



Below is a list of potential Tax Deductions

Deductible – Over a number of years

- Borrowing Expenses – deductible over the period of the loan where the loan is less than five years. Otherwise deductible over five years.
- Expenses deductible include:
 - Loan Application fee
 - Lenders legal fees
 - Title search fees
 - Lenders mortgage insurance
 - Stamp duty on mortgage
 - Mortgage registration fees

Depreciation on Plant & Equipment – ATO calls it Decline in Value of depreciating assets please note changes in the rules from 2018 onwards, no depreciation on items purchased as part of a second hand house.

Depreciation on the building construction – ATO calls it Capital Works deduction

Cost of installing any plant & equipment such as Hot Water Systems – are considered part of the cost of system – to be depreciated

Set of assets e.g. dining table and 6 chairs – is to be depreciated in accordance with their effective life

Each item cannot be separately deducted for being under \$300

NOT Deductible

- The following items are either not deductible or considered to be of a capital or private nature by ATO
- Purchase price
- Stamp duty on purchase
- Legal/conveyancing fees
- Pest & Property inspection
- Sourcing Fee
- Renovations immediately after purchase
- Repairs immediately after purchase
- Legal/conveyancing
- Pre-Purchase expenses including (especially if property was not purchased)
- Attending seminars to acquire more property
- Cost of reports on property prior to purchase
- Travel to inspect property prior to purchase
- Note where a property is used for holiday or short term rental specific rules apply and you should record your personal use of the property and ensure that you have records of when it was available for rental.
- Cost of improvements or renovations can only be depreciated over 40 years at 2.5% p.a.

