



# Tax Return Checklist

FOR PROPERTY INVESTORS

**smart**  
BUSINESS SOLUTIONS  
Accounting & Taxation Advisors

Everyone wants to pay less tax, right? To do that you need to know what you can claim... and what you can't. It's not about cheating the system, or creative accounting. It's all about claiming what you're entitled to.

That's why we've developed the "Tax Return Checklist for Property Investors."

## INCOME

<input type="checkbox"/>	Rental Property Summary Report from your Real Estate Agent
<input type="checkbox"/>	Details of any other income – including insurance payouts for damages, reimbursements from tenants, etc.
<input type="checkbox"/>	your purchase and sale contracts

## IMMEDIATE DEDUCTIONS // You can claim these expenses immediately in your Tax Return.

### Administration Expenses

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

### Insurances

<input type="checkbox"/>	Landlords
<input type="checkbox"/>	Building
<input type="checkbox"/>	Contents
<input type="checkbox"/>	Public Liability

## Property Agent Management

<input type="checkbox"/>	Fees/commissions – including GST
<input type="checkbox"/>	Postage
<input type="checkbox"/>	Statement fees and
<input type="checkbox"/>	Bank charges/fees
<input type="checkbox"/>	Lease document expenses
<input type="checkbox"/>	Letting fees

## Repairs & Maintenance

<input type="checkbox"/>	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:
	<ul style="list-style-type: none"><li>• Plumbing</li><li>• Electrical</li><li>• Handyman</li></ul>

## Property Management + Maintenance Expenses

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

## Rates & Taxes

<input type="checkbox"/>	Water rates, charges and usage
<input type="checkbox"/>	Council rates

## 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%.

### Settlement of Property Purchase - information in your Lawyer's settlement letter

<input type="checkbox"/>	Balance of council rates
<input type="checkbox"/>	Balance of water rates
<input type="checkbox"/>	Balance of body corporate fees

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

<input type="checkbox"/>	For the interest to be deductible, the loan must have been applied to acquire an income producing asset e.g. rental property.
<input type="checkbox"/>	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

<input type="checkbox"/>	Report showing depreciation expenses and Special Building Write-off
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### Seminars

<input type="checkbox"/>	Cost of attending property investment seminars – only to the extent that they relate to operating or maximising the return on currently owned properties
<input type="checkbox"/>	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:

<input type="checkbox"/>	Loan Application fee
<input type="checkbox"/>	Title search fees
<input type="checkbox"/>	Lenders Mortgage insurance
<input type="checkbox"/>	Stamp Duty on Mortgage
<input type="checkbox"/>	Mortgage registration fees

### Depreciation of New Plant and Equipment

<input type="checkbox"/>	The ATO calls this “Decline in Value” of depreciating assets
<input type="checkbox"/>	The costs of installing any plant and equipment are also depreciated

### Depreciation on the Building Construction

<input type="checkbox"/>	The ATO calls this a “Capital Works” deduction
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*This article is provided as general information only and does not consider your specific situation, objectives or needs. It does not represent accounting advice upon which any person may act. Implementation and suitability requires a detailed analysis of your specific circumstances. | Last Updated 29 June 2020*