RESIDENTIAL

RENTAL PROPERTY

CHECKLIST 2021

This version of CPA Australia’s 2021 Residential rental property checklist is a basic checklist only.

For guidance on the major issues that public practice members should address when discharging your obligations in preparing 2021 tax returns for residential rental properties, see CPA Australia’s detailed checklist with tax agent instructions.

This information is based on legislation current as at 11 June 2021.

**About the author**

This checklist was prepared by Moore Australia (Vic) Pty Ltd on behalf of CPA Australia.

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**LEGEND**

**Reference:**  Label on Rental property schedule.

**Column 1:** Column 1 requires the user to indicate whether they were either Advised (‘A’) of the information or Sighted (‘S’) documentation or whether No Substantiation is required (‘N/A’).

**Column 2:** Column 2 requires the user to indicate whether an additional work paper (WP) should be completed in respect of that item.

**Column 3:** Column 3 indicates whether an attachment was obtained in respect of that item.

| REFERENCE | DESCRIPTION | Column 1 (A) (S) (N/A) | Column 2 WP (Y or N) | Column 3 Attachment (Y or N) |
| --- | --- | --- | --- | --- |
| RENTAL DETAILS | | | | |
|  | Do you own or have an interest in a rental property in Australia? |  |  |  |
|  | Do you have multiple rental properties? |  |  |  |
|  | Do you only have a part-interest in a rental property (i.e. you are a joint proprietor or a tenant in common)? |  |  |  |
| INCOME (EXCLUDE CENTS ON ALL AMOUNTS) | | | | |
| A | Did you earn any rental income? |  |  |  |
| B | Did you earn other rental related income? |  |  |  |
| C | Calculate gross rent:  (Add A and B) |  |  |  |
| EXPENSES (EXCLUDE CENTS ON ALL AMOUNTS) | | | | |
|  | Did you incur deductible expenditure relating to the rental property in the current financial year? |  |  |  |
| D | Did the expenditure relate to advertising for tenants? |  |  |  |
| E | Did the expenditure relate to owner’s corporation (i.e. body corporate) fees for the daily administration and maintenance of the property? |  |  |  |
| F | Did the expenditure relate to borrowing expenses you incurred in the current or previous income year? (e.g. undeducted borrowing cost balances) |  |  |  |
| G | Did the expenditure relate to cleaning expenses you incurred? |  |  |  |
| H | Did the expenditure relate to council rates you incurred? |  |  |  |
| I | Did the expenditure relate to a capital allowance deduction on a depreciating asset used in the rental property (i.e. tax depreciation)? |  |  |  |
| J | Did the expenditure relate to gardening or lawn mowing expenses you incurred? |  |  |  |
| K | Did the expenditure relate to insurance expenses you incurred in respect of the property? |  |  |  |
| L | Did the expenditure relate to interest on loans you incurred? |  |  |  |
| M | Did the expenditure relate to land tax expenses you incurred? |  |  |  |
| N | Did the expenditure relate to legal expenses you incurred? |  |  |  |
| O | Did the expenditure relate to pest control expenses you incurred? |  |  |  |
| P | Did the expenditure incurred relate to property agent fees or commissions paid to a property agent or real estate agent? |  |  |  |
| Q | Did the expenditure relate to repairs and maintenance expenditure you incurred? |  |  |  |
| R | Did the expenditure relate to capital works expenditure (i.e. a building or a building alteration, extension or improvement or related structural improvement)? |  |  |  |
| S | Did the expenditure relate to stationery, telephone and postage expenses you incurred? |  |  |  |
| U | Did the expenditure relate to water charges you incurred? |  |  |  |
| V | Did the expenditure relate to any other sundry rental expenses you incurred that have not already been included within Labels D-U? |  |  |  |
| W | Total expenses |  | | |
| X | Net rent |  | | |

|  |
| --- |
| TAXPAYER’S DECLARATION |
| Complete the taxpayer’s declaration |

Appendix A

A sample of the depreciation rates contained in the ATO Residential Property Guide 2021 are provided below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Asset | Effective life  (if acquired from 1 July 2004 and before 1 July 2019) | Depreciation rate | Effective life  (if acquired from 1 July 2019) | Depreciation rate |
| Air conditioners  (room units) | 10 years | 10% | 10 years | 10% |
| Smoke alarms | 6 years | 16.67% | 6 years | 16.67% |
| Carpets | 10 years | 10% | 8 years | 12.5% |
| Window curtains | 6 years | 16.67% | 6 years | 16.67% |
| Furniture and fittings | 13.33 years | 7.5% | 13.33 years | 7.5% |
| Electric heaters | 15 years | 6.67% | 15 years | 6.67% |
| Refrigerators | 12 years | 8.33% | 12 years | 8.33% |
| Washing machines | 10 years | 10% | 8 years | 12.5% |

All rates above have been calculated at prime cost. However, diminishing value rates can be used as an alternative and are 150% of prime cost rates for depreciating assets acquired before 10 May 2006. Such rates increased to 200% of prime cost rates for depreciating assets acquired on or after 10 May 2006.

Further details on the effective lives and therefore depreciation rates applicable to depreciating assets acquired during the year ended 30 June 2021 for residential property operators are set out in the ATO’s residential property guide (available at [Rental properties 2021](https://www.ato.gov.au/forms/rental-properties-2021/)) and Table A of Taxation Ruling TR 2020/3.

Refer to Appendix B for rates of write-off on eligible residential capital works.

Appendix B

|  |  |  |  |
| --- | --- | --- | --- |
| Category | Sub category | Date | Amount |
| Residential buildings | Short-term traveller accommodation | 27.2.92 onwards  16.9.87 to 26.2.92  22.8.84 to 15.9.87  22.8.79 to 21.8.84 | 4%  2.5%  4%  2.5% |
|  | Other residential accommodation | 16.9.87 onwards  18.7.85 to 15.9.87 | 2.5%  4% |
| Structural improvements |  | 27.2.92 onwards | 2.5% |

Also refer to Appendix A for information regarding the write-off on certain depreciating assets which may be applicable to residential property owners.