

Rental Properties

Statement of Income:

Income from your Rentals, separated by each property if you have more than one rental

Expenses: These are the exact records that CRA wants to see in an audit, if you do not have them, they will disallow the expense. You must keep good records!

Accounting Fees for tax preparation

Advertising - paper, radio, web site

House Insurance

Household Appliances & Furnishings over \$ 200. These must be depreciated annually

Interest Expense – Only the mortgage interest itself can be utilized as a deduction, not the whole mortgage payment. Ask your bank for an annual statement. Don't forget about the interest paid on your credit card when you are buying items for the rental.

Management & Admin Fees – Strata fees, Council membership

Office Expenses – Receipt Books, Pens etc

Property Taxes – copy from the city

Repairs & Maintenance of property – cleaning expenses, painting, key cutting, etc; Some items such as carpets, roofs, etc. can only be depreciated annually

Telephone- only a business line or cell phone is allowed as deductions at 100%. Use of your house phone for business is not allowed as an expense, other than business related long distance charges.

Travel – If you own one rental property, the only travel expenses you can deduct are for repair & maintenance, as long as you personally do the repairs. The property must be in the “general area where you live.” If you own more than one property, you can then deduct travel expenses, like food, gas & accommodations.

Utilities for Rental: Heat, Hydro, Water, Garbage, Cable, Internet

When you finally sell your Rental Property, or move into it yourself, you must now calculate any gain, or loss from the original purchase price. You could end up paying tax on half this amount, so check with a tax professional first to find ways around this! GFM