

Are Property Investment Seminar Expenses - tax deductible?

With the huge opportunities in the investment property market at the moment, many people attend seminars to learn more about how to invest and generally educate themselves on how to create wealth.

Attending seminars almost always involves a fee or a contribution of some sort. These can range from just covering the venue expenses, a short intensive program with materials or a long program with monthly meetings/seminars and continuous support for the long term.

The most common question I am asked regarding seminar expenses is '**are the seminar fees are tax deductible**'

Depending on your personal circumstances and marginal tax rate the tax saving from claiming the expense as a deduction can vary from \$15 for every \$100 spent to \$46.5 per \$100 spent.

Being able to claim a tax deduction means a tax saving and reducing the cost of the program, making it more affordable. In some cases it may mean the difference between being able to take it on or not, particularly where the fee is large.

So what factors determine whether the fees are tax deductible for the individual or not?

What does the the Law say?

In broad lay language, the basics of tax law says that if you spend money to generate assessable income (rental), then you can claim the expense as a deduction against the rental income – where there is a direct nexus.

But there is no deduction if the expense is considered a

- Capital in nature – e.g. incurred/spent before income starts to flow in
- Private or domestic – does not relate to generating income which is assessable
- Preliminary to the earning of the income – the expense is incurred before the property is acquired and there was no rent income at the time

What if payment is by instalments?

Where the contract for the seminar is over a period of time say a year or more and the fee is paid by instalments, the date relevant to determining whether a deduction is available or not is the date of signing the contract – not the date the payments are made.

What is the type of seminar we are talking about?

The type of seminar we are talking about is the one that discusses everything about investing in and creating wealth from rental properties including topics such as-

- Developing investment business plans
- Strategies for dealing with financiers, developers and real estate agents
- Maximising opportunities for increasing investment property ownership and
- Maximising return on current investment opportunities including
 - o Management of rental properties
 - o Maximising rental income

What do I need to do to claim the seminar cost as a tax deduction?

To get a tax deduction for the cost of property investment seminar or training you have to have the following conditions when the expenditure is made:

- Existing rental income
- Seminar must include topics on
 - o Improving rental return
 - o selecting better tenants
 - o Protecting against bad tenants
 - o Rewarding good long term tenants
 - o Selecting managing agents
 - o Managing the managing agents
 - o Carrying out repairs (not renovations)
 - o Choosing tradespeople
 - o Managing tradespeople
 - o Accounting and tax for rental properties
 - o All other issues to do with generating, maintaining and improving the rental income

What if the seminar is mostly about strategies on investment?

Where topics of a program are a mix of strategy, wealth creation and management, then

- Determine the proportion relating to management e.g. 10%
- Claim a deduction for that proportion of the total cost only

To determine the deductible proportion, review the brochure and check the topics. Alternatively discuss the matter with the presenters.

Help available

To make the compilation & reporting task for tax returns easier, clients of **Property Tax Specialists** received checklists and templates to facilitate the process ... **saving them time and money** ... the 'write' way is having clear **documentation**. ATO way means time/money wastage with possible audit investigation.

If you need help contact Shukri Barbara at Property Tax Specialists at Shukri@propertytaxspecialists.com.au

We look forward to being of Service – helping you towards Prosperity & Peace of Mind

Please do not hesitate to contact us if you would like to review & discuss your current property & tax situation, your asset protection strategy, structuring your next investment property, planning to legally minimise your tax position or just to prepare your next tax return.

We look forward to being of service. We also look forward to your referrals.

To improve our service we welcome all constructive comments on this newsletter and other materials.

For help contact **Shukri Barbara** at Property Tax Specialists at Shukri@propertytaxspecialists.com.au

Disclaimer

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.

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Kind Regards
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