

**2019**

# Tax Time Toolkit

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## Rental property owners



**Australian Government**  
**Australian Taxation Office**

# The 2019 Tax Time Toolkit

We encourage  
you to share this  
information within  
your networks.

## Welcome to the Rental property owners toolkit for 2019!

We know from our community survey work that many Australians aren't confident that they have the knowledge and information to accurately prepare and lodge their tax return. To help with this, we've created a series of toolkits with practical and tailored information. Each toolkit is designed to help in areas where we know taxpayers are at risk of making mistakes.

We recently reviewed individual tax returns to determine the difference between what should have been paid in tax and what was paid. **We found that nine out of 10 individuals with a rental property were making mistakes.**

Our new Rental property owners toolkit is designed to help rental property owners and their agents get the information they need to lodge correctly.

The toolkit focuses on areas where we commonly see mistakes being made, including:

- loan interest
- borrowing expenses incurred when taking out a rental property loan
- repairs and improvements.

We encourage you to share this information within your networks.

We are committed to helping rental property owners lodge accurately. Thank you for your support and for working with us to help the community get their tax right this Tax Time.

### Sally Druhan

Assistant Commissioner  
Individuals and Intermediaries  
Australian Taxation Office

# A helpful directory for tax time

The ATO has a range of information, tools and services available to help Australians prepare and lodge their tax return every year:

- [ato.gov.au/whatsnew](https://ato.gov.au/whatsnew) – changes to be aware of before you complete your tax return
- [ato.gov.au/doineedtolodge](https://ato.gov.au/doineedtolodge) – an easy tool to find out if you need to lodge a tax return this year
- [ato.gov.au/lodgemyreturn](https://ato.gov.au/lodgemyreturn) – lodge using myTax or a registered tax agent. If you are going to lodge your own return, myTax is the quickest and easiest way to lodge
- [ato.gov.au/deductions](https://ato.gov.au/deductions) – it pays to know what you can claim at tax time
- [ato.gov.au/occupations](https://ato.gov.au/occupations) – guides from specific industries and occupations to help you correctly claim the work-related expenses you are entitled to
- [ato.gov.au/mydeductions](https://ato.gov.au/mydeductions) – a useful way to keep track of records throughout the year to make tax time easier
- [ato.gov.au/incomemustdeclare](https://ato.gov.au/incomemustdeclare) – find out what income you must declare in your tax return
- [ato.gov.au/rental](https://ato.gov.au/rental) – find out what you need to declare and what you can claim for your investment property
- [ato.gov.au/calculators](https://ato.gov.au/calculators) – a range of popular calculators and tools to help you work out the answers to questions unique to your tax and super circumstances
- [ato.gov.au/whereismyrefund](https://ato.gov.au/whereismyrefund) – track the progress of your return
- [ato.gov.au/online-services](https://ato.gov.au/online-services) – access a range of tax and super services in one place, including lodging your tax return, tracking the progress of your return and making a payment or entering a payment arrangement
- [ato.gov.au/community](https://ato.gov.au/community) – ask your tax and super related questions over on the ATO's online community forum
- [ato.gov.au/findus](https://ato.gov.au/findus) – keep up to date with the latest tax and super information on the go! Follow the ATO to get tax tips and updates in seconds, share information and stay informed.

# Information for rental property owners including deductions you can claim

The following pages contain fact sheets for rental property owners.

- [Top 10 tips to help rental property owners avoid common tax mistakes](#)
- [Tax-smart tips for your investment property](#)
- [Rental properties – interest expenses](#)
- [Rental properties – borrowing expenses](#)
- [Rental properties – repairs, maintenance and capital expenditure](#)
- [Renting out a room](#)



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# Top 10 tips to help rental property owners avoid common tax mistakes



Whether you use a tax agent or choose to lodge your tax return yourself, avoiding these common mistakes will save you time and money.

## 1. Apportioning expenses and income for co-owned properties

If you own a rental property with someone else, you must declare rental income and claim expenses according to your legal ownership of the property. As joint tenants your legal interest will be an equal split, and as tenants in common you may have different ownership interests.

## 2. Make sure your property is genuinely available for rent

Your property must be genuinely available for rent to claim a tax deduction. This means:

- you must be able to show a clear intention to rent the property
- advertising the property so that someone is likely to rent it and set the rent in line with similar properties in the area
- avoiding unreasonable rental conditions.

## 3. Getting initial repairs and capital improvements right

Ongoing repairs that relate directly to wear and tear or other damage that happened as a result of you renting out the property can be claimed in full in the same year you incurred the expense. For example, repairing the hot water system or part of a damaged roof can be deducted immediately.

Initial repairs for damage that existed when the property was purchased, such as replacing broken light fittings and repairing damaged floor boards are not immediately deductible. Instead these costs are used to work out your capital gain or capital loss when you sell the property.

Replacing an entire structure like a roof when only part of it is damaged or renovating a bathroom is classified as an improvement and not immediately deductible. These are building costs which you can claim at 2.5% each year for 40 years from the date of completion.

If you completely replace a damaged item that is detachable from the house and it costs more than \$300 (eg replacing the entire hot water system) the cost must be depreciated over a number of years.

## 4. Claiming borrowing expenses

If your borrowing expenses are over \$100, the deduction is spread over five years. If they are \$100 or less, you can claim the full amount in the same income year you incurred the expense. Borrowing expenses include loan establishment fees, title search fees and costs of preparing and filing mortgage documents.

## 5. Claiming purchase costs

You can't claim any deductions for the costs of buying your property. These include conveyancing fees and stamp duty (for properties outside the ACT). If you sell your property, these costs are then used when working out whether you need to pay capital gains tax.

## 6. Claiming interest on your loan

You can claim interest as a deduction if you take out a loan for your rental property. If you use some of the loan money for personal use such as buying a boat or going on a holiday, you can't claim the interest on that part of the loan. You can only claim the part of the interest that relates to the rental property.

## 7. Getting construction costs right

You can claim certain building costs, including extensions, alterations and structural improvements as capital works deductions. As a general rule, you can claim a capital works deduction at 2.5% of the construction cost for 40 years from the date the construction was completed. Where your property was owned by someone else previously, and they claimed capital works deductions, ask them to provide you with the details so you can

correctly calculate the deduction you're entitled to claim. If you can't obtain those details from the previous owner, you can use the services of a qualified professional who can estimate previous construction costs.

## 8. Claiming the right portion of your expenses

If your rental property is rented out to family or friends below market rate, you can only claim a deduction for that period up to the amount of rent you received. You can't claim deductions when your family or friends stay free of charge, or for periods of personal use.

## 9. Keeping the right records

You must have evidence of your income and expenses so you can claim everything you are entitled to. Capital gains tax may apply when you sell your rental property. So keep records over the period you own the property and for five years from the date you sell the property.

## 10. Getting your capital gains right when selling

When you sell your rental property, you may make either a capital gain or a capital loss. Generally, this is the difference between what it cost you to buy and improve the property, and what you receive when you sell it. Your costs must not include amounts already claimed as a deduction against rental income earned from the property, including depreciation and capital works. If you make a capital gain, you will need to include the gain in your tax return for that income year. If you make a capital loss, you can carry the loss forward and deduct it from capital gains in later years.

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# Tax-smart tips for your investment property



Being tax-smart when investing in property means more than making the right property choices. If you use your property to earn income at any time, you will have tax obligations and entitlements.

## If you sell an investment property or your main residence that you have rented out, remember:

- You may have to pay capital gains tax, even if you transfer the property into someone else's name.
- A capital gain is the difference between your cost base (cost of ownership) and your capital proceeds (what you receive when you sell the property or the market value when you transfer the property).
- If your costs of ownership are greater than your capital proceeds, a capital loss should be included in your return and this amount may reduce future capital gains.
- If you have claimed a deduction for capital works or depreciation in any income year, your cost base should not include these amounts.
- If you own the property for more than 12 months, and you are an Australian resident, you may be entitled to a 50% discount on tax on the capital gain.

## Rental property owners should remember three simple steps when preparing their return:



### 1. Include all the income you receive

This includes income from short term rental arrangements (eg a holiday home), sharing part of your home, and other rental-related income such as insurance payouts and rental bond money you retain.

### 2. Get your expenses right

- Eligibility – Claim only for expenses incurred for the period your property was rented or when you were actively trying to rent the property on commercial terms.
- Timing – Some expenses must be claimed over a number of years.
- Apportionment – Apportion your claim where your property was rented out for part of the year or only part of your property was rented out, where you used the property yourself or rented it below market rates. You must also apportion in line with your ownership interest.

### 3. Keep records to prove it all

You should keep records of both income and expenses relating to your rental property, as well as purchase and sale records.

## Getting record keeping right makes tax time easy

Whether you use a tax agent to prepare your tax return or do it yourself, you need to keep proper records over the period you own the property.

### Keep the right records for each stage of your journey to ensure you're able to claim everything you're entitled to.

#### Buying

- contract of purchase
- conveyancing documents
- loan documents
- costs to buy the property
- borrowing expenses

#### Owning

- proof of earned rental income
- all your expenses
- periods of private use by you or your friends
- periods the property is used as your main residence
- loan documents if you refinance your property
- efforts to rent the property out
- capital improvements

#### Selling

- contract of sale
- conveyancing documents
- sale of property fees
- calculation of capital gain or loss

## Here are some record keeping tips:

- Set up an easy-to-use record-keeping system as your first priority. This can be as simple as a spreadsheet or you can use professional software.
- Keep records of every transaction over the period you own the property. This includes contracts of purchase and sale, as well as conveyancing and loan documentation.
- Scan copies of your receipts to make it easier to store and access them.

**Remember: Keeping proof of all your income, expenses and efforts to rent out your property means you can claim everything you are entitled to.**

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# Rental properties

## Interest expenses



If you take out a loan to purchase a rental property, you can claim the interest charged on that loan, or a portion of the interest, as a deduction. However, the property must be rented, or genuinely available for rent, in the income year for which you claim a deduction.

### What can you claim?

**You can claim** the interest charged on the loan you used to:

- ✓ purchase a rental property
- ✓ purchase a depreciating asset for the rental property (for example to purchase a new air conditioner for the rental property)
- ✓ make repairs to the rental property (for example roof repairs due to storm damage)
- ✓ finance renovations on the rental property
- ✓ you can also claim interest you have pre-paid for up to 12 months in advance.

### What you can't claim?

**You cannot claim** interest:

- ✗ for the period you used the property for private purposes, even if it's for a short period of time
- ✗ on the portion of the loan you use for private purposes when you originally took out the loan, or if you refinanced
- ✗ on a loan you used to buy a new home if you do not use the new home to produce income, even if you use your rental property as security for the loan
- ✗ on the portion of the loan you redraw for private purposes, even if you are ahead in your repayments.

**i** If you have a loan you used to purchase a rental property and also for another purpose, such as to buy a car, you cannot repay only the portion of the loan related to the personal purchase. Any repayments of the loan are apportioned across both purposes.



## Rental property owners should remember three simple steps when preparing their return:



### 1. Include all the income you receive

This includes income from short term rental arrangements (eg a holiday home), sharing part of your home, and other rental-related income such as insurance payouts and rental bond money you retain.



### 2. Get your expenses right

- Eligibility – Claim only for expenses incurred for the period your property was rented or when you were actively trying to rent the property on commercial terms.
- Timing – Some expenses must be claimed over a number of years.
- Apportionment – Apportion your claim where your property was rented out for part of the year or only part of your property was rented out, where you used the property yourself or rented it below market rates. You must also apportion in line with your ownership interest.



### 3. Keep records to prove it all

You should keep records of both income and expenses relating to your rental property, as well as purchase and sale records.



### Example:



#### Claiming all interest incurred

Kosta and Jenny take out an investment loan for \$350,000 to purchase an apartment they hold as joint tenants.

They rent out the property for the whole year from 1 July. They incur interest of \$30,000 for the year.

Kosta and Jenny can each make an interest claim of \$15,000 on their respective tax returns for the first year of the property.

### Example:



#### Claiming part of the interest incurred

Yoko takes out a loan of \$400,000 from which \$380,000 is to be used to buy a rental property and \$20,000 is to be used to buy a new car. Yoko's property is rented for the whole year from 1 July. Her total interest expense on the \$400,000 loan is \$35,000.

To work out how much interest she can claim as a tax deduction, Yoko must do the following calculation:

**Total interest expenses × (rental property loan ÷ total borrowing) = deductible interest**

That is:

$$\$35,000 \times (\$380,000 \div \$400,000) = \$33,250$$

Yoko works out she can claim \$33,250 as an allowable deduction.

### Example:



#### Interest incurred on a mortgage for a new home

Zac and Lucy take out a \$400,000 loan secured against their existing property to purchase a new home.

Rather than sell their existing home they decide to rent it out.

They have a mortgage of \$25,000 remaining on their existing home which is added to the \$400,000 loan under a facility with sub-accounts, that is, the two loans are managed separately but are secured by the one property.

Zac and Lucy can claim an interest deduction against the \$25,000 loan for their original home, as it is now rented out.

They cannot claim an interest deduction against the \$400,000 loan used to purchase their new home as it is not being used to produce income even though the loan is secured against their rental property.

### Example:



#### Interest incurred on funds redrawn from the loan

Tyler has an investment loan for his rental property with a redraw facility. He is ahead on his repayments by \$9,500 which he can redraw.

On the 1 July, Tyler decides to redraw the available amount of \$9,500 and buys himself a new TV and a lounge suite.

The outstanding balance of the loan at end of the income year is \$365,000 and total interest expense incurred is \$19,000.

Tyler can only claim the interest expense on the portion of the loan relating to the rental property.

**Total loan balance – redraw amount = rental property loan portion**

That is:

$$\$365,000 - \$9,500 = \$355,500$$

To work out how much interest he can claim, he does the following calculation:

**Total interest expenses × (rental property loan portion ÷ loan balance) = deductible interest**

That is:

$$\$19,000 \times (\$355,500 \div \$365,000) = \$18,505$$

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# Rental properties

## Borrowing expenses

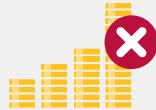


### What are borrowing expenses?

These are expenses directly incurred in taking out a loan for the purchase of your rental property.

They include:

- ✓ loan establishment fees
- ✓ lender's mortgage insurance (insurance taken out by the lender and billed to you)
- ✓ stamp duty charged on the mortgage
- ✓ title search fees charged by your lender
- ✓ costs for preparing and filing mortgage documents (including solicitors' fees)
- ✓ mortgage broker fees
- ✓ fees for a valuation required for a loan approval.



### What is not included in borrowing expenses?

Borrowing expenses don't include:

- ✗ the amount you borrow for the property
- ✗ loan balances for the property
- ✗ interest expenses (these are claimed separately)
- ✗ repayments of principal against the loan balance
- ✗ stamp duty charged by your state/territory government on the transfer (purchase) of the property title (this is a capital expense)
- ✗ legal expenses, including solicitors' and conveyancers' fees for the purchase of the property (this is a capital expense)
- ✗ stamp duty you incur when you acquire a leasehold interest in a property, such as an Australian Capital Territory 99-year crown lease (you may be able to claim this as a lease document expense)
- ✗ insurance premiums where, under the policy, your loan will be paid out in the event that you die, become disabled or unemployed (this is a private expense)
- ✗ borrowing expenses on any portion of the loan you use for private purposes (for example, money you use to buy a car).

### Rental property owners should remember three simple steps when preparing their return:



#### 1. Include all the income you receive

This includes income from short term rental arrangements (eg a holiday home), sharing part of your home, and other rental-related income such as insurance payouts and rental bond money you retain.



#### 2. Get your expenses right

- Eligibility – Claim only for expenses incurred for the period your property was rented or when you were actively trying to rent the property on commercial terms.
- Timing – Some expenses must be claimed over a number of years.
- Apportionment – Apportion your claim where your property was rented out for part of the year or only part of your property was rented out, where you used the property yourself or rented it below market rates. You must also apportion in line with your ownership interest.



#### 3. Keep records to prove it all

You should keep records of both income and expenses relating to your rental property, as well as purchase and sale records.



### Claiming borrowing expenses

- ✓ If your total borrowing expenses are more than \$100, the deduction is spread over five years or the term of the loan, whichever is less.
- ✓ If the total borrowing expenses are \$100 or less, you can claim a full deduction in the income year they are incurred.

If you repay the loan early and in less than five years from the time you took it out, you can claim a deduction for the balance of the borrowing expenses in the final year of repayment.

If you obtained the loan part way through the income year, the deduction for the first year will be apportioned according to the number of days in the year you had the loan.

## Example:

### Apportionment of borrowing expenses

To secure a 20-year loan of \$209,000 to purchase a rental property for \$170,000 and a private motor vehicle for \$39,000, the Hitchmans paid a total of \$1,670 in establishment fees, valuation fees and stamp duty on the loan. As the Hitchmans' borrowing expenses are more than \$100, they must be apportioned over five years, or the period of the loan, whichever is the lesser.

Also, because the loan was for both income-producing and personal purposes, only the income-producing portion of the borrowing expenses is deductible. As they obtained the loan on 17 July 2017, they would work out the borrowing expense deduction for the first year as follows:

	Borrowing expenses	×	$\frac{\text{number of relevant days in year}}{\text{number of days in the 5-year period}}$	=	maximum amount for the income year	×	$\frac{\text{rental property loan}}{\text{total borrowings}}$	=	deduction for year
Year 1	\$1,670	×	$\frac{349 \text{ days}}{1,826 \text{ days}}$	=	\$319	×	$\frac{\$170,000}{\$209,000}$	=	\$260

Their borrowing expense deductions for subsequent years should be worked out as follows:

	Borrowing expenses remaining	×	$\frac{\text{number of relevant days in year}}{\text{remaining number of days in the 5-year period}}$	=	maximum amount for the income year	×	$\frac{\text{rental property loan}}{\text{total borrowings}}$	=	deduction for year
Year 2	\$1,351	×	$\frac{365 \text{ days}}{1,477 \text{ days}}$	=	\$334	×	$\frac{\$170,000}{\$209,000}$	=	\$272
Year 3 (leap year)	\$1,017	×	$\frac{366 \text{ days}}{1,112 \text{ days}}$	=	\$335	×	$\frac{\$170,000}{\$209,000}$	=	\$272
Year 4	\$682	×	$\frac{365 \text{ days}}{746 \text{ days}}$	=	\$334	×	$\frac{\$170,000}{\$209,000}$	=	\$271
Year 5	\$348	×	$\frac{365 \text{ days}}{381 \text{ days}}$	=	\$333	×	$\frac{\$170,000}{\$209,000}$	=	\$271
Year 6	\$15	×	$\frac{16 \text{ days}}{16 \text{ days}}$	=	\$15	×	$\frac{\$170,000}{\$209,000}$	=	\$12

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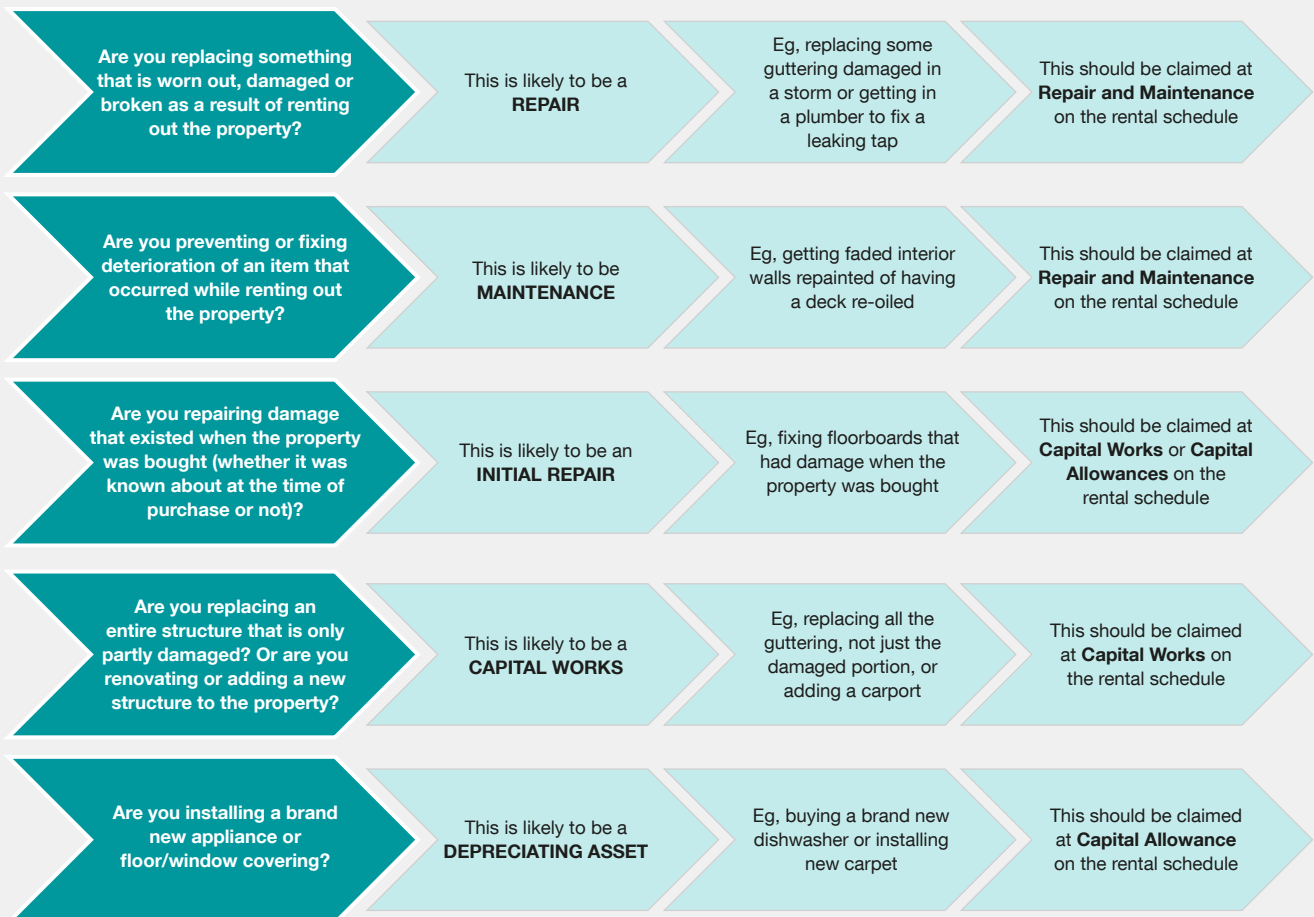
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# Rental properties

## Repairs, maintenance and capital expenditure



### Quick reference chart



### The cost of repairs and maintenance may be deductible in full in the year you incur them if:

- the expense directly relates to wear and tear or other damage that occurred as a result of your renting out the property, and
- the property:
  - continues to be rented on an ongoing basis, or
  - remains available for rent but there is a short period when the property is unoccupied, for example, where unseasonable weather causes cancellations of bookings or advertising is unsuccessful in attracting tenants.

### Repairs



Generally repairs must relate directly to wear and tear or other damage that occurred as a result of your renting out the property.

Examples of repairs include:

- replacing broken windows
- repairing electrical appliances or machinery
- replacing part of the guttering damaged in a storm
- replacing part of a fence damaged by a falling tree branch.

### Maintenance



Maintenance generally involves keeping your property in a tenable condition. It includes work to prevent deterioration or fix existing deterioration.

Examples of maintenance include:

- repainting faded or damaged interior walls
- oiling, brushing or cleaning something that is otherwise in good working condition. For example, oiling a deck or cleaning a swimming pool.
- maintaining plumbing.

## Capital expenditure which may be claimable over time

### Capital Works

The rate of deduction for these expenses is generally 2.5% per year for 40 years following construction.

### Capital Allowances

For each of the assets where you may claim a deduction for decline in value, you can choose to use either the effective life the Commissioner has determined for such assets, or your own reasonable estimate of its effective life. Where you estimate an asset's effective life, you must keep records to show how you worked it out.

### Initial repairs

Costs you incur to remedy defects, damage or deterioration that existed at the time you acquired the property are considered to be capital in nature. These may be classified as capital works or capital allowances, dependant on what the expenditure was for.

### Depreciating assets

Depreciable assets are those items that can be described as plant, which do not form part of the premises. These items are usually:

- separately identifiable
- not likely to be permanent, and expected to be replaced within a relatively short period
- not part of the structure.

Examples of assets that deductions for decline in value can be applied to include:

- timber flooring
- carpets
- curtains
- appliances like a washing machine or fridge
- furniture.

### Capital works

Capital works is used to describe certain kinds of construction expenditure used to produce income.

Examples of capital works include:

- building construction costs
- the cost of altering a building
- major renovations to a room
- adding a fence
- building extensions such as garages or patios
- adding structural improvements like a driveway or retaining wall.

## Improvements

An improvement is considered anything that makes an aspect of the property better, more valuable or more desirable, or changes the character of the item on which works are being carried out.

Improvements include work that:

- provides something new
- generally furthers the income-producing ability or expected life of the property
- goes beyond just restoring the efficient functioning of the property.

**Improvements can be either capital works where it is a structural improvement or capital allowances where the item is a depreciable asset.**

**i** It is important to correctly categorise each expense you incur to ensure it is treated correctly for tax purposes.

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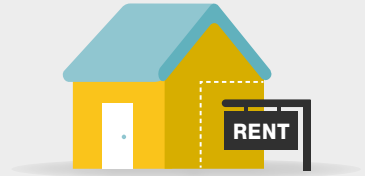
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# Renting out a room?

## How to work out the expenses you can claim

### If you rent out all or part of your home through the sharing economy, for tax purposes you need to:

- ✓ keep records of all rental income earned and declare it in your tax return
- ✓ keep records of expenses you can claim as deductions
- ✓ calculate your capital gain or loss when you sell the property



### Income you need to declare

- ✓ all income before fees and commissions
- ✓ insurance payouts, eg compensation for damage caused by renting
- ✓ bonds or security deposits you become entitled to retain
- ✓ letting and booking fees you charge, including cancellation fees.

### Expenses you may be able to claim include:

- ✓ council rates
- ✓ interest on a loan for the property
- ✓ electricity and gas
- ✓ property insurance
- ✓ cleaning and maintenance costs
- ✓ fees or commission charged by the platform
- ✓ other expenses that directly relate to the earning of your rental income.

How much of the expense you can claim will depend on:

- the number of days you rent out the room or whole property during the year
- the portion of the property you have rented out (eg a room or the whole property).

### Working out the deductions you can claim

- How big is the property?
- How big is the rented room?
- How big are the shared/common areas?
- How many days was the room rented out?

### How to work it out

**Rented room** (claim 100% for days rented):

$$\frac{\text{rented room size}}{\text{total size of house/unit}} \times \frac{\text{number of days rented}}{\text{total days in the year}} \times 100 = \% \text{ of expenses claimable}$$

**Common areas** (claim 50% for days rented):

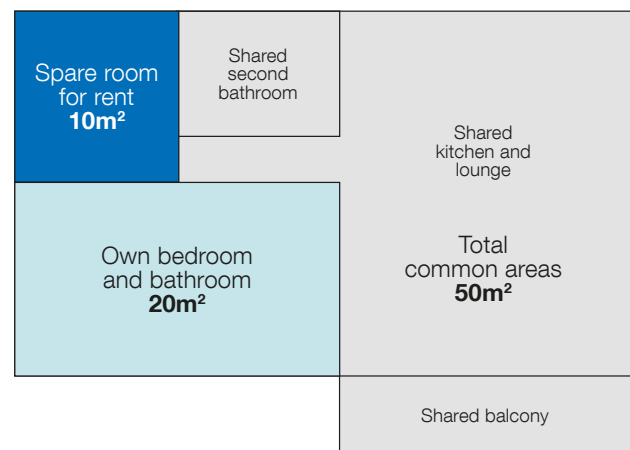
$$\frac{\text{total common areas}}{\text{total size of house/unit}} \times \frac{\text{number of days rented}}{\text{total days in the year}} \times 50\% \times 100 = \% \text{ of expenses claimable}$$

### Capital Gains Tax

When selling the property, you may have to pay capital gains tax (CGT).

### Example

(80m<sup>2</sup> unit, 10m<sup>2</sup> room rented for 150 days)



<b>Rented room:</b>	$\frac{10}{80} \times \frac{150}{365} \times 100$	=	5.13%
<b>Common areas:</b>	$\frac{50}{80} \times \frac{150}{365} \times 50\% \times 100$	=	12.84%
<b>Total percentage of expenses you can claim</b>		=	<b>17.97%</b>

**This is a general summary only**

For more information, speak with your tax agent or visit [ato.gov.au/sharingeconomy](https://ato.gov.au/sharingeconomy)

# Ready-to-use Tax Time messages

The next pages in your Rental property owners Tax Time Toolkit feature a range of messages about tax time, which you can use (or adapt) for your own communication channels such as websites, intranets, newsletters and social media platforms.

The messages can link directly to information available on the ATO website, other online ATO resources listed in our tax time directory, or the downloadable resources provided in this toolkit.

There are also a series of images included in your toolkit that can be used with these tax time messages.

When sharing information about tax time in social media, we also encourage you to 'tag' the ATO's social media profiles and use hashtags such as #taxtime, #TaxTips or #TaxReturn.

# Messages to communicate to rental property owners

## Suggested article for newsletters, websites and community noticeboards

If you would like to share information about tax time to rental property owners on your organisation's website, newsletter or within any other communications, you can use the suggested copy below.

### Get ready for tax time

Tax time has arrived, and the ATO has a range of practical information available on its [website](#) to help rental property owners prepare and lodge your tax return this year.

There are helpful resources available for rental property owners to understand what can and cannot be claimed as a deduction, and what income needs to be declared.

Remember three simple steps when preparing your return:

#### 1. Include all the income you receive

This includes income from short term rental arrangements (eg a holiday home), sharing part of your home, and other rental-related income such as insurance payouts and rental bond money you retain.

#### 2. Get your expenses right

- Eligibility – Claim only for expenses incurred for the period your property was rented or when you were actively trying to rent the property on commercial terms.
- Timing – Some expenses must be claimed over a number of years.
- Apportionment – Apportion your claim where your property was rented out for part of the year or only part of your property was rented out, where you used the property yourself or rented it below market rates. You must also apportion in line with your ownership interest.

#### 3. Keep records to prove it all

You should keep records of both income and expenses relating to your rental property, as well as purchase and sale records.

To help you during tax time this year, download the [ATO app](#) which provides information and tools to manage tax affairs on the go – all in one place.

If you have tax and super questions, you can ask them on [ATO Community](#), the ATO's online community forum.



### Example social media posts for Facebook, Twitter and LinkedIn profiles

If your organisation has a social media presence and would like to share information with rental property owners about tax time, you are welcome to adapt these posts to suit your profiles.

Emoji images shown below can usually be found on social media platforms or be downloaded at websites such as [Emojipedia](#).

#### Suggested posts for Facebook and LinkedIn

- **Rental property owners:** We understand your tax return can be complex and want to help you get it right this tax time! Visit [ato.gov.au/rental](#) for more info 🏠
- **Tax tip:** Whether you rent out part of your home or an entire property, make sure that all of your income is included in your tax return.

Rental-related income includes:

- 🏠 Rent payments
- 🏠 Booking fees you receive
- 🏠 Rental bond money you're entitled to retain
- 🏠 Some insurance payouts.

Find out more at [ato.gov.au/rentalincome](#)

- **Rental property owners:** Do you claim deductions for depreciating assets like carpet, curtains, furniture or appliances? Law changes may affect what you can claim on second-hand plant and equipment in your tax return. Get the details at [ato.gov.au/rentaldepreciation](#)
- **Attention Rental property owners:** Don't miss out on deductions because of lost receipts or forgotten expenses. Get into the habit of keeping accurate records so you can claim all of the deductions you're entitled to at tax time.

Some kinds of records include:

- 🏠 contract of purchase and sale
- 🏠 proof of all income and expenses
- 🏠 periods of private use by you, your family, or friends
- 🏠 loan and refinancing documents
- 🏠 evidence of steps you took to rent out your property

Find out more at [ato.gov.au/rental](#)

### Suggested posts for Twitter

- **Tax tip:** Is your holiday home a rental property? If you use it for personal use, you can't claim deductions for tax purposes during that period. For more info about #TaxTime and rental properties, visit [ato.gov.au/rental](https://ato.gov.au/rental) 🏠
- **Tax tip:** Have you just bought a rental property? Any improvements or initial repairs you make need to be claimed as capital works, not deductible expenses. For more info about #TaxTime and rental properties, visit [ato.gov.au/rental](https://ato.gov.au/rental) 🏠
- **Tax tip:** Renting out a room in your house counts as income. Make sure you include the income you earned and ensure the expenses are correctly apportioned on your tax return. For more info about #TaxTime and rental properties, visit [ato.gov.au/rental](https://ato.gov.au/rental) 🏠
- #AusProperty owners! Don't miss out on deductions due to forgotten expenses. Find out about record keeping @ [ato.gov.au/rental](https://ato.gov.au/rental)