

Property Investments

Deductions

- Interest On Investment Loans – taxpayers who have borrowed money for a non-business investment (e.g. rental property) can check with their lenders to see if they can prepay interest prior to 30 June 2016.
- Building Allowance – the construction costs of income producing buildings may be written off at 2.5% or 4%, depending on the date of construction. Please contact us if you require additional details.
- General expenses can include real estate agents fees; building allowance (can be written off at 2.5% or 4% depending on date of construction); depreciation of fixtures, fittings, plant and equipment; share of depreciation of common property in a strata titled property; repairs and maintenance; pest control; interest on monies borrowed for investment in the property; bank charges on the property bank account; cleaning; electricity; rates; land tax; insurance and travel for inspection trips by the owner apportioned for partly private travel.
- Negative Gearing – the net loss, which may include interest, borrowing costs, etc, may be deductible.

Income Issues

- Income Splitting can be highly tax effective, especially if investments have been placed in the name of a lower income earner. This can be applicable where a spouse is not working and the income in the spouse's hands would therefore be taxed at a lower rate.
- All income from a rental property should be declared.



Your end of financial year review

If you have any queries on any other items not discussed in our factsheet, or you have general matters that you'd like to discuss with us regarding your tax affairs for the year ending 30 June 2016, please contact us on 02 6686 3000 so that a convenient time for a meeting can be arranged.

For further details on the Federal Budget, which has been tabled in the House of Representatives, please visit our [blog](#) for more in-depth articles.

The material and contents provided in this publication are informative in nature only. It is not intended to be advice and you should not act specifically on the basis of this information alone. If expert assistance is required, professional advice should be obtained by calling Collins Hume on 02 6686 3000.