

# Rental properties – travel expenses

## Residential rental property travel expenses

**From 1 July 2017, travel expenses relating to a residential investment property are not deductible.**

A residential premise (property) is land or a building that is:

- occupied as a residence or for residential accommodation
- intended to be occupied, and is capable of being occupied, as a residence or for residential accommodation.

Under the new legislation, you are no longer able to claim any deductions for the cost of travel you incur relating to your residential rental property unless you are carrying on a [business of letting rental properties](#) or are an [excluded entity](#).

As with prior years, the travel expenditure cannot be included in the cost base for calculating your capital gain or capital loss when you sell the property.

**See also:**

- [All other property travel expenses](#)

### **In the business of letting rental properties**

Generally, owning one or several rental properties will not be considered being in the business of letting rental properties.

The receipt of income by an individual from the letting of property to a tenant, or multiple tenants, will not typically amount to the carrying on of a business of letting rental properties. This means that as their activities are generally considered a form of investment rather than a business, deductions for travel expenses are not allowed.

### **Excluded entities**

An excluded entity is a:

- corporate tax entity
- superannuation plan that is not a self-managed superannuation fund
- public unit trust
- managed investment trust
- unit trust or a partnership, all of the members of which are entities of a type listed above.

**Example: An individual with residential investment property in 2017–18**

Sarah rented out her residential rental property in 2017–18. She travelled to the property to repair damages caused by tenants during the year.

As the investment is a residential property, Sarah cannot claim travel expense.

End of example

**Example: An excluded entity in 2017–18**

Terry's Tyres Pty Ltd incurred travel expenses in 2017–18 when the property manager was tasked with inspecting a residential property investment that is currently tenanted. Terry's Tyres Pty Ltd is a corporate tax entity (a company) and can claim a deduction for rental travel expenses.