QS Corner

TIP #72

In this month's QS Corner...
The ATO targets holiday homes

The ATO has recently announced a crackdown on property investors over-claiming deductions on holiday homes, this includes depreciation.

If you've been on holidays, it's very easy to get caught up in the romance of owning your own holiday home.

Purchase price, stamp duty and mortgages offset by the rental income can make it look good in the halo of optimism that comes with the first flush of real estate lust.

The "we have got to have it and we will make it work" compulsion is common when purchasing lifestyle properties.

Holiday houses **can be depreciated** if they are rented out to a third party but that doesn't mean you can't stay there when you want to.

As long as it's available for rent most of the year you can block out a two-week period over Christmas and claim the depreciation pro rata.

You are still entitled to that deduction regardless of how many weeks the property is actually rented out, as long as it was available for the full 50 weeks.

TIP – Make sure you pro-rata any depreciation claim if you have used the property personally.

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