

Mixed Use Assets - taking note

If you own a holiday home and rent this out commercially, there are new rules around how tax deductions are calculated. In order to accurately work out what these will be, there are some crucial points that we will require from you. You will still need to keep your normal records for income and expenses, but as well as that you will need to start recording the following information:

How is the asset used for each day of the year?

- § Is it rented out?
- § Are you using it for personal or private use?

Who used the asset?

- § How many days was it in use?
- § Who used it and what is their relationship to you?
- § How much rent/hire cost did you charge to each person?

Were any repairs carried out?

- § What was the reason for the repairs?
- § Did you carry these out yourself?
- § Did you stay at the bach while you undertook these repairs?

You will also need to make a note of the following -

- § The cost of advertising the rental
- § The cost of repairs and damages to the asset caused by tenants
- § The cost of insuring the bach, any mortgage interest and rates

By keeping a note of the above information, we can assess what is and what isn't deductible for you when we start preparing your annual tax return. If you have any more questions about mixed use assets, feel free to give us a call. We have some handy tools which might help you keep track of usage.