



RENTAL INCOME AND EXPENSE SUMMARY

Use a separate sheet for each rental property

Client name		% ownership		Personal use %	
Property address		Other partners or co-owners:			
		Name		% of ownership	
REVENUE					
Gross rent					
EXPENSES					
Advertising					
Insurance					
Interest					
Office expenses					
Legal and accounting					
Management fees					
Maintenance and repairs					
Property taxes					
Utilities					
Other (provide description)					

KEEPING RECORDS:

Keep detailed records of all the rental income you earn and the expenses you incur. You have to support your purchases and operating expenses with: invoices; receipts; contracts; or other supporting documents.

RENTAL INCOME and EXPENSES OVERVIEW

Income - The person who owns the rental property has to report the income or loss. If you are a co-owner of the rental property, your share of the rental income or loss will depend on your share of ownership.

The rental income or loss percentage you report should be the same for each year unless the percentage of your ownership in the property changes.

Expenses you can deduct:

Advertising - You can usually deduct advertising expenses to publicize that your rental property is available for rent.

Insurance - You can deduct the premium for insurance coverage on your rental property for the current year.

Interest - You can deduct the interest charge on money you borrow to buy or improve your rental property.

You can also deduct interest charges you paid to tenants on rental deposits.

Office expenses - You can deduct the cost of office expenses. These include small items such as pens, pencils, paper clips, stationery, and stamps.

Legal, accounting and other professional fees - You can deduct fees for legal services to prepare leases or collect overdue rents. You can also deduct expenses you had for bookkeeping services, audits of your records, and preparing financial statements. You may be able to deduct fees and expenses for advice and help to prepare your income tax and benefit return and any related information returns.

Management and administration fees - You can deduct the amounts paid to a person or a company to manage your property. You can also deduct amounts paid or payable to agents for collecting rents or finding new tenants.

Maintenance and repairs - If you pay for repairs to your property, you can deduct the cost of labour and materials. You cannot deduct the value of your own labour.

Salaries, wages, and benefits - You can deduct amounts paid or payable to superintendents, maintenance personnel, and others you employ to take care of your rental property. You cannot deduct the value of your own labour.

Property taxes - You can deduct property taxes, assessed by a province or territory and by a Canadian municipality, that relate to your rental property for the period it was available for rent.

Travel - You might travel to collect rents, supervise repairs, and manage your properties. To claim the expenses you incur, you need to meet the same requirements discussed at "**Motor vehicle expenses**" on this page. Travelling expenses include the cost of getting to your rental property. Travelling expenses do not include board and lodging, which are considered to be personal expenses.

Expenses (continued)

Utilities - You can deduct expenses for utilities, such as gas, oil, electricity, water, and cable, if your rental agreement specifies that you pay for the utilities of your rental space or units.

Motor vehicle expenses - You can deduct motor vehicle expenses in the following circumstances:

If you own one rental property:

You can deduct reasonable motor vehicle expenses if you meet all of the following conditions:

- you receive income from only one rental property that is in the general area where you live;
- you personally do part, or all, of the necessary repairs and maintenance on the property; and
- you have motor vehicle expenses to transport tools and materials to the rental property.

You cannot deduct motor vehicle expenses you incur to collect rents.

If you own two or more rental properties:

In addition to the expenses listed above, you can deduct reasonable motor vehicle expenses you incur to do any of the following:

- collect rents
- supervise repairs, and
- manage the properties

This applies whether your rental properties are located in or outside the general area where you live. Your rental properties have to be located in at least two different sites, away from your principal residence.

Other expenses - Some other expenses you might deduct are explained as follows:

Landscaping costs - You can deduct the cost of landscaping the grounds around your rental property only in the year you paid the cost (ie. the accrual method does not apply)

Lease cancellation payments - You can deduct amounts paid or payable to tenants to cancel their lease

Condominium fees - You can deduct condominium (strata) fees that represent your share of the upkeep, repairs, maintenance, and other current expenses of the common property.

Expenses you cannot deduct

- Land transfer taxes (add these amounts to the cost of the property)
- Mortgage principal
- Penalties
- Value of your own labour

Source: Canada Revenue Agency T4036 Rental Income