

TAX RETURN SOUTH YARRA 2016

Investment Property Owners – How to report your investment income in tax return 2016



What things I need to bring to my accountant for my investment property?

Firstly, the details about the property, like: Address, purchase price and date, when does the property first rent out, how many week in 2016 being rent out.

Then, the details about rental income, like: Rent received, other receipts, like insurance payout, recovery of disbursement, etc.

Finally, the details about the expenditure, like: Real estate agent fees, council rates, land tax, insurance, interest on loans, repairs, depreciation on capital works, borrowing expenses, etc.

Do you know that borrowing expenses can only be deductible in 5 years or over loan period?

Yes, certain cost incurred when borrowing from banks, like: procurement fees, bank survey fee, broker's commission, stamp duty on mortgage, lender's mortgage protection insurance, etc will have to be deducted within 5 years or over the loan period. Exception: If the borrowing expense is \$100 or less, it can be wholly deductible in that year.

Can I negative gear a property not located in Australia?

When the expenses exceed the rent and a loss ensues it is known as "negative gearing". Specially rules apply to the deductibility of the overseas rental property expenses and they are to be declared in "foreign sources income and foreign assets or property" part of income tax return.

If my investment property is under construction, can I claim some of the expenses?

Yes, according to TR2004/4, as long as your intention and purpose when building the new investment property is to derive assessable income (rent) from it when construction is completed within a reasonable timeframe, then the bank interest on the loan is tax deductible while the property is under construction, as well as other related expenses, like legal fees, borrowing expenses, etc.

For more details about rental property, see ATO link below:

<https://www.ato.gov.au/uploadedFiles/Content/MEI/downloads/Rental-properties-2015.pdf>

For more information or to make an appointment, contact us below or call us on 03 9279 3912 or visit our office just opposite to South Yarra train station at 141 Osborne Street.

www.mastaxsouthyarra.com.au or email: info@mastaxsouthyarra.com.au