Year-End Tax Planning Guide

2025

PROPERTY INVESTORS

CONTENTS

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Prepay Expenses

Prepaying certain rental property expenses before 30 June can **help reduce your taxable income** for the current financial year, potentially **lowering your tax bill or increasing your refund**. By paying certain costs in advance, you bring forward their deductions into this financial year, rather than deferring them to the next. This is particularly beneficial if you expect your income to be higher this year and **want to minimise your tax liability** before 30 June.

If your rental property is leased or genuinely available for rent, you can **claim a tax deduction on prepaid expenses** such as:

- [ ] Council Rates
- [ ] Water Charges
- [ ] Certain Body Corporate Fees/Strata Levies
- [ ] Insurance Premiums
- [ ] Land Tax

Bring Forward Any Repairs & Maintenance

Bringing forward repairs and maintenance is similar to prepaying expenses because it **allows you to accelerate deductions** by completing and paying for repairs before 30 June. Unlike improvements, **repairs and maintenance can be fully deducted** in the year they are incurred, so getting necessary fixes done early can **reduce your taxable income** for the current financial year.

Identify and Prioritise Necessary Repairs

Review your rental property for any urgent repairs, such as leaking taps, broken windows, or damaged doors. Prioritise these fixes as **repairs are fully deductible** in the year they are completed, unlike improvements which must be depreciated over time.

Bring Forward Any Repairs & Maintenance

- [ ] **Schedule and Complete Repairs Before 30 June**

  Arrange for the repairs to be done before the end of the financial year. **Make sure the work is completed** and that you receive and pay invoice dated before or on 30 June so you can claim the deduction in this financial year.

- [ ] **Pay for Repairs Before EOFY**

  Paying the repair invoices before 30 June is essential to claim the deduction this year. The payment date, not just the invoice date, determines which financial year the deduction applies to.

- [ ] **Keep Accurate Records and Differentiate Repairs from Improvements**

  Keep detailed receipts and documentation showing the nature of each expense. Repairs are immediate deductions, but any work that improves or renovates the property must be capitalised and depreciated over time.

Ensure All Eligible Deductions are Claimed

- [ ] **Review all Expenses:** For a guide to all investment property expenses that can be claimed, please visit our website:

  https://www.zimsenpartners.com.au/rental-property-expenses-schedule/

Prepare & Organise All Documents

Compile Tax Documents:

For tax planning and preparation for rental properties, **having the right documentation is essential** to **support deductions and ensure compliance**. Here's a list of key documents you'll need:

- ☐ Real Estate Agent Summary
- ☐ Council Rates Notice
- ☐ Water Charges Invoices
- ☐ Body Corporate Fees
- ☐ Insurance Premiums
- ☐ Mortgage Bank Statements
- ☐ Receipts for any Repairs / Maintenance

Order a Depreciation Schedule

A depreciation schedule is a detailed report prepared by a qualified quantity surveyor (or other approved professional, depending on your jurisdiction) that outlines the depreciable components of a rental property. It **helps ensure investors claim the maximum allowable tax deductions** on the wear and tear of the building structure and assets like carpets, appliances, blinds, etc.

If you would like assistance in selecting a qualified quantity surveyor, please feel free to get in touch with our office.

Make a Voluntary Super Contribution

Using income from a positively geared rental property to make a post-tax superannuation contribution allows you to initially contribute after tax but then claim a tax deduction, **effectively converting it into a pre-tax contribution**. This strategy helps **reduce your taxable income while growing your superannuation balance** in a tax-effective environment where concessional contributions are taxed at just 15%.

To ensure the contribution is processed in time for the current financial year, it **should be made at least a couple of weeks before 30 June**.

Please be mindful that the **concessional contributions cap is currently $30,000** per financial year, which includes any Superannuation Guarantee (SG) contributions made by your employer.

If you need guidance on how to manage your contributions within this cap, please feel free to contact our office.

Review Loans

Regularly reviewing your rental property loans can help ensure you're getting the **most competitive interest rates** and **loan terms,** which can **improve your cash flow and overall investment return**. It also provides an opportunity to consider refinancing options, consolidate debt, or adjust repayment strategies to better align with your financial goals.

Staying proactive with your loans can **reduce unnecessary costs** and **maximise tax-deductible interest expenses.**

Our accounting firm partners with experienced mortgage brokers who are ready to help review your loan. Feel free to reach out to us anytime for expert assistance in securing the best terms and rates for your rental property.

Speak to a Tax Agent

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Speaking to a registered tax agent can help you **navigate complex tax rules** and ensure you're **maximising all available deductions** for your rental properties.

Asking any questions before 30 June can be especially beneficial, as it **gives you time to address and rectify any potential issues** before the financial year ends. If you haven't already connected with a tax agent, we encourage you to reach out to our office for support.

Timing

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Timing is crucial when it comes to rental property tax planning, as missing key deadlines can result in lost deductions or penalties. Planning and submitting documents well before due dates, especially around the end of the financial year, ensures you maximise your tax benefits and stay compliant.

Lodging your tax return through a registered tax agent will give you **an extended deadline to file**. If you need assistance with managing important deadlines, please feel free to contact our office.

Record Keeping

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Keep all receipts & invoices for 5 years after sale

Include legal documents, bank statements, asset purchase invoices, tenant agreements, depreciation schedules, and loan contracts.

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Use software or spreadsheets to track

A clear digital record of income, expenses, dates, and categories can streamline compliance and reduce accountant fees.

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