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Property Tax: What admin fees can be claimed?

Property Tax: What admin fees can be claimed? Continuing its focus on immediately deductible expenses with regard to rental properties and tax, Matthew Mousa, tax expert and partner at TLK Partners in Sydney, takes a closer look at some of the administrative expenses rental owners can deduct immediately.

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Corporate body fees and charges Matthew explains that body corporate fees and charges are normally split into two different categories i.e. fees for day to day administration as well as a general purpose sinking fund, and maintenance and contributions to a special purpose fund.

"Rental property owners are allowed to claim for fees used by the body corporate to administer and maintain the rental property, as they can reasonably be considered legitimate expenses in maintaining the rental property and improving the generation of rental income," Matthew says.

Likewise, contributions to a general purpose sinking fund are permitted, as the general purpose sinking fund is used by the body corporate to fund maintenance of a capital nature of the common property. Examples of this use would be the repainting of the common property.

However, contributions to a special purpose fund, generally assumed to be used for additions and renovations to the common property of a capital nature, are not claimable as deductions, Matthew warns. "In this case, owners would only be able to claim contributions to this fund under the capital building works regulations according to which deductions are usually spread over a period of several years."

Lease document expenses Costs incurred during the preparation, registration and stamp duty on a lease agreement are deductible in relation to the use of the rental property for rental income. This also applies to the surrender of a lease in areas of Australia where most property is held from the crown on a 99-year leasehold.

Property agent's fees and commissions Owners of rental properties are allowed to claim any fees and commissions charged by a rental property agent or manager for the management and inspection of the property, and for the collection of rent on their behalf. They are not, however, allowed to claim for expenses charged by an agent for the acquisition or sale of the rental property.

"As stated earlier, all these expenses are viewed as immediate, and owners are allowed to claim them in the year they were incurred," Matthew concludes.

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