Claiming deductions for attending property seminars

In recent years, the ATO has become increasingly concerned about the rise in claims for costs associated with attending property seminars. These costs are not just limited to seminar fees, but may also include travel costs (e.g., car travel and airfares) and the costs of accommodation.

A property seminar will normally focus on a range of aspects associated with investing in and/or creating wealth from rental properties, and will involve any one or more of the following topics:

- Developing rental property investment business plans;
- Strategies on how to deal with financiers, real estate agents and developers;
- How to maximise opportunities for increasing rental property ownership; and
- How to maximise the returns on existing properties by focusing on the management of existing properties and maximising rental income.

The following general guidelines should be considered when claiming deductions for the cost of attending a property seminar:

When property seminar costs are deductible – the costs associated with attending a property seminar will be deductible to the extent that the seminar deals with how to manage a taxpayer's existing rental properties (e.g., advertising for tenants and selecting the right tenants) and/or how to maximise rental income from these properties (e.g., strategies on how to make the taxpayer's property more attractive to tenants).

In this regard, the relevant seminar would need to include topics on:

- Improving rental returns;
- Selecting better tenants;
- Protecting the property against bad tenants;
- Rewarding good long tenants;
- How to select the right managing agents;
- How to deal with a managing agent and what to expect;
- Carrying out repairs to the property, including how to choose and manage the right trades people; and/or
- Any other issue associated with generating, maintaining and improving rental income from the property.

When property seminar costs are NOT deductible – the costs associated with attending a property seminar will not be deductible to the extent that the seminar deals with how to maximise opportunities for future property ownership (e.g., how to deal with developers and real estate agents in the course of buying a property).

TAX WARNING – "First-time" investors
Where a taxpayer does not have existing property investments, it is unlikely the ATO would allow a deduction for the costs of attending a property seminar. This is because a taxpayer in these circumstances would normally be treated as attending the seminar with a view to earning income from

future property investments (i.e., to set-up a structure for making future investments) rather than managing existing rental property investments.

Note: The information contained is not intended to be comprehensive. The articles relate to general areas of income tax and are not specific. The articles are intended for clients of David O'Brien & Associates. Accordingly, formal advice should be sought before activity in any of these areas by contacting our office.