



LEDGER
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CHARTERED ACCOUNTANTS

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♦ LANDLORD EXPENSES - RENTAL PROPERTY CHECKLIST

A guide to help determine allowable expenses from rental properties. A landlord is assessable on rental income received, but may claim deductions for expenses relevant and incidental to the derivation of that income.

Income & Deductible expenses include:

- ♦ Rent received
- ♦ Telephone, stamps, stationery
- ♦ Travel and other expenses in collecting rents and in connection with maintenance and repair of the property
- ♦ Agent's commission for rent collection
- ♦ Repairs (but not structural alterations or improvements)
- ♦ Tax return preparation expenses
- ♦ Insurance
- ♦ Legal expenses in recovering arrears of rent or ejecting tenant for non-payment
- ♦ Borrowing and mortgage discharge expenses
- ♦ Interest on moneys borrowed to purchase the property or to effect repairs
- ♦ Advertising
- ♦ Expenses of preparation, registration and stamping of leases, assignments and surrenders in respect of rented premises
- ♦ Servicing expenses
- ♦ Stamp duty on ACT purchase only
- ♦ Body corporate expenses
- ♦ Land tax
- ♦ Council/general rates
- ♦ Water rates
- ♦ Purchase costs of assets and date of purchase

We have provided general information for guidance only in this newsletter. For business and personal taxation planning, or other professional advice having regard to your circumstances, please come and see either Charles or Matthew.



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If your agent provides a summarised annual statement, please forward a copy.

In the case of furnished residential premises, depreciation may be claimed on furniture and fittings, blinds, floor coverings, refrigerators, washing machines and stoves, television and radio sets etc. and current claims for replacements of crockery, cutlery, bedding, towels etc. are also allowed.

Your claims will need to be apportioned where only part of the property is let, the property is let for only part of the year, or the property is let for a mixture of commercial and non-commercial purposes. Where rent is received from a short-term commercial letting of (say) a holiday home, the losses and outgoings are normally apportioned on a time basis, but please contact us in relation to holiday homes for further information.

Depreciation at the rate of 2.5% per annum will be allowed on income-producing residential buildings that were constructed after 17 July 1985. It is available for capital expenditure on the construction not only of new buildings but of extensions, alterations or improvements to existing buildings as well.

You will need to determine the original cost of construction, not the replacement value. Please contact us if you are having difficulty determining this amount.

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