TAX TIPS TO MAXIMISE RETURNS FOR YOUR RENTAL PROPERTY

BTS ACCOUNTANTS
Business Tax Specialists

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xero
CERTIFIED ADVISOR

1 Find an awesome accountant today

An experienced accountant will know where the boundaries are and will save you tax, legally. Your accounting fees are tax deductible too. To avoid an unexpected visit from the tax office, it pays to find an awesome accountant you trust.

2 PAYG variations 15-15

This basically allows you to receive your tax refund spread out evenly throughout the year instead of getting a large juicy refund at year end. Great for cash flows.

3 Depreciation schedules

NOTE: Some changes to depreciation apply from 1st July 2017

It's definitely worth every cent to get a Quantity Surveyor to organise a depreciation schedule if your investment property was built after 18 July 1985. Their fee is tax deductible and you can claim thousands in depreciation each year.

4 Travel to inspect your property

As of 1st July 2017, Travel is no longer tax deductible, however prior years remain unchanged. If the purpose of your travel is to genuinely inspect your investment property, you can claim as many trips each year as you like.

5 Prepay loan interest

Prepay up to 12 months loan interest to reduce tax payable. This strategy works well if you expect next year's income to be substantially lower due to maternity leave or redundancy.

6 Initial repairs (a common mistake)

Initial repairs or capital improvements to rectify damage, deterioration or defects existing at the time of purchasing an investment property are considered by the ATO as capital in nature and therefore **not** tax deductible. This applies even if those repairs were affected to make the property rentable. Depreciation could be claimed as a capital works deduction over 40 years.

7 Minimising Capital Gains (CGT)

Capital Gains on the sale of your investment property are discounted by 50% if held longer than 12 months. If selling your property you can defer the CGT until the next financial year by signing contracts after 1 July. Note that for CGT purposes it is the contract date not the settlement date that is most important.

8 Keeping your receipts

Keep your receipts for at least 5 years. Every year the ATO contacts thousands of taxpayers with rental properties. ATO audit activity is increasing, so it is important to keep all receipts. ATO says no receipt means no deduction and equates to fines.

9 Foreign investment properties

An Australian resident taxpayer owning overseas properties must declare all rental income received as this is included in taxable income. You are also able to negatively gear this property to minimise your tax.

Did you know that more than 2.3 million people claim over $31 billion in rental deductions in their tax returns each year?

Are you claiming all that you can?

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We specialise in

- COMPANIES
- TRUSTS
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