

NEGATIVE GEARING CASE STUDY

Annual Income:		\$ 70,000	
Annual Rental Income:	(\$200 / week)	\$ 10,400	
Total Taxable Income:			\$ 80,400
Property Value (Owner Occupied):	\$ 350,000		
Loan Amount:	\$ 280,000		
Total Yearly Repayment at interest rate of 6.00% (Interest only)		(\$ 16,800)	
Property Value (Investment)	\$ 389,000		
Loan Amount:	\$ 350,000		
Total Yearly Repayment at interest rate of 6.00% (Interest only)		(\$ 21,000)	(\$ 21,000)
Adjusted Taxable Income:			\$ 59,400

The above case study does not include the other costs in running rental property, which are tax deductible:

- The fees of your estate agent and accountant for work directly related to the property
- Repairs and maintenance, including travel to the property to inspect repairs
- Owner corporation fees
- Depreciation of fixtures and furnishings
- Land tax, council rates, water rates
- Insurance premiums
- Telephone calls and postage directly related to the property
- Gardening and cleaning expenses
- Stationery

Disclaimer: IFS makes no warranty of representation about the accuracy of the information. Above mentioned figures are only general estimates."