

Travel for Holiday & Inspecting Rental Property

– What is deductible?

Many of my clients have rental investment properties located in resort or holiday locations in Australian destinations – the most popular being NSW mid north coast towns and Queensland coast from Gold Coast to Cairns.

During the holiday seasons they would take a trip to that town or a nearby location say for a week or ten days. In doing so they incur expenses including airfares, accommodation & meals.

They would then go to inspect the rental investment property on one of those days.

At tax time they ask if they can claim a proportion of the cost of the trip as a an expense against the rental income.

The tax office looks at the main reasons for your trip. As in the example above where it is 9 days holiday and half a day inspection, they will treat the expenses as follows:

- No deduction for the airfares
- A deduction can be claimed for taxi fares or car expenses travelling to the property from your holiday apartment or caravan park etc
- Accommodation costs apportioned as 1 day out of 9 or total number of days you are at the resort
- Those of you who always have a keen eye for opportunities in this market, note that the cost of travel to inspect a property you do not own yet is **NOT** deductible.
- These expenses are considered to be preliminary to earning the rent and can yet be matched against the revenue as you are not yet entitled to the rent.
- They are not even taken as part of the cost base of the property. With or without low airfares many clients and keen investors.

They always have a keen eye for opportunities in the market. So if they spot an opportunity they can travel to inspect immediately.

The cost of travel to inspect a property you do not own yet is **NOT** deductible.

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They are not even taken as part of the cost base of the property.

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.

Acknowledgement - parts of this newsletter have been taken from KnowledgeShop Pty Ltd client newsletters. Barbara & co – Property Tax Specialists is a member of the Knowledge Shop and Hayes Knight Network

Kind Regards
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