

## **CMT ACCOUNTING**

### **Certified Public Accountant**

#### **2020 RENTAL SCHEDULE CHECKLIST**

##### **INCOME**

- Rental Property Annual Management Summary Report from your real estate agent.
- if you self manage your rental properties, a summary of annual rent received for each property.
- Any unusual income received, such as insurance payout for damages, or a reimbursement from tenants for water, etc.
- Any money added to help fund negative cashflow is not considered income, but rather an indication the property is negatively geared.
- Rental Properties in Foreign Countries, will have different financial years, so income needs to be aligned with the Australian Financial Year.
- Capital Gains - example sale of a rental property - we'll need details of the purchase and sale contract, and any depreciation claims for claw backs. Also was the rental property previous your principal home will effect any Capital Gains Calculations.
- Subdividing the backyard can have Capital Gains issues to consider also.

**EXPENSES**

- advertising for tenants
- bank charges
- body corporate fees
- borrowing expenses
- capital works
- council rates
- decline in value of depreciating assets
- gardening and lawn mowing
- insurance
- interest expenses
- land tax
- legal expenses
- pest control
- property agent fees or commissions
- repairs and maintenance
- stationery
- phone
- water charges

**EXPENSES FOR WHICH YOU CANNOT CLAIM DEDUCTIONS**

Expenses for which you are not able to claim deductions include:

- acquisition and disposal costs of the property
- expenses not actually incurred by you, such as water or electricity usage charges borne by your tenants
- expenses that are not related to the rental of a property, such as:
  - expenses connected to your own use of a holiday home that you rent out for part of the year, or
  - costs of maintaining a non-income producing property used as collateral for the investment loan
- travel expenses to inspect a property
- expenses incurred in relocating assets between rental properties prior to renting
- travel expenses to (or other costs for) rental seminars about helping you find a rental property to invest in.

**EXPENSES FOR WHICH YOU CAN CLAIM AN IMMEDIATE DEDUCTION**

Expenses for which you may be entitled to an immediate deduction in the income year you incur the expense include:

- advertising for tenants
- bank charges
- body corporate fees and charges\*
- cleaning
- council rates
- electricity and gas - annual power guarantee fees
- gardening and lawn mowing
- in-house audio and video service charges
- insurance
  - building
  - contents
  - public liability
- interest on loans\*
- land tax\*
- lease document expenses\*
  - preparation
  - registration
  - stamp duty
- legal expenses\* (excluding acquisition costs and borrowing costs)
- mortgage discharge expenses\*
- pest control
- property agents fees and commissions (including prior to the property being available to rent)
- expenses incurred in attending property investment seminars to improve the performance of a current income producing property
- quantity surveyor's fees
- costs incurred in relocating tenants into temporary accommodation if the property is unfit to occupy for a period of time
- repairs and maintenance\*
  - cost of a defective building works report in connection to repairs and maintenance conducted
- secretarial and bookkeeping fees

- security patrol fees
- servicing costs, for example, servicing a water heater
- stationery and postage
- telephone calls and rental
- tax-related expenses
- water charges.

You can claim a deduction for these expenses only if you actually incur them and they are not paid by the tenant.

**EXPENSES DEDUCTIBLE OVER A NUMBER OF INCOME YEARS**

There are three types of expenses you may incur for your rental property that may be claimed over a number of income years:

borrowing expenses

- loan establishment fees
- title search fees charged by your lender
- costs for preparing and filing mortgage documents
- mortgage broker fees
- stamp duty charged on the mortgage
- fees for a valuation required for loan approval
- lender's mortgage insurance billed to the borrower.

The following are not borrowing expenses:

- insurance policy premiums on a policy that provides for your loan on the property to be paid out in the event that you die or become disabled or unemployed
- interest expenses
- stamp duty charged on the transfer of the property
- stamp duty incurred to acquire a leasehold interest in property (such as an ACT 99-year Crown lease).
- amounts for decline in value of depreciating assets
- capital works deductions.