

Tax-deductible measures for improving energy efficiency

Capital improvements

- > Replacing hot water system with a more energy efficient variety
- > Installing efficient water fixtures such as low flow taps and AAA rated shower heads
- > Installing an energy efficient heating or cooling system
- > Installing insulation
- > Installing double glazed windows
- > Installing blinds and awnings
- > Erecting pergola or similar external shading devices
- > Installing doors for zoning of heating and cooling
- > Rewiring a property – including improving lighting controls, zoning and lighting type
- > Purchasing energy efficient appliances

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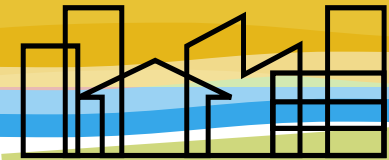
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Tax deductions for energy efficiency improvements in rental properties



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ENERGY EFFICIENT RENTAL PROPERTIES



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Improving the energy efficiency of your rental property can provide benefits for both you and your tenants. Providing an energy efficient rental property can add to the value of your property and make it more attractive in the rental market as well as reducing greenhouse gas emissions. Many property owners are unaware that the types of improvements that lead to reduced energy use are eligible to be claimed as tax deductions under existing tax laws.

Benefits of making your rental property more energy efficient

Benefits for the landlord:

- > Increase in the value of the property
 - incorporating energy efficient measures is becoming an increasingly marketable aspect in the housing market as it contributes to financial savings and comfort
- > Property becomes more attractive to potential tenants – there is growing consumer awareness of the environmental and financial costs of housing and appliances that are energy inefficient

Benefits for the tenant:

- > Improved comfort levels – retain good tenants by providing a comfortable living environment
- > Reduction of financial cost for tenants – energy bills can be considerably higher in properties with inefficient appliances, heating and cooling and hot water systems and if the property is not adequately insulated. Often those renting are least able to afford the additional costs associated with inefficient energy use, which can lead to competing demands on limited finances between bills and rent.

Environmental benefits:

- > Reduction in greenhouse gas emissions – turn your property into an environmentally friendly investment.

Types of tax deductions available for energy efficiency improvements

Many of the improvements that can be made to enable more efficient use of energy are eligible to be claimed as tax deductions. The type of deduction that can be claimed depends on the nature of the improvement. The two main areas of eligibility are for:

- 1:** Maintenance, repairs and servicing costs
 - expenses in this category can be claimed at the end of each financial year
- 2:** Capital improvements – depreciation on capital value can be claimed over a specified period of time

Tax-deductible measures for improving energy efficiency

Maintenance, repairs and servicing

- > Servicing and repair of hot water systems, heating and cooling equipment and appliances
- > Repair of damaged or leaking water fixtures
- > Installing insulation on hot water pipes
- > Installation of draught stoppers and sealing of cracks and gaps in floorboards and walls and around windows and doors
- > Repairing settled or damaged insulation