Rental Schedule with Invoices, Income Detail Provided:

Learning Objectives :

1. Introduction to Rental Income

2. How to Prepare Excel workpaper for Rental Income & Expenses

3. What is Rental Income & Expenses, what are the Expenses Eligible to claim as deduction with Example Documents?

4. How to create and update Rental Schedule in Xero practice Manager

1. Introduction to Rental Income

I. What is Rental Income?

i. Rental Income refers to the money you receive from leasing or renting out a property to someone else.

ii. Generally, Person **who received the rental money called Owner**.

iii. Generally, Person **who paid the rental money called Tenant**.

Note: In Australia most of the Rental Properties are management by Property Agents behalf of owner, so property agents will Collect Rental money from Tenant and Incurred all Expenses related to then rental property, for managing property agent charge some agent fees balance money he will send it to Property Owner on Monthly basics.

2. How to Prepare Excel workpaper for Rental Income & Expenses

Client may provide various source related to rental property income, the main objective of preparing excel workpaper to consider rental expenses from various and to avoid duplication of Income and Expenses and to reconcile with agent summary.

For Examples:

- Expenses related to Water Rates per bank statement as well as Invoice for the same:
- Expenses related to Repairs and Maintenance provided in Agent summary as well as Invoice provided for the same
- Repairs and maintenance expense incurred by agent per agent summary in addition to that repair and maintenance directly incurred by owner per Invoice.

Various Source of Document:

A. Agent Summary (Property Agent Summary either in yearly basis or Monthly basis)

B. Bank Statement

C. Client Summary (nothing but End client's written notes, mail communication or Excel workpaper)

D. Invoice

E. Loan Statement (To Considered Interest Expenses)

F. Xero (Used to considered Deprecation Expenses)

Rental Property Schedule Worksheet							
	(A) Agent Summary	**(B) Bank Statement**	**(C) Client Summary**	**(D) Invoice**	**(E) Loan Statement**	**(F) Xero**	**Total (A+B+C+D+E+F)**
Income							
Rental Income							xxx
Other Rental Income							xxx
Total Income (i)							**xxx**
Expenses							
Advertising for Tenants							xxx
Agent Fees							xxx
Body Corporates Fees							xxx
Borrowing Expenses							xxx
Cleaning							xxx
Council Rates							xxx
Depreciation - Capital Work Deduction - Capital Allowance							xxx
Gardening							xxx

Insurance							xxx
Interest						xxx	xxx
Land Tax							xxx
Legal fees							xxx
Office Supplies							xxx
Pest control							xxx
Repairs and Maintenance							xxx
Travel							xxx
Water							xxx
Sundry (Other Expenses)							xxx
Total Expenses (ii)							**xxx**
Net Rental Income (iii)							**(i)-(ii)**
Distribution							
Individual 1 (% of Ownership)							**(iii) x (% of Ownership)**
Individual 2 (% of Ownership)							**(iv) x (% of Ownership)**

3. What is Rental Income & Expenses, what are the Expenses Eligible to claim as deduction with Example Documents?

A. Rental Income

I. Rental Income per Schedule:

It is a Gross amount of Rent that property owner receive during the Financial Year.

For Example: Gross Rent is $31,284, Property Agent Incurred Repairs and Maintenance of $2,572 and Charged Agent Fees of $1,564 in that month balance amount received in bank of $ 27,147.

Description	**Amount**
Gross Rent	$31,284
Less:	
Repairs & Maintenance etc.	($ 2,572)
Agent Fees	($1,564)
Rent received in Bank	**$27,147**

In above Example the Gross amount of Rent is $31,284 to be considered in Rental Schedule

Example of Documents Rental Agent Summary

16

Financial Statement for the period 01/07/2022 to 30/06/2023

RE

		Y.T.D.	July	August	September	October	November	December	January	February	March	April	May	June
Revenue														
402.	Rent	$31,284.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00
		$31,284.00	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**
Expenses														
527.	Electrical Repairs	-$972.27	$0.00	-$422.27	-$550.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
523.01	Miscellaneous Repairs/Maintenance	-$1,181.82	$0.00	-$200.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	-$981.82	$0.00	$0.00
520.	Bank Charges & Statement Fee	-$42.00	-$3.50	-$3.50	-$3.50	-$3.50	-$3.50	-$3.50	-$3.50	-$3.50	-$3.50	-$3.50	-$3.50	-$3.50
512.	G.S.T.	-$160.68	-$13.39	-$13.39	-$13.39	-$13.39	-$13.39	-$13.39	-$13.39	-$13.39	-$13.39	-$13.39	-$13.39	-$13.39
740.08	G.S.T.	-$215.41	$0.00	-$62.23	-$55.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	-$98.18	$0.00	$0.00
500.	Commission on Rental	-$1,564.20	-$130.35	-$130.35	-$130.35	-$130.35	-$130.35	-$130.35	-$130.35	-$130.35	-$130.35	-$130.35	-$130.35	-$130.35
		-$4,136.38	**-$147.24**	**-$831.74**	**-$752.24**	**-$147.24**	**-$147.24**	**-$147.24**	**-$147.24**	**-$147.24**	**-$147.24**	**-$1,227.24**	**-$147.24**	**-$147.24**
Capital														
102.	Distribution to Owner	-$27,147.62	-$2,459.76	-$1,775.26	-$1,854.76	-$2,459.76	-$2,459.76	-$2,459.76	-$2,459.76	-$2,459.76	-$2,459.76	-$1,379.76	-$2,459.76	-$2,459.76
		-$27,147.62	**-$2,459.76**	**-$1,775.26**	**-$1,854.76**	**-$2,459.76**	**-$2,459.76**	**-$2,459.76**	**-$2,459.76**	**-$2,459.76**	**-$2,459.76**	**-$1,379.76**	**-$2,459.76**	**-$2,459.76**

II. Other Rental Income per Schedule:

Following is to be considered as Other Rental Income

a. Property owner received an insurance payment to compensate for lost rent.
b. Property owner received a letting or booking fee.
c. Government rebate for purchase of a depreciating asset, such as a solar hot-water system for rental property
d. If property owner received a reimbursement for deductible expenditure.

For Example: Owner incurred repairs expenses for the rental property later the repair amount was recovered from the Tenant.

B. Rental Expenses

There are 3 categories of rental expenses:

I. Rental Expenses which you cannot claim deductions.

II. Rental Expenses can claim an immediate deduction.

III. Rental Expenses can claim deduction over a number of incomes year.

I. Rental Expenses which you cannot claim deductions.

i. Expenses **not** incurred by Owner.

ii. Expenses for the property **was not** genuinely available for rent.

iii. Expenses **not** related to the rental property.

iv. Expenses incurred to relocating assets between rental properties prior to renting.

vi. Acquisition costs and disposal costs for the rental property (will goes to Capital Gain Tax)

II. Rental Expenses can claim an immediate deduction.

i. Advertising:

Advertising for Tenants

Note: Advertising for sale of rental property not allowed to deduct under rental schedule it will goes to Capital Gain Tax calculation

ii. Agent Fees

Property agent's fees and commissions (including prior to the property being available to rent)

Example of Documents (Agent Summary) where we can get Agent Fees of ($1,564.20+$156.42 =$1,720.62)

Financial Statement for the period 01/07/2022 to 30/06/2023

		Y.T.D.	July	August	September	October	November	December	January	February	March	April	May	June
Revenue														
402.	Rent	$31,284.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00	$2,607.00
		$31,284.00	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**	**$2,607.00**
Expenses														
527.	Electrical Repairs	-$972.27	$0.00	-$422.27	-$550.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
523.01	Miscellaneous Repairs/Maintenance	-$1,181.82	$0.00	-$200.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	-$981.82	$0.00	$0.00
520.	Bank Charges & Statement Fee	-$42.00	-$3.50	-$3.50	-$3.50	-$3.50	-$3.50	-$3.50	-$3.50	-$3.50	-$3.50	-$3.50	-$3.50	-$3.50
512.	G.S.T.	-$160.68	-$13.39	-$13.39	-$13.39	-$13.39	-$13.39	-$13.39	-$13.39	-$13.39	-$13.39	-$13.39	-$13.39	-$13.39
740.08	G.S.T.	-$215.41	$0.00	-$62.23	-$55.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	-$98.18	$0.00	$0.00
500.	Commission on Rental	-$1,564.20	-$130.35	-$130.35	-$130.35	-$130.35	-$130.35	-$130.35	-$130.35	-$130.35	-$130.35	-$130.35	-$130.35	-$130.35
		-$4,136.38	**-$147.24**	**-$831.74**	**-$752.24**	**-$147.24**	**-$147.24**	**-$147.24**	**-$147.24**	**-$147.24**	**-$147.24**	**-$1,227.24**	**-$147.24**	**-$147.24**
Capital														
102.	Distribution to Owner	-$27,147.62	-$2,459.76	-$1,775.26	-$1,854.76	-$2,459.76	-$2,459.76	-$2,459.76	-$2,459.76	-$2,459.76	-$2,459.76	-$1,379.76	-$2,459.76	-$2,459.76
		-$27,147.62	**-$2,459.76**	**-$1,775.26**	**-$1,854.76**	**-$2,459.76**	**-$2,459.76**	**-$2,459.76**	**-$2,459.76**	**-$2,459.76**	**-$2,459.76**	**-$1,379.76**	**-$2,459.76**	**-$2,459.76**
Owner Distribution														
		$27,147.62	$2,459.76	$1,775.26	$1,854.76	$2,459.76	$2,459.76	$2,459.76	$2,459.76	$2,459.76	$2,459.76	$1,379.76	$2,459.76	$2,459.76
		$27,147.62	**$2,459.76**	**$1,775.26**	**$1,854.76**	**$2,459.76**	**$2,459.76**	**$2,459.76**	**$2,459.76**	**$2,459.76**	**$2,459.76**	**$1,379.76**	**$2,459.76**	**$2,459.76**

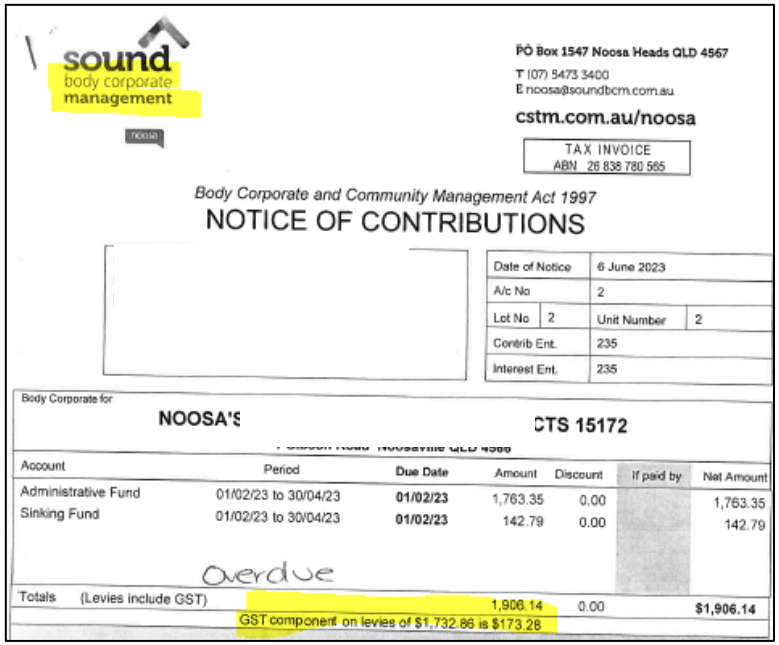
iii. Body Corporates Fees

Body Corporates Fees is the managing entity that oversees common property or shared areas in multi-unit developments (such as apartments, townhouses, or duplexes).

Body Corporate Fees Included following Fees:

i. Administration Levy: Covers day-to-day operations (e.g., water, insurance, lawn maintenance, management).
ii. Sinking Fund Levy: Reserved for long-term capital expenses (e.g., repairs, upgrades, major works).
iii. Special Levies: Occasional fees for unexpected expenses or major projects.

Example of Documents for Body Corporate Fees:



sound body corporate management

PO Box 1547 Noosa Heads QLD 4567
T (07) 5473 3400
E noosa@soundbcm.com.au
cstm.com.au/noosa

TAX INVOICE
ABN 26 838 780 565

Body Corporate and Community Management Act 1997

NOTICE OF CONTRIBUTIONS

Date of Notice	6 June 2023
A/c No	2
Lot No 2	Unit Number 2
Contrib Ent.	235
Interest Ent.	235

Body Corporate for NOOSA'S CTS 15172

Account	Period	Due Date	Amount	Discount	If paid by	Net Amount
Administrative Fund	01/02/23 to 30/04/23	01/02/23	1,763.35	0.00		1,763.35
Sinking Fund	01/02/23 to 30/04/23	01/02/23	142.79	0.00		142.79
Overdue						
Totals (Levies include GST)			1,906.14	0.00		$1,906.14

GST component on levies of $1,732.86 is $173.28

iv. Council Rates

- Council rates are a type of property tax levied by local councils across Australia.
- Every homeowner, including those renting out their properties, is subject to council rates.
- Council Rates is calculated based on the value of their property.

Example Document for Council Rate



CITY OF MONASH

Rates, Charges and Levies
For the period 1 July 2022 to 30 June 2023

027-3163 (15)

PROPERTY DETAILS

Fire Services Levy Classification - Residential
Land Use - 120 Single Unit/Villa Unit/Townhouse

DETAILS OF RATES, CHARGES AND LEVIES

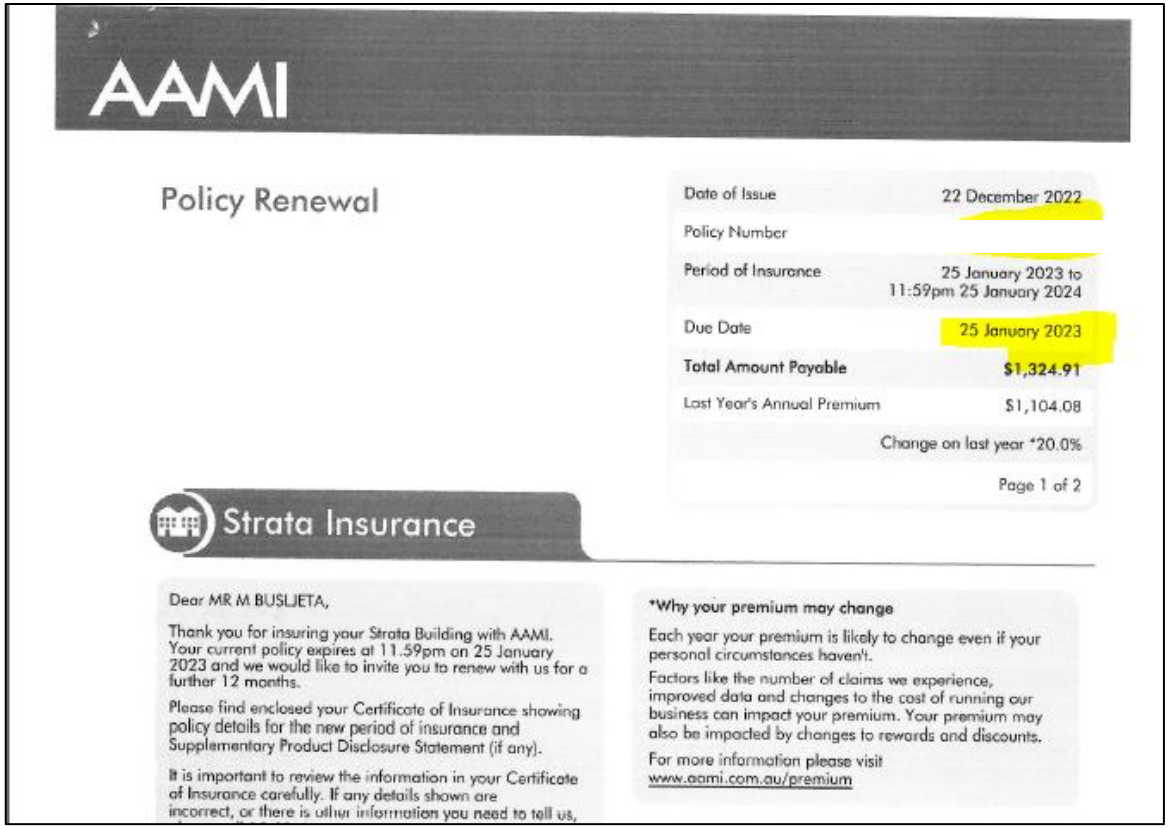
Arrears/Balance B/Fwd 01-Jul-2022	$0.00
Residential Rate (Rate on CIV .00132475)	$1,311.45
Fire Services Levy (Rate on CIV .000053 + $117.00)	$169.40
Recycling & Waste Levy	$46.00
AMOUNT PAYABLE	**$1,526.85**

BPAY 10/2/23

v. Insurance

- Insurance Expenses related to rental building.
- Insurance Expenses related to contents on rental property (e.g., furniture, appliances, carpets)
- Insurance Expenses related to public liability insurance (Public liability insurance covers legal liability for injury or damage to third parties (e.g., tenants, visitors) at your Rental property.
- Insurance Expenses related to Loss of rent (covers if your rental property becomes unfit or unsuitable to live due to (e.g. fire, flood), resulting in lost rental income.

Example Document for Insurance



AAMI

Policy Renewal

Date of Issue	22 December 2022
Policy Number	
Period of Insurance	25 January 2023 to 11:59pm 25 January 2024
Due Date	25 January 2023
Total Amount Payable	**$1,324.91**
Last Year's Annual Premium	$1,104.08
	Change on last year *20.0%

Page 1 of 2

Strata Insurance

Dear MR M BUSLJETA,

Thank you for insuring your Strata Building with AAMI. Your current policy expires at 11.59pm on 25 January 2023 and we would like to invite you to renew with us for a further 12 months.

Please find enclosed your Certificate of Insurance showing policy details for the new period of insurance and Supplementary Product Disclosure Statement (if any).

It is important to review the information in your Certificate of Insurance carefully. If any details shown are incorrect, or there is other information you need to tell us,

*Why your premium may change

Each year your premium is likely to change even if your personal circumstances haven't.

Factors like the number of claims we experience, improved data and changes to the cost of running our business can impact your premium. Your premium may also be impacted by changes to rewards and discounts.

For more information please visit www.aami.com.au/premium

vi. Interest Paid

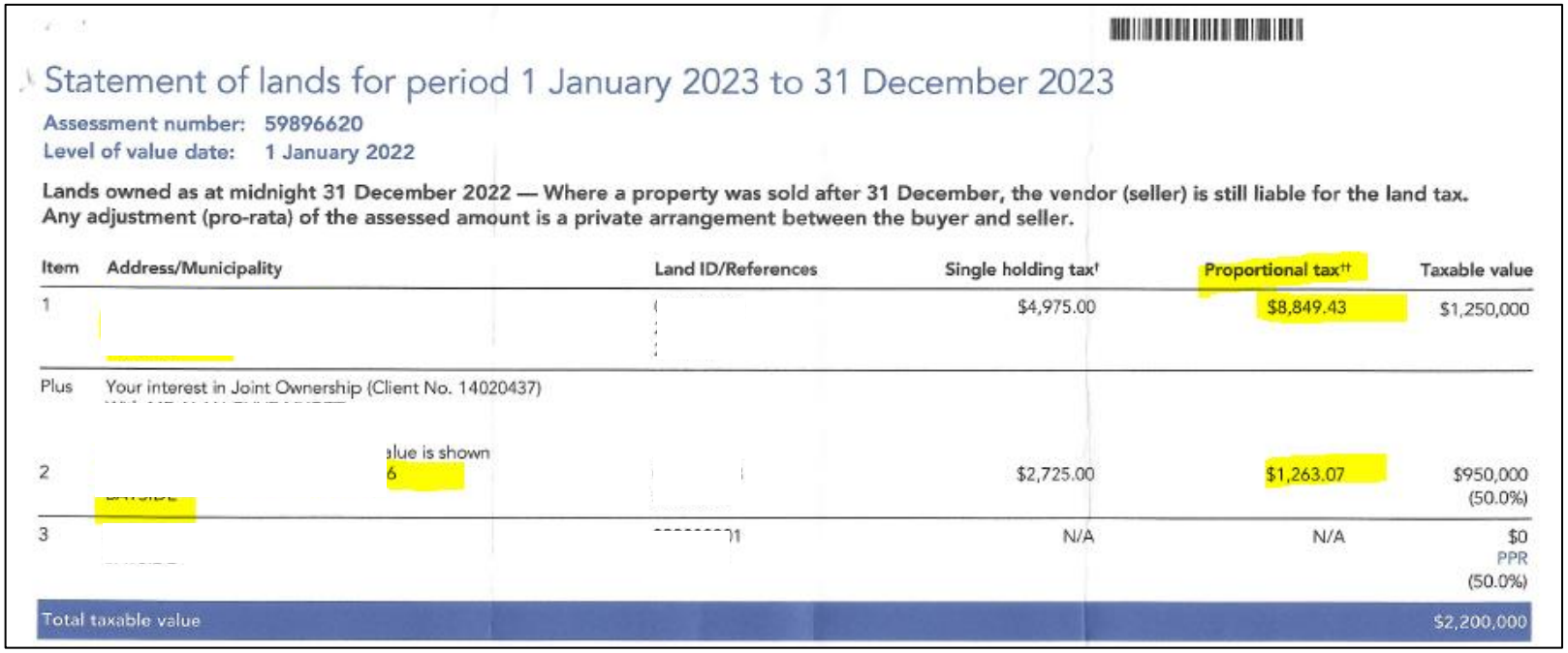
- Interest Expenses related to Loan.
- For Purchase or Construction of Rental Property.
- For purchase depreciating assets related to Rental Property
- For repairs related to Rental Property
- For renovations or Extension related to Rental Property.

vii. Land Tax

Land tax applies once the total taxable value of all land you own in a state exceeds a specific threshold (e.g., $300,000 in Victoria).

Land tax is assessed annually, considering the value of all land you owned on December 31 of the previous year.

Example Document for land Tax



Statement of lands for period 1 January 2023 to 31 December 2023

Assessment number: 59896620
Level of value date: 1 January 2022

Lands owned as at midnight 31 December 2022 — Where a property was sold after 31 December, the vendor (seller) is still liable for the land tax. Any adjustment (pro-rata) of the assessed amount is a private arrangement between the buyer and seller.

Item	Address/Municipality	Land ID/References	Single holding tax†	Proportional tax††	Taxable value
1			$4,975.00	$8,849.43	$1,250,000
Plus	Your interest in Joint Ownership (Client No. 14020437)				
2	lue is shown 6		$2,725.00	$1,263.07	$950,000 (50.0%)
3		1	N/A	N/A	$0 PPR (50.0%)
Total taxable value					$2,200,000

viii. Legal fees

Legal expense other than acquisition costs, selling cost and borrowing costs)

ix. Repairs and Maintenance

a. Examples of repairs for **which you can claim deductions as Repairs and Maintenance**:

i. Replacing broken windows.

ii. Plumbing

iii. Repairing electrical appliances.

iv. Repainting faded or Damaged interior walls.

b. Examples of Repairs and Maintenance are capital in nature for **which you cannot claim deductions under Repairs and Maintenance**:

i. Landscaping

ii. Insulating the house.

iii. Adding on another room.

x. Travel and Car Expenses

a. Rental property owner may entitle to claim Travel and car Expenses if:

Rental property owner is **Excluded entity. (or)**

Rental property is **commercial rental property**. **(or)**

Rental property **should not be** residential rental property.

Excluded Entity means:

i. Corporate Tax Entity

ii. Superannuation plan (other than a self-managed superannuation fund)

iii. Public Unit Trust

iv. Managed Investment Trust, or

v. Unit trust or partnership of which all the members are corporate tax entities, superannuation plans, managed investment trust or public unit trust.

b. Car Expenses Example:

Mr Emil visited the **commercial property**, to carry **out minor repairs**. He travelled 162 kilometres during these visits.

Eligible to claim: Distance travelled x Rate per km = Car Expenses (162km x $0.78 = $126), **Maximum restricted to 5000km**.

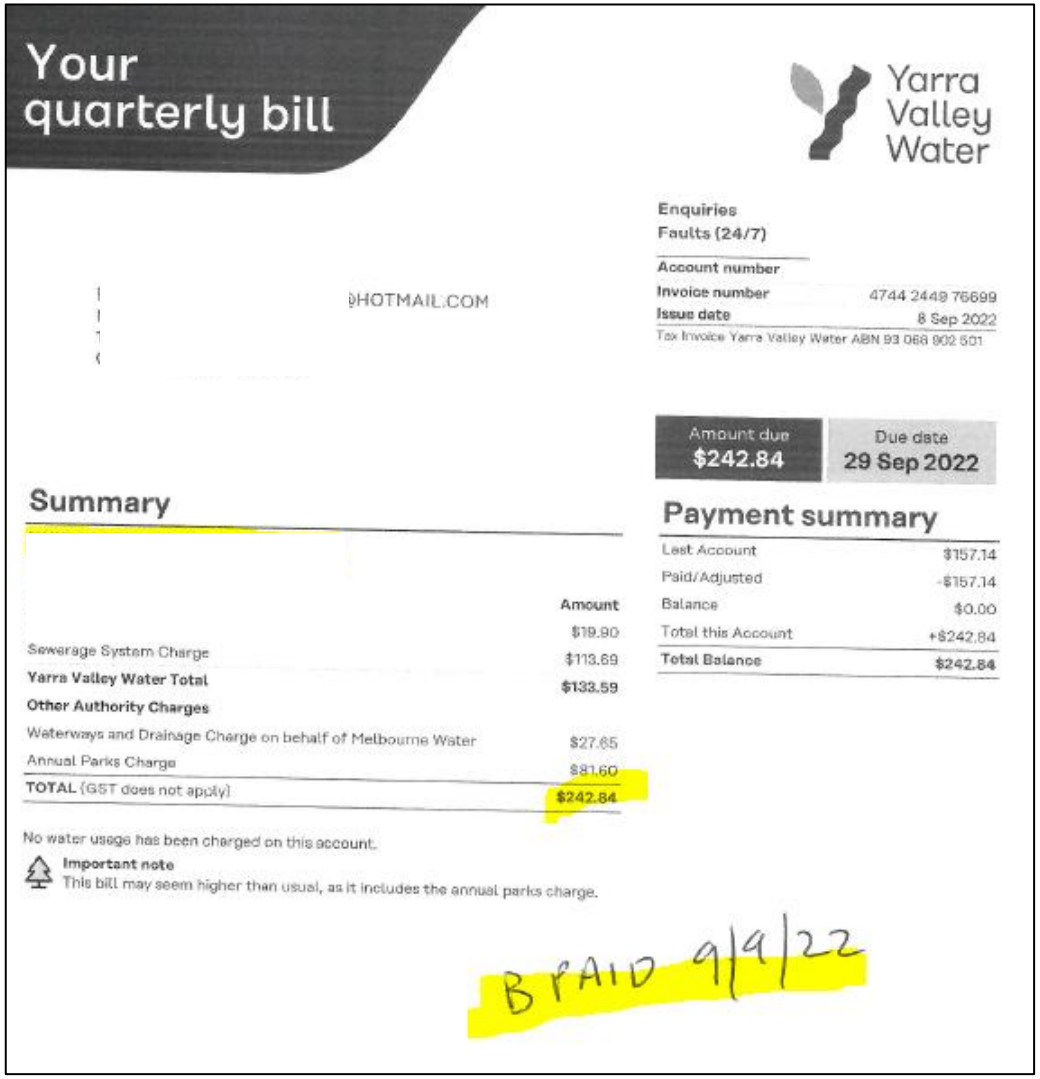
xi. Office Supplies

- Stationery (pens, paper and notebooks used for property)
- Printer Ink and cartridges etc.
- Postage

xii. Water

- Water rate and Water consumption Payment may be made on quarterly basis
- Water Rate will pay on Quarterly wise, so check 4 Quarter payment invoice.

Example Document for Water Rates



Your quarterly bill

Yarra Valley Water

Enquiries
Faults (24/7)

)HOTMAIL.COM

Account number
Invoice number 4744 2449 76699
Issue date 8 Sep 2022
Tax Invoice Yarra Valley Water ABN 93 066 902 501

Amount due $242.84
Due date 29 Sep 2022

Summary

	Amount
Sewerage System Charge	$19.90
	$113.69
Yarra Valley Water Total	**$133.59**
Other Authority Charges	
Waterways and Drainage Charge on behalf of Melbourne Water	$27.65
Annual Parks Charge	$81.60
TOTAL (GST does not apply)	**$242.84**

Payment summary

Last Account	$157.14
Paid/Adjusted	-$157.14
Balance	$0.00
Total this Account	+$242.84
Total Balance	**$242.84**

No water usage has been charged on this account.

Important note
This bill may seem higher than usual, as it includes the annual parks charge.

PAID 9/9/22

xiii. Sundry Expenses (Sundry means rental expenses not categorised in above rental expenses head)

For Example:

- Assets less than $300 (Immediate deduction for the cost of the asset uses it to produce rental income).
- Electricity and gas (annual power guarantee fees)
- Inspection Fees
- Leasing and Letting Fee
- Secretarial and bookkeeping fees
- Security patrol fees
- Telephone calls.
- **Bank Charges**

Bank charge related to bank loan for purchase or construct or Renovation of Rental Property etc.
Bank charges related to the separate bank account maintained for Rental property.

III. Expenses Deductible over several income years

There are 3 types of expenses you may incur for your rental property that may be claimed over several income years:

i. Borrowing expenses

ii. Amounts for decline in value of depreciating assets

iii. Capital works deductions.

i. Borrowing expenses

Example for Borrowing expenses:

- Fees for a valuation required for loan approval.
- Loan establishment fees.
- Costs for preparing and filing mortgage documents.
- Mortgage broker fees.

If the total deductible borrowing expenses are $100 or less, they are fully deductible in the income year they are incurred.

If total borrowing expenses are **more than $100, the deduction is spread over 5 years or the term of the loan, whichever is less**.

If owner repaid the loan early and in less than 5 years, you can claim a deduction for the balance of the borrowing expenses in the year the loan is repaid in full

ii. & iii. Depreciation & Capital works deductions

i. If Asset value more than $300

ii. Property depreciation allows owner to offset the decline in value of their rental property against their rental income using written down method or prime cost method.

For Deprecation Rate Refer ATO:

Example for Deprecation Schedule per XPM:

INDIVIDUAL TAX RETURN (DRAFT) Grant Johnston

Asset Depreciation for period 1 Jul 2022 to 30 Jun 2023

Rental -

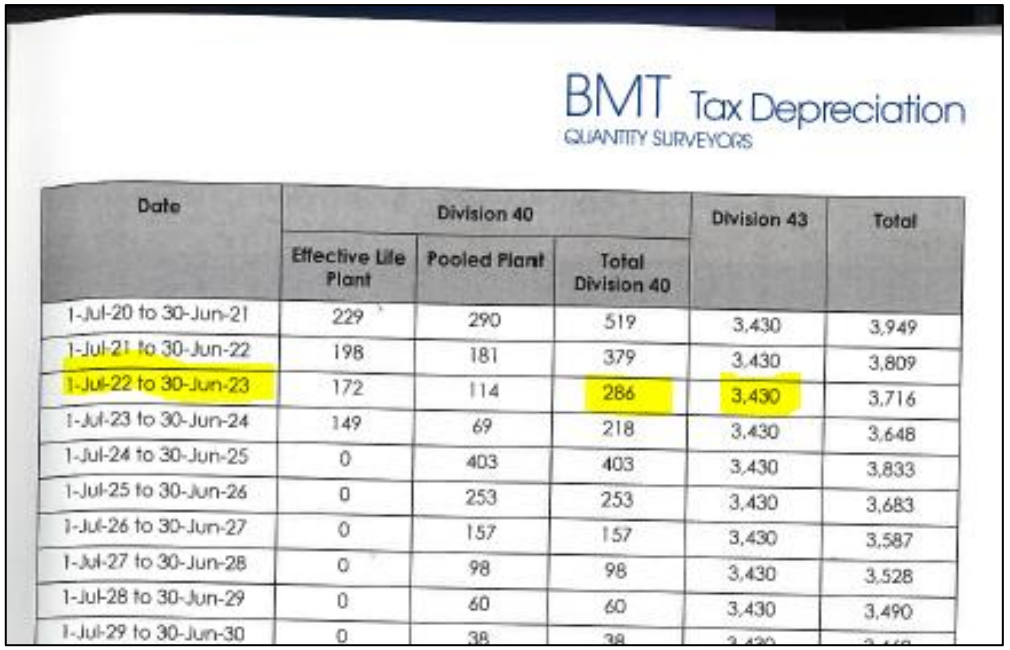
						Balancing adjustments								
Date Purchased	Description	Type	Cost	Cost Limit	OWDV	Date	Disposal Value	Assessable	Deductible	Method / Rate %	Decline in value	Bus. Use %	Business Decline	CWDV
I CAPITAL ALLOWANCES														
01/09/2017	Carpet	BLD	800		274					DV/20.00	55	100.00	55	219
01/04/2021	Carpet	BLD	825		580					DV/25.00	145	100.00	145	435
	Total		**1,625**		**854**						**200**		**200**	**654**

There are two main categories for claiming depreciation:

i. Capital Works Allowance (Division 43): Covers the value of the building's structure.(eg Building Renovations or Extensions or Alterations or Improvement)

ii. Plant and Equipment Depreciation (Division 40): Covers removable items within the property (e.g. AC, Heater, Ovens, Dishwashers)

Example Document BMT Report

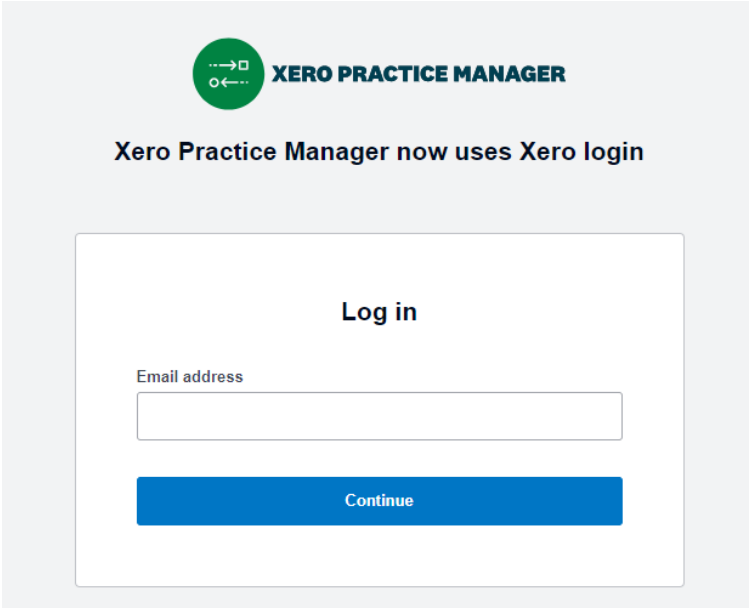


BMT Tax Depreciation
QUANTITY SURVEYORS

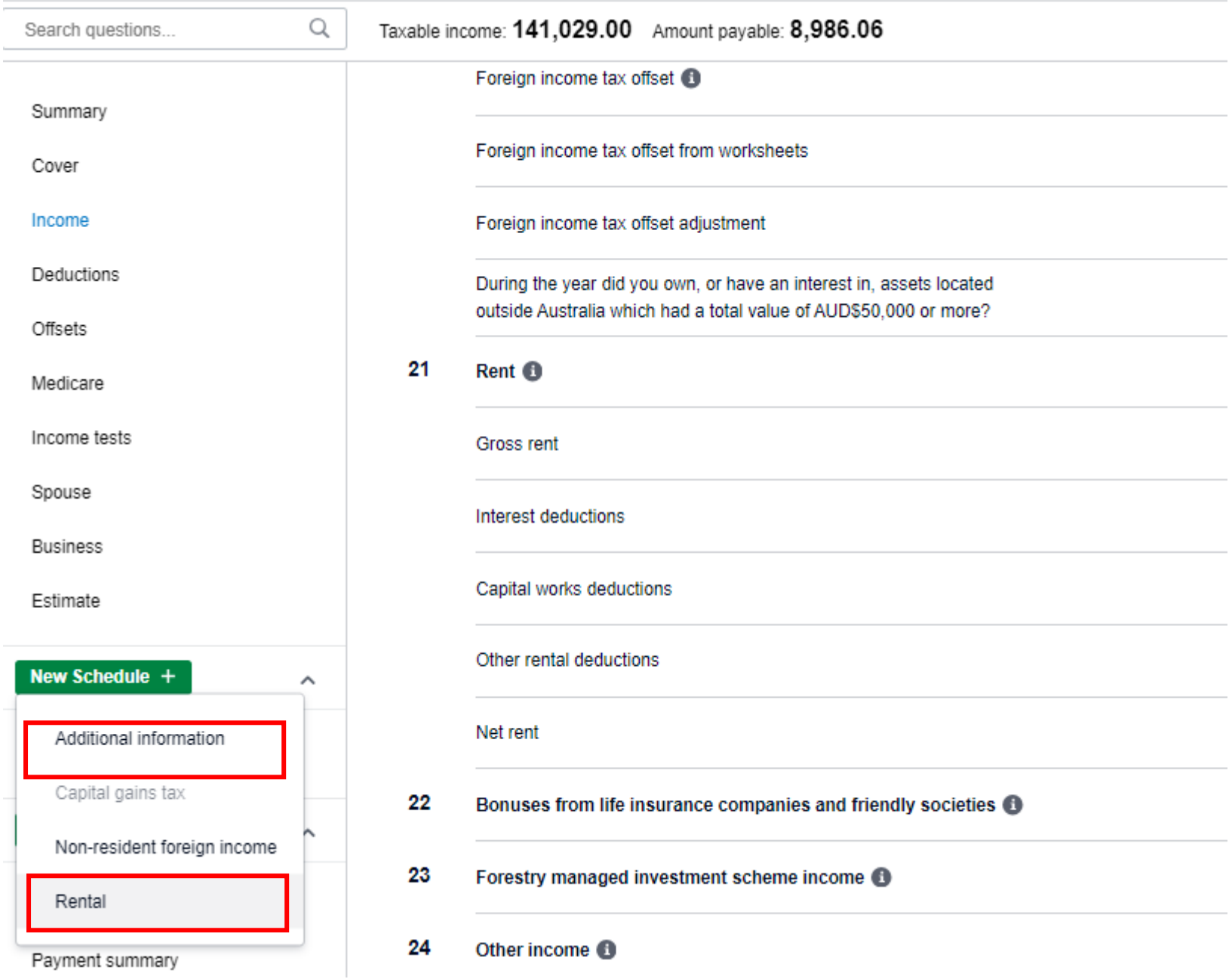
Date	Division 40			Division 43	Total
	Effective Life Plant	Pooled Plant	Total Division 40		
1-Jul-20 to 30-Jun-21	229	290	519	3,430	3,949
1-Jul-21 to 30-Jun-22	198	181	379	3,430	3,809
1-Jul-22 to 30-Jun-23	172	114	286	3,430	3,716
1-Jul-23 to 30-Jun-24	149	69	218	3,430	3,648
1-Jul-24 to 30-Jun-25	0	403	403	3,430	3,833
1-Jul-25 to 30-Jun-26	0	253	253	3,430	3,683
1-Jul-26 to 30-Jun-27	0	157	157	3,430	3,587
1-Jul-27 to 30-Jun-28	0	98	98	3,430	3,528
1-Jul-28 to 30-Jun-29	0	60	60	3,430	3,490
1-Jul-29 to 30-Jun-30	0	38	38	3,430	3,468

4. How to create and update Rental Schedule in Xero practice Manager?

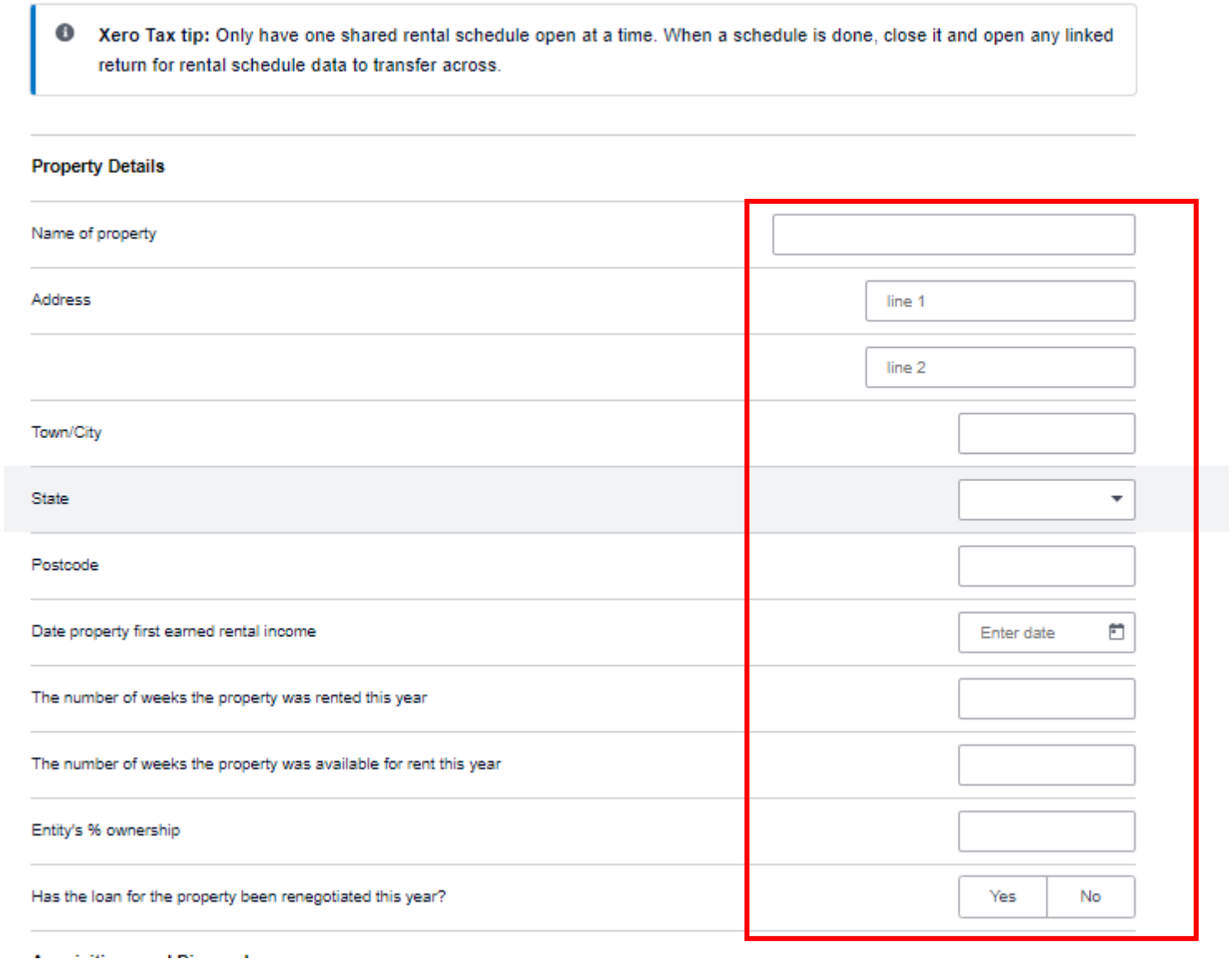
Step 1: Login into XPM> Select Client > and the Select the relevant ITR



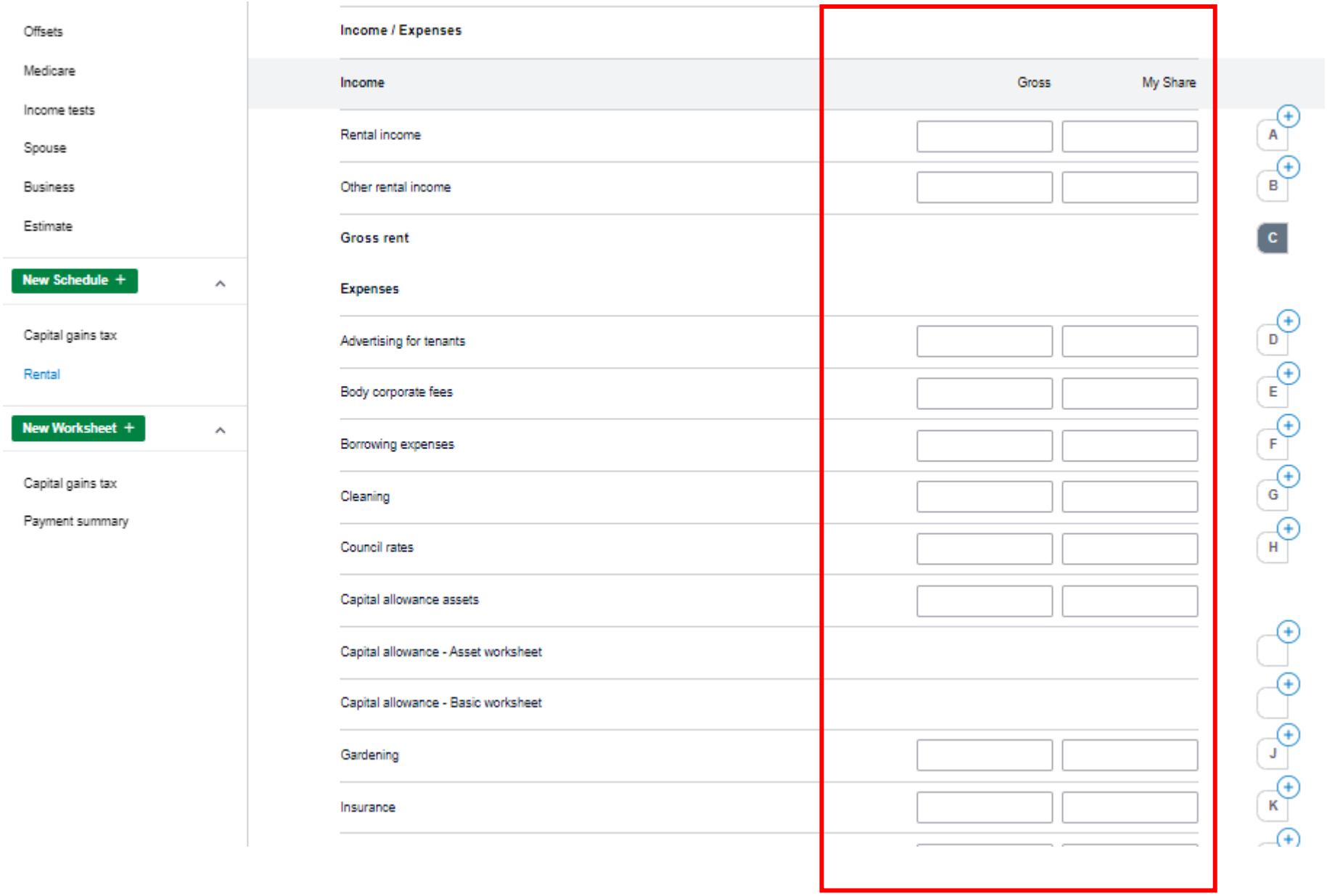
Step 2 : Select New Schedule and then select Rent now Rental Schedule has been created

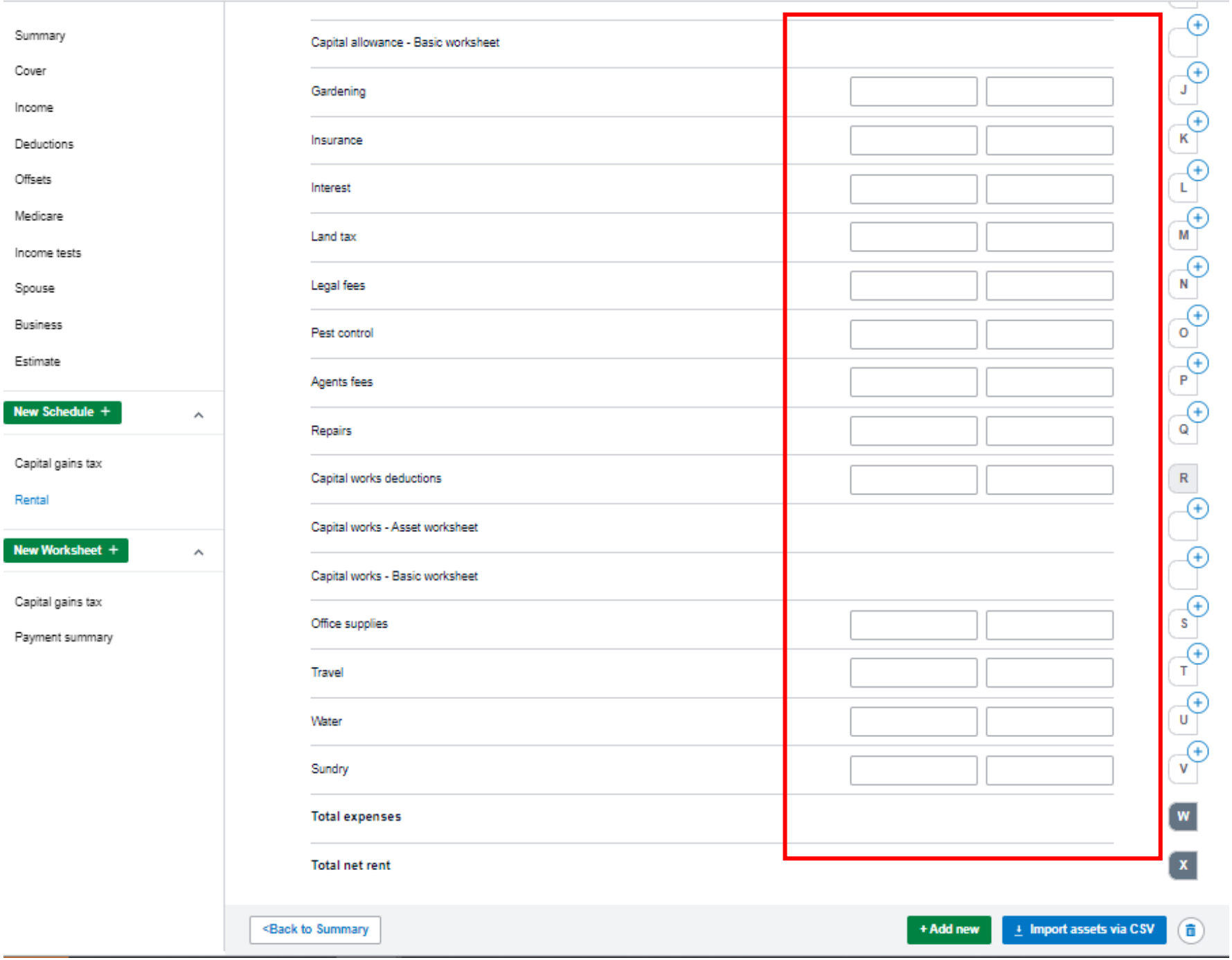


Step 3: Now fill the Rental Property Detail

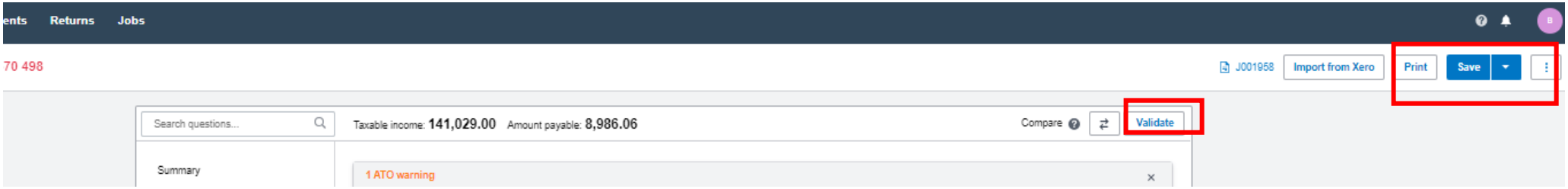


Step 4: Now fill the Rental Property Income and Expenses details as we discuss earlier.




Summary
Cover
Income
Deductions
Offsets
Medicare
Income tests
Spouse
Business
Estimate
New Schedule +
Capital gains tax
Rental
New Worksheet +
Capital gains tax
Payment summary
Capital allowance - Basic worksheet
Gardening
Insurance
Interest
Land tax
Legal fees
Pest control
Agents fees
Repairs
Capital works deductions
Capital works - Asset worksheet
Capital works - Basic worksheet
Office supplies
Travel
Water
Sundry
Total expenses
Total net rent
J
K
L
M
N
O
P
Q
R
S
T
U
V
W
X
<Back to Summary
+ Add new
Import assets via CSV

Step 5: Once Rental Property Income and Expenses are updated in XPM, in Top Right corner > Click Save and the Click > Validate to check is there is any Error.



That’s all, Thank You