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## INVESTMENT PROPERTY TAX DEDUCTIONS

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There are many tax deductions available to individuals who hold investment properties. It is essential, as a residential property investor, to keep track of your expenditure during the financial year, to ensure you receive all the deductions to which you are legally entitled.

If you are currently renting your investment property or if it is currently available for rent, the cost of the following items can be claimed as tax deductions:

- Advertising for tenants
- Property management fees (i.e. the fees you pay to a real estate agent who manages your property on your behalf)
- Bank fees paid on the account into which you deposit the rent and pay expenses from
- Bank fees on bank loans used to finance the purchase of the property
- Owners corporate or strata fees paid (usually for a unit, apartment or townhouse)
- Loan establishment fees paid to your bank to set-up the original loan to purchase the property, the fees applicable if you refinance your loan with a different lender (note these costs are spread over a five year period or until the loan expires whichever is the sooner)
- Cleaning the rental property (e.g. carpets, blinds etc.) after a tenant vacates the property
- Council rates for the property
- Water rates paid for the property
- Maintaining the gardens and pool (e.g. lawn mowing, landscaping, pruning, pool cleaning and water monitoring)
- Insuring the property (including building, contents and landlord insurance policies)
- Interest paid on your mortgage (you can only claim interest on a loan that is specifically taken out to purchase or renovate the rental property)
- Land tax (if you are required to pay it)
- Legal fees in relation to your tenants (e.g. if you have to engage a lawyer to collect outstanding rent or to evict a tenant. Although please note you cannot claim the legal fees you pay when originally purchasing the property until it is sold)
- Pest control fees (e.g. to prevent or treat termite or other pest infestations)
- Repairs made to the property, fixtures or paint (e.g. building, bathroom fittings, stoves, lighting, carpets, blinds etc.)
- Maintaining the property (e.g. gutters, repainting internal or external walls)
- Stationery, postage, telephone calls and internet access related to the property, collecting rent or undertaking maintenance and improvements

- Depreciation relating to the cost of replacing capital items (e.g. stoves, dishwashers, bathroom fittings, pool pumps, carpets, kitchens, hot water heaters, air conditioners or heaters)
- Capital building allowance of 2.5% of building cost but note this is added back for capital gains tax purposes when you sell the property
- Any other expenses you have paid that relate to the property

It is essential you keep receipts for all purchases that relate to your investment property, even if they are not listed above. That way, when you prepare your tax return after the end of the financial year, we can decide whether you are entitled to claim a tax deduction for the item or not.

Finally to assist you in meeting the mortgage payments for your investment property we can prepare a PAYG Variation which enables you to have a reduced amount of tax deducted from your wages or salary by your employer thereby making it easier to meet your obligations (please note this does mean you will receive a reduced tax refund at the end of each year).

If you own or are contemplating purchasing an investment property and would like to discuss this further, please do not hesitate to contact us.