

Negative Gearing Demonstration

Income

Rent per year \$.....

Total Income \$.....

Expenditure Estimates

Loan interest \$.....

Agent's fees (8%) \$.....

Buildings Insurance \$.....

Council Rates \$.....

Landlord Insurance \$.....

Maintenance \$.....

Depreciation \$.....

Water Rates \$.....

Total expenditure \$.....

Total Loss (A) \$.....

The loss is deducted from your taxable income in the same way someone might deduct dry cleaning expenses, education costs etc. The following figures are estimates:

Prior to negative gearing:

Taxable Income \$.....
Normal tax payable (B) \$.....
Net Income \$.....

Post Negative Gearing:

Taxable Income \$.....
Minus the total loss \$.....
New taxable income \$.....
New Tax payable (C) \$.....

Tax Saving (D) = Normal tax payable (B) – New tax payable (C) \$.....

Net cost of the property per year = Total Loss (A) – Tax Saving (D) \$.....

This example is for demonstration purposes only and should not be construed in any way as tax or investment advice. To discuss the impact on your individual circumstances you should seek independent financial and legal advice from a suitable industry professional. Mortgage Broker Melbourne highly recommends Philip Martin, Chartered Accountant www.pmca.com.au