

PROPERTY MANAGEMENT BULLETIN

WINTER 2021 · ISSUE 10



**FROM THE TEAM AT
PRDNATIONWIDE
PALM BEACH**

WE NEED MORE RENTAL PROPERTIES

The rental market is on the rise.

Are you looking to purchase another investment property or do you know someone who has an investment property in our area?

Call us today and we can discuss the benefits of growing your investment portfolio and how we can increase your income and wealth.



Keep up-to-date with everything real-estate, your local community, get home improvement tips and more...

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THE TENANCY CHANGEOVER IT IS MORE THAN JUST ANOTHER PROCESS?

When a tenant gives notice to vacate, we do understand that it can be a stressful time for property investors, as they consider the possible uncertain times of questioning:

- How long will it take to find a new tenant?
- What condition will the tenant leave the property?
- Will I have to top up the income during this period? and
- How much will the tenancy changeover cost me?

The changeover period is an important time during the management process of the property. Take the time to plan to minimise any potential income loss and utilise the time while the property is vacant to focus on scheduled maintenance, renovations/improvements to optimise the long-term capital growth value.

QUICK THOUGHT-PROVOKING TIPS

- At the commencement of a new tenancy, 'start thinking with the end in mind' about potential renovations/improvements to the property that may be necessary and set up a budget to reduce financial pressures.
- Schedule into your calendar the agreement expiry date as a reminder.
- Allow a minimum three-day turnaround between tenants to factor in the final inspection, possible cleaning, and repairs that may be required.
- Utilise the tenancy changeover period to undertake any necessary repairs and more significant renovations/improvements, such as painting, replacing carpets, window coverings, rejuvenating gardens, etc.
- Be mindful that when a tenant vacates, legislation states that the property must be left in the same condition as the commencement taking into consideration fair wear and tear.

In accordance with the possible formalities of 'fair wear and tear,' it may be necessary for the Investor to undertake a spot clean of the property before new tenants move in, depending on the circumstances. At all times, our agency will keep you updated and informed on all tenancy matters. If you have any questions, we are always here to support and assist you.

TAX TIME... UNDERSTANDING THE BASICS

We are fast approaching that time of the year where property investors need to get prepared and take the time to understand their tax obligations. Whether you plan on preparing your tax return or working with an accredited accountant, the following can assist you in getting organised, including a couple of helpful tips to better understand rental income and expenses. Rental income is simply the total amount of rent and other associated payments, such as refunded bond money at the end of the tenancy, reimbursements, insurance payouts, and booking or cleaning fees received. Rental expense is the total amount incurred or paid that is directly associated with renting the property.

There are three (3) categories of rental expenses:

1. Non-claimable deductions
2. Immediate claimable deductions
3. Deductible over several income years

NON-CLAIMABLE DEDUCTIONS (EXPENSES)

- Acquisition and disposal cost of the property.
- Expenses not incurred by you, such as water or electricity usage paid by the tenant.
- Expenses related to periods where the property was not available for rent.
- Travel and seminar expenses related to the prior purchase of a property.
- Travel expenses relating to the management of the property incurred from July 1, 2017.

IMMEDIATE CLAIMABLE DEDUCTIONS (EXPENSES)

We have created a checklist-style summary of these deductions to assist our property investors in ensuring they have accounted for all expenses.

RENTAL PROPERTY STATEMENTS

- Administration cost (stationery and postage)
- Advertising for tenant costs
- Agent's fees and commissions
- Body Corporate fees
- Cleaning & caretaking fees
- Council rates
- Electricity and gas
- Gardening and lawn mowing
- Inspection costs (including annual certificate fees)
- Insurance premiums (landlord, building, contents, public liability)
- Pest control
- Repairs and maintenance
- Water charges

PRIVATE RECORD STATEMENTS

- Accounting fees
- Bank charges
- Home office expenses (where deductible)
- Interest on loans
- Land tax
- Legal expenses
- Mortgage discharge expenses
- Quantity surveyor's fees
- Stamp duty fees
- Stationery and postage
- Tax-related expenses
- Travel and car expenses (where deductible)
- Borrowing expenses, depreciation (as per schedule), and capital

DEDUCTIBLE OVER SEVERAL INCOME YEARS

There are three (3) types of expenses deductible over several years as outlined below, which can be a more complex part of the overall tax return that will require professional advice, reports, and the preparation of schedules.

1. Borrowing expenses
2. Depreciation
3. Capital works

The above is a brief overview of understanding tax time so that you can be more prepared. We recommend that all investors organise a pre-tax planning meeting with their accountant or financial advisor to ensure you claim the maximum benefits.



TALK TO THE PROPERTY EXPERTS

BUYING, SELLING AND PROPERTY MANAGEMENT

If you are thinking of buying or selling, feel free to give us a call

Properties Recently Rented

11 Cairns Avenue, Palm Beach	\$750
2/1 South Street, Coolangatta	\$550
19 Denawen Street, Palm Beach	\$750
6/27 Phillip Street, Currumbin Waters	\$670
60 Michel Drive, Currumbin Waters	\$1,200
4/48 Sarawak Avenue, Palm Beach	\$500

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