

## Negative Gearing – example

### **Income**

Rent = \$20,000 per annum

### **Expenses**

Interest = \$18,000

Body corporate = \$2,000

Property management = \$1,000

Repairs and maintenance = \$500

Rates, water = \$1,500

Depreciation = \$500

**TOTAL INCOME: \$20,000**

**TOTAL EXPENSES: \$23,500**

- Total loss of \$3,500.
- If taxable income for the year is \$100,000, your taxable income would be reduced to \$96,500 (\$100,000 income - \$3,500 total loss = \$96,500).
- Tax break of \$3,500 x 37% tax rate = \$1,295 tax saving.