpayers ought to be very careful that they don’t claim too much.

**BORROWING EXPENSES**

Whenever you finance or re-finance your rental property investment, you are entitled to claim certain borrowing expenses (over a period of 5 years), to the extent the loan is used to produce assessable income. Such expenses include:

* Loan Application Fee
* Mortgage Registration Fee
* Mortgage Stamp Duty
* Title Searches by Mortgagee
* Document Registration Fee

***Note: If your finance or re-finance includes your private residence, your rental properties and other private assets, an apportionment will need to be made.***

**DEPRECIATION**

The following lists some of the items on which you are entitled to claim depreciation:

Air Conditioners, Bedding, Linen, Cooking Utensils, Crockery, Cutlery, Glassware, Curtains & Drapes, Carpets, Furniture & Fittings, Hot Water Systems, Floor Coverings, Lawn Mowers, Audio & Visual Equipment, Refrigerators, Vacuum Cleaners, Space Heating Units, Venetian Blinds and Washing Machines. If you have any of these items, then please list them on a separate page and *be sure to include* the ***purchase date*** and the ***purchase price***.

In the 2017 budget, the government announced that for residential investment properties where a contract was entered into from budget night (7:30pm on the 9th of May 2017), there will only be 2 ways that you will be able to claim Division 40 depreciation expenses (deductions for plant and equipment):

1. You buy a brand new residential property
2. You purchase the plant/equipment yourself

This means depreciation schedules obtained after the 9th of May 2017 should not include deductions for Division 40 depreciation deductions for plant and equipment, and if they do, the deduction will not be able to be claimed.

If you have an existing depreciation schedule (obtained before the 9th of May 2017) with Division 40 depreciation deductions, these will still be able to be used.

**CAPITAL IMPROVEMENTS: REPAIRS v RENOVATIONS**

The tax implications of classifying a cost as a repair or a renovation are significant. A repair can be written-off in the year paid, whereas a renovation is either added to the cost base of the property and subject to the Capital Works deduction rules (normally 2.5% over 40 years), or depreciated under the normal depreciation rates. The issues surrounding repairs and renovations are very complex. Therefore, if you have any doubts about whether an expense is a repair or a renovation, then we suggest that you seek our professional advice and e-mail your query to us. The Australian Taxation Office publication “*Rental Properties’,* provides some helpful guidelines on this issue as well as being an excellent general source of information regarding the treatment of rental income and expenses.

**CAPITAL WORKS DEDUCTION (SPECIAL BUILDING WRITE-OFF)**

A Capital Works deduction is a depreciation claim (usually 2.5% over a period of 40 years) made in relation to the capital cost of a building or improvements used for income producing purposes. The amount is based on actual construction cost, not purchase price. This initial construction cost is often difficult to determine. A report from a quantity surveyor, supervising architect or builder is accepted by the Australian Taxation Office. The cost of major structural improvements/renovations should also be added to the cost base for this purpose.

**TRAVEL EXPENSES**

From the 1st of July 2017, travel expenses incurred in gaining or producing assessable income **from the use of residential premises as residential accommodation** will no longer be able to be claimed.

‘Residential Premises’ is defined as: “land or buildings that:

1. Is occupied as a residence or for residential accommodation; or
2. Is intended to be occupied, and is capable of being occupied, as a residence or for residential accommodation

The effect of this change is that the majority of rental property owners will not be able to claim these expenses as a deduction against rental income. Do note however that travel expenses incurred in gaining or producing assessable income from the use of **commercial purposes**, or **residential premises used for other purposes aside from residential accommodation** will still be able claimable.

**PURCHASE OF RENTAL PROPERTY: COST BASE**

|  |
| --- |
| If the property was bought during the year we need the following information:- |
| * The purchase contract |
| * The contract date and settlement date |
| * A list of chattels bought and cost of each (e.g. stove, hot water service, carpets, curtains, blinds, oven, heater, ducted heating, etc) |
| * Details of borrowing costs and term of loan |
| * Details of stamp duty and legal fees paid |
| * The date the property was first constructed (year and month are enough) and cost of construction. |
| * The date the property was rented out if applicable |

**SELLING YOUR RENTAL PROPERTY: CAPITAL GAINS TAX**

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| --- |
| ***We strongly recommend that you consult with us prior to making a final decision to sell your property to ensure that you are aware of the possible Capital Gains Tax implications.*** |

The sale of an investment property is usually subject to Capital Gains Tax. To calculate whether your property has made a capital gain or a capital loss, we require the following information:

* Sale contract
* Estate agent costs
* Settlement Statement

**MAIN RESIDENCE**

* Whether you occupied the rental property as your main residence at any time.
* If so, please provide a timeline of occupancy periods and the market value of the property when first rented.

***PURCHASE COSTS*** ***SALE COSTS***

|  |  |  |
| --- | --- | --- |
| * Contract Price * Stamp Duty * Solicitors Fees * Conveyancing Fees | * Settlement Fee * Title Search Fee * Title Registration Fee * Land Tax Search Fee | * Sale Price * Agents Commission * Legal Fees * Advertising Costs |
| * Holding costs of the property ‘if purchased after 20th August 1991’   (not already claimed as an expense) | | |