

These worksheets can help you to calculate amounts for your income tax return for residential properties that the residential property deduction rules apply to (also known as the ring-fencing rules). Use the worksheet that best suits your situation each year. These worksheets are optional and are for your records only.

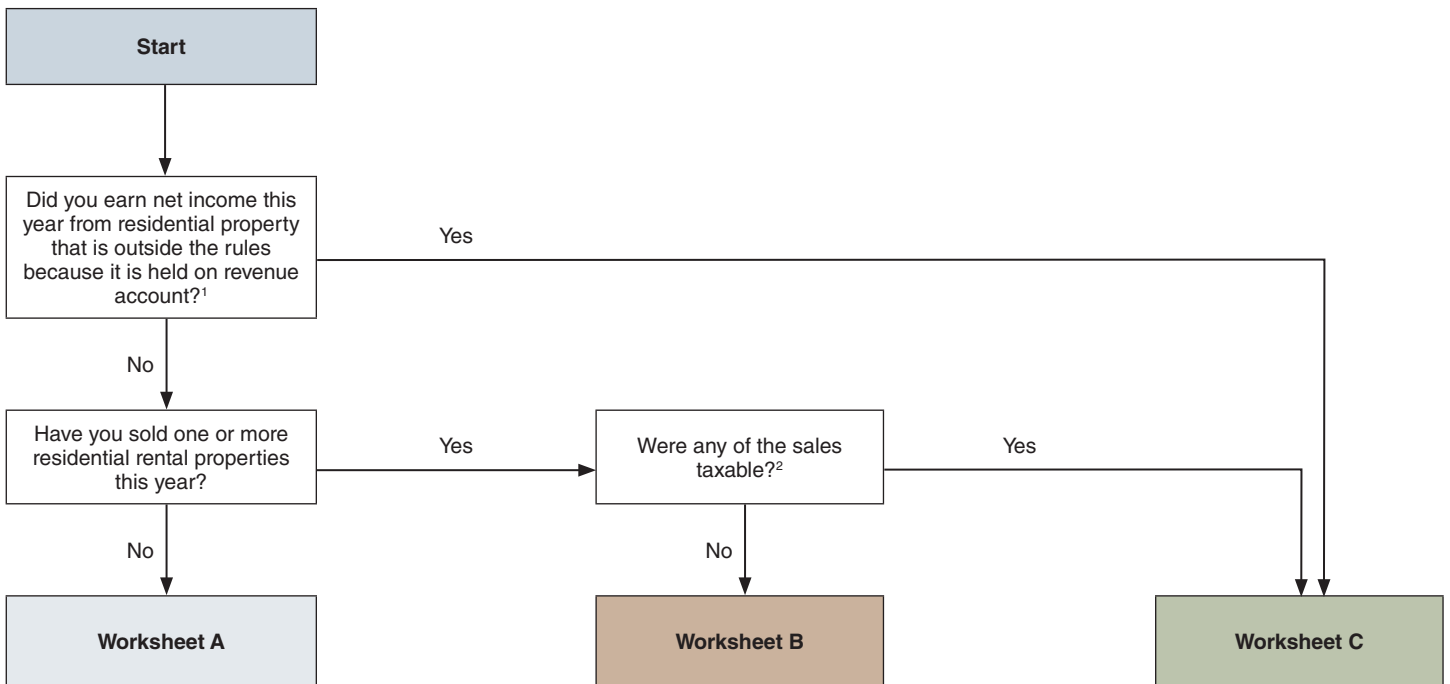
For more information about the residential property deduction rules, see Part 2 of our guide **Rental income - IR264**.

Which worksheet should I use this year?

Worksheet A will be the best worksheet to use for most residential property owners. Use Worksheet A if this year:

- **you have not** sold any residential property the ring-fencing rules applied to; and
- **you did not** earn net income from any residential property that's outside the ring-fencing rules because it's on revenue account.¹

If your situation is different, you can use the decision tree below to work out which worksheet you should use this year.



¹ Residential property that is outside the residential property deduction rules because it is held on revenue account is property that:

- you have told us will be taxable on sale regardless of when it is sold.
- is taxable on sale because it's held in a business of developing, dealing in, subdividing or building residential property.

For more information see our guide **Rental income - IR264**.

² To find out more about when you have to pay tax on a residential property you sell, see our guide, **Buying and selling residential property - IR313**.

Worksheet A - No sales, no transfers, no net income from revenue account property

Complete only the columns you need for your situation. For example, if you only have one individual property or a residential portfolio, complete the first column only.

	Residential portfolio or Individual property	Individual property	Individual property	Total across all residential rental properties
	Enter your reference for the properties here			
Rental income				
Step 1	Enter the total rental income earned for each column.			
	\$.	\$.
Step 2	Add together the Rental income amounts in each column at Step 1. Enter this amount in the 'Total residential income' box on your income tax return.			Total residential income
				\$
Rental expenses				
Step 3	Enter the total deductible rental expenses from this income year for each column.			
	\$.	\$.
Step 4	Add together the Rental expenses amounts from each column in Step 3 for a residential portfolio and individual properties. Enter this amount into the 'Residential rental deductions' box on your income tax return as a positive amount.			Residential rental deductions
				\$
Excess residential rental deductions brought forward for a residential portfolio and individual properties				
Step 5	Enter any excess deductions brought forward from a previous income year for each column.			
	\$.	\$.
Step 6	Add together the Excess residential rental deductions brought forward from each column at Step 5. Enter this amount in the 'Excess residential deductions brought forward' box on your income tax return as a positive amount.			Excess residential rental deductions brought forward
				\$
Total residential rental deductions				
Step 7	Enter Step 3 plus Step 5 for each column.			
	\$.	\$.
Net residential income or loss for a residential portfolio and individual properties				
Step 8	Enter Step 1 minus Step 7 for each column.			
	\$.	\$.
Step 9	Add together only the Net income amounts from each column at Step 8. Enter this amount into the 'Net residential income' box of your income tax return.			Net residential income
				\$
Excess residential rental deductions carried forward for a residential portfolio and individual properties				
Step 10	Enter the amount of any net loss at Step 8 as a positive amount.			
	\$.	\$.
Step 11	Add together the Excess residential rental deductions carried forward for a residential portfolio and individual properties from each column at Step 10. Enter this amount into the 'Total excess residential rental deductions to carry forward' box on your income tax return as a positive amount.			Total excess residential rental deductions carried forward
				\$
Residential rental deductions claimed this year for a residential portfolio and individual properties				
Step 12	Does a residential portfolio or individual property have a net loss at Step 8? If YES, answer Step 12a. If NO, answer Step 12b.			
	Yes <input type="checkbox"/>	No <input type="checkbox"/>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Step 12a	If a residential portfolio or individual property has a net loss at Step 8: Calculate Step 7 minus Step 10.			
	\$.	\$.
Step 12b	If a residential portfolio or individual property has net income at Step 8: enter the total amount of deductions from Step 7.			
	\$.	\$.
Step 13	Add together the Residential rental deductions claimed this year for a residential portfolio and individual properties from each column at Steps 12a and 12b. Enter this amount into the 'Residential rental deductions claimed this year' box on your income tax return as a positive amount.			Residential rental deductions claimed this year
				\$

Explanatory notes to help you complete Worksheet A

When you should use Worksheet A

Use this worksheet this year if:

- you have not sold any residential rental property that the residential property deduction rules apply to this year; and
- you did not earn net income this year from a residential property that is outside the residential property deduction rules because it is held on revenue account.

Before you start, identify which properties you have in a portfolio and which properties are individual properties. You will also need information about rent received, expenses and any excess deductions left over from property sold in a previous income year.

Note - Property references

A property reference could be a street address, certificate of title, Lot and DP number.

Only complete the number of columns required for your situation.

Residential portfolio and individual properties

If you have more than 1 residential property and you are applying the rules to all your properties on a portfolio basis, do not fill out any individual property columns. You will need to combine the income and expenses of all of the properties in the portfolio in 1 column.

For more information about residential portfolios and individual properties, see our guide, **Rental income - IR264**.

Sale of a residential rental property

If you have sold an individual property or the last property in a residential portfolio this year, you should use Worksheet B or Worksheet C. Use the decision tree on page 1 to work out which worksheet you should use. Where the term "sale" is used in this worksheet, it is intended to cover all types of disposals.

Step 1 Rental income

Enter the total gross rental income you have earned in this income year for your residential portfolio and individual properties that are subject to the residential property deduction rules. Include all of the following in this amount:

- total rents
- other income (such as insurance receipts or rates refunds)
- depreciation recovery income.

For more information about rental income, see our guide **Rental income - IR264**.

Step 3 Rental expenses

Enter the total amount of deductible expenses you have incurred in this income year for your residential portfolio and individual properties that are subject to the residential property deduction rules. Enter the expenses as a positive amount.

If you have a residential portfolio you will need to combine the total expenses amounts for all properties in the portfolio.

Do not include excess deductions carried forward from a previous year in this step.

For close companies making adjustments for loss of continuity or transfers of excess deductions you need to adjust this figure by the appropriate amount.

For more information about which expenses are deductible, see our guide **Rental income - IR264**.

Step 5 Excess residential rental deductions brought forward for a residential portfolio and individual properties

Do not complete this step for the 2019-20 income year.

You will have calculated this amount in the previous year as an amount to carry forward for your residential portfolio or individual properties. This amount will include any excess deductions transferred to the residential portfolio or individual property in a previous year. This amount will also include any unused excess deductions remaining after the non-taxable sale of residential property that arose in a previous income year and which were not allocated to another property in the year of the sale. For more information about transfers of excess deductions see our guide **Rental income - IR264**.

You can use this step to transfer any unused excess deductions brought forward from a previous income year that have not yet been transferred (because you did not have a property to transfer them to). Include the unused excess deductions to be transferred in the column of the residential portfolio or individual property that you want to transfer them to.

You must transfer unused excess deductions from a non-taxable sale of residential property across one or more properties, until all the excess deductions are used up.

Step 7 Total residential rental deductions

Adding Step 3 and Step 5 together calculates the total amount of deductions for your residential portfolio and individual properties.

Step 8 Net residential income or loss for a residential portfolio and individual properties

Calculate the net income or net loss for your residential portfolio and individual properties by subtracting the total residential rental deductions at Step 7 from rental income at Step 1.

If the deductions for your residential portfolio or individual property are more than the income you earned from the residential portfolio or individual property, the result at Step 8 is a net loss. Record a net loss as a negative amount.

Step 9 Net residential income

Add together only the net income from your residential portfolio and any individual properties at Step 8. Do not include any net losses from Step 8 in this calculation.

This amount on this worksheet cannot be a negative amount (a loss) because there have been no taxable sales to release excess deductions.

If you have no net income across your residential portfolio and any individual properties then enter 0 on your return.

Step 10 Excess residential deductions carried forward for each portfolio and property

When your deductions exceed residential income for a residential portfolio or individual property in an income year, the excess deductions must be carried forward to the next income year in which you earn residential income. Excess deductions from a residential portfolio or individual property can only be used against the residential income from that portfolio or property unless it is sold. For more information see our guide **Rental income - IR264**.

If a residential portfolio or individual property has a net loss at Step 8, enter that amount here. This amount must be carried forward as excess deductions.

If a residential portfolio or individual property has net income at Step 8, enter 0 here.

Step 11 Total excess residential rental deductions carried forward

If you have no excess deductions to carry forward, enter 0 on your return.

Step 12 Residential rental deductions claimed this year for portfolio and individual properties

If a residential portfolio or individual property has a net loss then the amount of deductions that may be claimed this year is limited to the amount of income earned from the residential portfolio or individual property. If a residential portfolio or individual property has net income then all deductible expenses relating to that residential portfolio or individual property may be claimed this year.

Only complete the relevant columns in Steps 12a and 12b. For each portfolio and individual property, EITHER 12a or 12b can be calculated, but not both. If the property has a nil/"0" result at step 8, then leave both 12a and 12b blank.

Step 13 Residential rental deductions claimed this year

Add together the residential rental deductions claimed this year calculated at Step 12 for your residential portfolio and individual properties.

Worksheet B - Non-taxable sales, no net income from revenue account property

Complete only the columns you need for your situation. For example, if you only have one individual property or a residential portfolio, complete the first column only.

Part 1: Residential income and deductions

	Residential portfolio or Individual property	Individual property	Individual property	Total across all residential rental properties
	Enter your reference for the properties here			
Step 1	Rental income			
	Enter the total rental income earned for each column.			
	\$	\$	\$	
Step 2	Rental expenses			
	Enter the total deductible rental expenses from this income year for each column.			
	\$	\$	\$	
Step 3	Excess deductions brought forward for a residential portfolio and individual properties			
	Enter any excess deductions brought forward from the previous income year for each column.			
	\$	\$	\$	
Step 4	Total residential rental deductions			
	Enter Step 2 plus Step 3 for each column.			
	\$	\$	\$	
Step 5	Net residential income or loss for a residential portfolio and individual properties			
	Enter Step 1 minus Step 4 for each column.			
	\$	\$	\$	

Part 2: Transfers of unused excess deductions from non-taxable sale of residential rental property

Step 6	Transfer unused excess deductions from non-taxable sale					
	Do you have a net loss at Step 5 after the sale of an individual property or the sale of the last property in a residential portfolio? If YES to any, go to Step 6a. If NO or N/A to all, go to Step 7.					
	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Step 6a	Enter a transfer of excess deductions FROM a residential portfolio or individual property sold this year as a positive amount.					
	\$	\$	\$			
Step 6b	Enter a transfer of excess deductions TO a residential portfolio or individual property as a positive amount.					
	\$	\$	\$			
Step 7	Recalculated net residential income after transferred amounts					
	Enter the net income or net loss at Step 5 plus Step 6a minus Step 6b for each column.					
	\$	\$	\$			

Part 3: Totals for income tax return

Step 8	Add together the Rental income amounts from each column in Step 1 for a residential portfolio (if any) and all individual properties. Enter this amount in the 'Total residential income' box on your income tax return.	Total residential income
		\$
Step 9	Add together the Rental expenses amounts from each column in Step 2 for each residential portfolio and individual properties. Enter this amount in the 'Residential rental deductions' box on your income tax return as a positive amount.	Residential rental deductions
		\$
Step 10	Add together the Excess residential rental deductions brought forward from each column in Step 3 for each residential portfolio and individual properties. Enter this amount in the 'Excess residential deductions brought forward' box on your income tax return as a positive amount.	Excess residential rental deductions brought forward
		\$
Step 11	Add together only the net income amounts from each column in Step 7. Recalculated net residential income for transferred amounts. Enter this amount into the 'Net residential income' box of your income tax return.	Net residential income
		\$
Step 12	Excess residential rental deductions carried forward for each residential portfolio and individual property	
	If a residential portfolio or individual property has a net profit or 0 at Step 7, enter 0. If a residential portfolio or individual property has a net loss at Step 7, enter the amount of the loss as a positive amount.	
	\$	\$
Step 13	Add together the amounts from each column at Step 12 for each residential portfolio and individual properties. Enter this amount into the 'Total excess residential rental deductions carried forward' box on your income tax return as a positive amount.	Total excess residential rental deductions carried forward
		\$
Step 14	Residential rental deductions claimed this year for a residential portfolio and individual properties	
	Enter Step 4 minus Step 6a plus Step 6b minus Step 12 for each column.	
	\$	\$

Step 15	Add together the Deductions claimed this year from each column at Step 14 for each residential portfolio and individual properties. Enter this amount into the 'Residential rental deductions claimed this year' box on your income tax return as a positive amount.	Residential rental deductions claimed this year
		\$ <input style="width: 150px; height: 20px;" type="text"/>

Explanatory notes to help you complete Worksheet B

When you should use Worksheet B

Use this worksheet this year if:

- You have sold an individual property that the residential property deduction rules apply to this year and the sale was not taxable.
- You have sold the last property in a residential portfolio that the residential property deduction rules apply to this year and any of the sales were not taxable.
- You did not earn net income this year from a residential property that is outside the residential property deduction rules because it is held on revenue account.

Before you start, identify which properties you have in a portfolio and which properties are individual properties. You will also need information about rent received, expenses and any excess deductions left over from property sold in a previous income year.

Part 1 Residential income and deductions

Note - Property references

A property reference could be a street address, certificate of title, lot and DP number.

Only complete the number of columns required for your situation.

Residential portfolio and individual properties

If you have more than 1 residential property and you are applying the rules to all your properties on a portfolio basis, do not fill out any individual property columns. You will need to combine the income and expenses of all of the properties in the portfolio in 1 column.

For more information about residential portfolios and individual properties, see our guide **Rental income - IR264**.

Sale of a residential rental property

If you have sold an individual property or the last property in a residential portfolio this year, you will need to use a column for the sold property or portfolio.

Where the term "sale" is used in this worksheet, it is intended to cover all types of disposals.

Step 1 Rental income

Enter the total gross rental income you have earned in this income year for your residential portfolio and individual properties that are subject to the residential property deduction rules. Include all of the following in this amount:

- total rents
- other income (such as insurance receipts or rates refunds)
- depreciation recovery income.

For more information about rental income, see our guide **Rental income - IR264**.

Step 2 Rental expenses

Enter the total amount of deductible expenses you have incurred in this income year for your residential portfolio and individual properties that are subject to the residential property deduction rules. Enter the expenses as a positive amount.

If you have a residential portfolio you will need to combine the total expenses amounts for all properties in the portfolio.

Do not include in this step:

- any amounts from the sale of a residential rental property.
- excess deductions carried forward from a previous year.

For close companies making adjustments for loss of continuity or transfers of excess deductions you need to adjust this figure by the appropriate amount.

For more information about what expenses are deductible, see our guide **Rental income - IR264**.

Step 3 Excess deductions brought forward for a residential portfolio and individual properties

Do not complete this step for the 2019-20 income year.

You will have calculated this amount in the previous year as an amount to carry forward for your residential portfolio or individual properties. This amount will include any excess deductions transferred to the residential portfolio or individual property in a previous year. This amount will also include any unused excess deductions remaining after the non-taxable sale of residential property that arose in a previous income year and which were not allocated to another property in the year of the sale. For more information about transfers of excess deductions see our guide **Rental income - IR264**.

You can use this step to transfer any unused excess deductions brought forward from a previous income year that have not yet been transferred (because you did not have a property to transfer them to). Include the unused excess deductions to be transferred in the column of the residential portfolio or individual property that you want to transfer them to.

Step 4 Total residential deductions

Adding Step 2 and Step 3 together calculates the total amount of deductions for your residential portfolio and individual properties.

Step 5 Net residential income or loss for a residential portfolio and individual properties

Subtracting Step 4 from Step 1 calculates the net profit or net loss for your residential portfolio and individual properties.

Part 2 Transfers of unused excess deductions from a non-taxable sale of residential rental property

Part 2 of this worksheet helps you:

- Transfer any unused excess deductions remaining after the non-taxable sale of an individual property.
- Transfer any unused deductions remaining after the sale of the last property in a residential portfolio where 1 or more of the sales of all the properties in the residential portfolio (in any year) was not taxable.

Step 6, Step 6a and Step 6b Recalculate net income or net loss for a residential portfolio and individual properties

You will have unused excess deductions if:

- Step 5 shows a loss for an individual property that was sold and the sale was non-taxable, or
- Step 5 shows a loss for a residential portfolio if the last property in the portfolio has been sold and at least 1 of the sales of a portfolio property was non-taxable.

You must transfer all these unused excess deductions to another residential portfolio or individual property that the residential property deduction rules apply to.

If you have not sold an individual property or the last property in a residential portfolio this year, answer N/A.

If you have another property to transfer the unused excess deductions to in this year, do that at Step 6a and Step 6b. If you have no other property to transfer these excess deductions to, the excess deductions must be carried forward until you can transfer them. They will be included in your Excess deductions carried forward amount on your return.

To make the transfer this year, first enter at Step 6a the amount of unused excess deductions remaining from the sale of a residential portfolio or individual property in the column for that portfolio or property. Enter this as a positive amount. Next, enter in Step 6b the amounts of unused excess deductions to be transferred to your other property or properties that you want to transfer the unused excess deductions to.

A residential portfolio is sold if the last property in the portfolio has been sold in the income year. If only one property in the portfolio has been sold, and the portfolio will continue to exist, answer No at Step 6 and continue to Step 7.

You must transfer unused excess deductions from a non-taxable sale of residential property across one or more properties, until all the excess deductions are used up.

Step 7 Recalculated net residential income for transferred amounts

Recalculate the net profit or loss for your residential portfolio and individual properties to take account of any transfers of excess deductions remaining after the non-taxable sale of an individual property or the last property in a residential portfolio. The result for a property that was sold should now be 0. If no amount has been transferred to any residential portfolio or individual property, the result will be the same as the net amount from Step 5.

Part 3 Totals for income tax return

Part 3 of this worksheet helps you calculate the amounts that need to be entered on your income tax return for residential rental income.

Step 11 Net residential income

Add together only the net income from your residential portfolio and individual properties at Step 7. This amount cannot be a loss. Do not include any net losses from Step 7 in this calculation.

If you have no net profits across your residential portfolio and any individual properties then enter 0.

Step 12 Excess residential rental deductions carried forward for each residential portfolio and individual property

When your deductions exceed rental income for a residential portfolio or individual property in an income year, the excess deductions must be carried forward to a future income year in which you earn residential income. Excess deductions that arise from a residential portfolio or individual property can only be used against the residential income from that portfolio or property unless the portfolio or property is sold.

The amount calculated in this step is the excess deductions for the residential portfolio and each individual property taking into account any transfers of excess deductions after you sell a property. This amount must be carried forward as excess deductions.

If any of the excess deductions are from a residential portfolio or individual properties that were sold in the current year, keep a track of these deductions and which property they relate to. This information will be needed in a later year when you sell the property.

Step 13 Total excess residential rental deductions carried forward

This step brings the results for each residential portfolio and individual property together.

If you have no excess deductions to carry forward, enter 0 on your return.

Step 14 Residential rental deductions claimed this year for each residential portfolio and individual property

The amount of deductions for a residential portfolio or individual property in an income year is limited to the amount of residential income you earn in the income year from the residential portfolio or individual property. If your income is higher than the amount of your deductible expenses, then you will be able to claim all your deductions.

For each residential portfolio and individual property, take the total residential deductions at Step 4. Then add the amount of any excess deductions transferred to the property at Step 6b or subtract the amount of any excess deductions transferred from the property at Step 6a. Finally, subtract the amount of any excess deductions for the property at Step 12.

Step 15 Residential rental deductions claimed this year

Add together the residential rental deductions claimed this year calculated for each residential portfolio and individual property you own.

Worksheet C - Full worksheet

Complete only the columns you need for your situation. For example, if you only have one individual property or a residential portfolio, complete the first column only.

Part 1: Residential Income and deductions

		Residential portfolio or individual property	Individual property	Individual property	Total across all residential rental properties
	Enter your reference for the properties here				
Step 1	Rental income Enter the total rental income you earned for each column.	\$	\$	\$	
Step 2	Net income from sale of a residential property Enter net income from the sale of a residential property for each column.	\$	\$	\$	
Step 3	Rental property income Enter Step 1 plus Step 2 for each column.	\$	\$	\$	
Step 4	Rental expenses Enter the total deductible rental expenses from this income year for each column.	\$	\$	\$	
Step 5	Excess residential rental deductions brought forward for a residential portfolio and individual properties Enter any excess deductions brought forward from a previous income year for each column.	\$	\$	\$	
Step 6	Total residential rental deductions Enter Step 4 plus Step 5 for each column.	\$	\$	\$	
Step 7	Net income for a residential portfolio and individual properties Enter Step 3 minus Step 6 for each column.	\$	\$	\$	
Step 8	Enter your total net income from all residential rental properties that are held on revenue account.				Net income from revenue account property \$
Step 9	Allocate net income from revenue account property Allocate the amount at Step 8 across your residential portfolio and/or individual properties.	\$	\$	\$	
Step 10	Adjust residential income for net income from revenue account property Enter Step 3 plus Step 9 for each column.	\$	\$	\$	
Step 11	Recalculated net position Enter Step 10 minus Step 6 for each column.	\$	\$	\$	
Step 12	Do you have a net loss for a residential portfolio or individual properties at Step 11? If YES to any, go to step 13 If NO to all, go to Step 22.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Step 13	Sale of residential rental property Did you sell an individual property or the last property in a residential portfolio in this income year? If YES to any, go to Step 14. If NO to all, go to Step 22.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	

Part 2: Transfers of remaining unused deductions from the sale of an individual property or the sale of the last property in a portfolio

Step 14	Taxable sales For an individual property, was the sale taxable? For a portfolio where the last property has been sold, were all portfolio properties taxed on sale when they were sold? If YES to any, go to Step 15. If NO or N/A to all, go to Step 16.	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	
Step 15	Total excess deductions transferred to a residential portfolio or individual property that has been sold Enter the total excess deductions transferred to a property or portfolio for which you answered Yes at Step 14 and that has a loss at Step 11.	\$	\$	\$	

Step 15a	Unused excess deductions to be transferred Enter the smaller of the loss in Step 11 and the amount transferred in Step 15, treating both amounts as positive.	\$	.	\$	.	\$	.
Step 15b	Transfer unused excess deductions from a taxable sale Enter a transfer of excess deductions at Step 15a FROM a residential portfolio or individual property sold this year as a positive amount.	\$	.	\$	.	\$	.
Step 15c	Rental expenses Enter a transfer of excess deductions at Step 15a TO a residential portfolio or individual property as a positive amount.	\$	.	\$	.	\$	.
Step 16	Non-taxable sales Was the sale of any individual property, or any of the sales of property in a residential portfolio, not taxable? If YES to any, go to Step 17. If NO or N/A to all, go to Step 18.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Step 17	Transfer unused excess deductions from a non-taxable sale Do you have a net loss at Step 11 after the non-taxable sale of an individual property or the sale of the last property in a portfolio? If YES to any, go to Step 17a. If NO or N/A to all, go to Step 18.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Step 17a	Enter a transfer of excess deductions FROM a residential portfolio or individual property sold this year as a positive amount.	\$	.	\$	.	\$	.
Step 17b	Show a transfer of excess deductions TO a residential portfolio or individual property as a positive amount.	\$	.	\$	.	\$	.
Step 18	Recalculated net position for transferred amounts Enter the net income or net loss at Step 11 plus Step 15b plus 17a minus Step 15c minus 17b for each column.	\$	.	\$	.	\$	.

Part 3 Calculating excess deductions for a residential portfolio and individual properties - complete one subpart only for each column

Part 3A Individual property or last property in a portfolio not sold and has excess deductions transferred to it

Step 19	Excess deductions to carry forward If you have a net profit or 0 at Step 18, enter 0. If you have a net loss at Step 18, enter the amount of the net loss as a positive amount.	\$	.	\$	.	\$	.
Step 19a	Deductions claimed this year Enter Step 6 plus Step 15c plus Step 17b minus Step 19 for each column.	\$	.	\$	.	\$	.
Step 19b	Net residential income If you have a net profit at Step 18, enter the net profit amount. If you have a net loss at Step 18, enter 0.	\$	.	\$	.	\$	.

Part 3B Non-taxable sales

Step 20	Excess deductions to carry forward If you have a net profit or 0 at Step 18, enter 0. If you have a net loss at Step 18, enter the amount of the loss as a positive amount.	\$	.	\$	.	\$	.
Step 20a	Deductions claimed this year Enter Step 6 minus Step 15b minus Step 17a plus Step 15c plus Step 17b minus Step 20 as a positive amount.	\$	.	\$	.	\$	.
Step 20b	Net residential income If you have a net profit at Step 18, enter the amount of the net profit. If you have a net loss or 0 at Step 18, enter 0	\$	.	\$	.	\$	.

Part 3C Taxable sales

Step 21 **Excess deductions to carry forward**
 If you have a net profit or 0 at Step 18, enter 0.
 If you have a net loss at Step 18, and you did not have any unused excess deductions at Step 15a, enter 0.
 If you have a net loss at Step 18, and you had unused excess deductions at Step 15a, enter the amount of unused excess deductions at Step 15a minus Step 15b as a positive amount

\$. \$. \$.

Step 21a **Deductions claimed this year**
 Enter Step 6 minus Step 15b minus Step 17a plus Step 15c plus Step 17b minus Step 21.

\$. \$. \$.

Step 21b **Net residential income**
 If you have a net profit at Step 18, enter the amount at Step 18.
 If you have a net loss at Step 18, enter Step 18 plus Step 21.

\$. \$. \$.

Part 3D No sales of individual property or last property in a residential portfolio and NO transferred excess deductions or no net loss at step 11

Step 22 **Excess deductions to carry forward**
 If you have a net profit or 0 at Step 11, enter 0.
 If you have a net loss at Step 11, enter the amount of the net loss as a positive amount.

\$. \$. \$.

Step 22a **Deductions claimed this year**
 If you have a net profit at Step 11, enter the total amount of deductions from Step 6.
 If you have a net loss at Step 11, Step 6 minus Step 22.

\$. \$. \$.

Step 22b **Net residential income**
 If net profit at Step 11, enter the net profit amount.
 If net loss at Step 11, enter 0 here.

\$. \$. \$.

Part 4 Totals for income tax return

Step 23	Add together all the Residential income amounts from each column at Step 10. Enter this amount in the 'Total residential income' box on your income tax return.	Total residential income \$ <input type="text"/> . <input type="text"/>
Step 24	Add together the Rental expenses amounts from each column at Step 4. Enter this amount in the 'Residential rental deductions' box on your income tax return as a positive amount.	Residential rental deductions \$ <input type="text"/> . <input type="text"/>
Step 25	Add together all the Excess residential rental deductions brought forward amounts from each column at Step 5. Enter this amount in the 'Excess residential deductions brought forward' box on your income tax return as a positive amount.	Excess residential rental deductions brought forward \$ <input type="text"/> . <input type="text"/>
Step 26	Add together all the Residential rental deductions claimed this year amounts from each column at Step 19a, Step 20a, Step 21a and Step 22a as applicable. Enter this amount into the 'Residential rental deductions claimed this year' box on your income tax return as a positive amount.	Residential rental deductions claimed this year \$ <input type="text"/> . <input type="text"/>
Step 27	Add together the Net residential income amounts from each column at Step 19b, Step 20b, Step 21b, and Step 22b as applicable. Enter this amount into the 'Net residential income' box of your income tax return.	Net residential income \$ <input type="text"/> . <input type="text"/>
Step 28	Add together the Excess deductions to carry forward amounts from each column at Step 19, Step 20, Step 21 and Step 22 as applicable. Enter this amount into the 'Total excess residential rental deductions carried forward' box on your income tax return as a positive amount.	Total excess residential deductions carried forward \$ <input type="text"/> . <input type="text"/>

Explanatory notes to help you complete Worksheet C

Use this worksheet if:

- You have sold an individual property this year and the sale was taxable.
- You have sold the last property in a residential portfolio this year and the sale was taxable.
- You have sold a property in a residential portfolio this year (which was not the last property in the portfolio) and the sale was taxable.
- You have net income from a residential rental property that is held on revenue account.

Before you start, identify which properties you have in a portfolio and which properties are individual properties. You will also need information about rent received, expenses and any excess deductions left over from property sold in a previous income year.

Part 1: Residential income and deductions

Note - Property references

A property reference could be a street address, certificate of title, lot and DP number.

Complete only the number of columns required for your situation.

Residential portfolio and individual properties

If you have more than 1 residential property and you are applying the rules to all your properties on a portfolio basis, do not fill out any individual property columns. You will need to combine the income and expenses of all of the properties in the portfolio in 1 column. For more information about residential portfolios and individual properties, see our guide **Rental income - IR264**.

If you have sold an individual property or the last property in a residential portfolio this year, you will need to use a column for the sold property or portfolio.

Sale of a residential rental property

If you have sold an individual property or the last property in a residential portfolio this year, you will need to use a column for the sold property or portfolio.

Where the term "sale" is used in this worksheet, it is intended to cover all types of disposals.

Step 1 Rental income

Enter the total gross rental income you have earned in this income year for your residential portfolio and individual properties you own that are subject to the residential property deduction rules. Include all of the following in this amount:

- total rents
- other income (such as insurance receipts or rates refunds)
- depreciation recovery income.

For more information about rental income, see our guide **Rental income - IR264**.

Step 2 Net income from sale of a residential property

Net income from the taxable sale of one or more residential rental properties in a residential portfolio is included in the residential income of that portfolio. Net income from the taxable sale of an individual property is included in the residential income of that property.

Do not include at this step net income from residential rental properties that are excluded from the residential property deduction rules or that are on revenue account.

If you had a net loss from the taxable sale of a residential property, then enter zero for that property.

For more information about exclusions from the rules and revenue account property, see our guide **Rental income - IR264**.

Step 3 Rental property income

This step calculates the total rental property income for your residential portfolio and individual properties. Include net income from a taxable sale here.

Step 4 Rental expenses

Enter the total amount of deductible expenses you have incurred this income year for a residential portfolio and individual properties you own. Enter the expenses as a positive amount.

If you have a residential portfolio you will need to combine the total expenses amounts for each property in the portfolio.

Do not include in this step:

- any expenditure or loss from the sale of a residential rental property.
- excess deductions carried forward from a previous year.

For close companies making adjustments for loss of continuity or group company transfers of excess deductions you need to adjust this figure by the appropriate amount.

For more information about what expenses are deductible, see our guide **Rental income - IR264**.

Step 5 Excess deductions brought forward for a residential portfolio and individual properties

Do not complete this step for the 2019-20 income year.

You will have calculated this amount in the previous year as an amount to carry forward for a residential portfolio or individual property. This amount will include any excess deductions transferred to the residential portfolio or individual property in a previous year. This amount will also include any unused excess deductions remaining after the non-taxable sale of residential property that arose in a previous income year and which were not allocated to another property in the year of the sale. For more information about transfers of excess deductions see our guide **Rental income - IR264**.

You can also use this step to transfer any unused excess deductions brought forward from a previous income year that have not yet been transferred (because you did not have a property to transfer them to). Include the unused excess deductions to be transferred in the column of the residential portfolio or individual property that you want to transfer them to.

You must transfer unused excess deductions from a non-taxable sale of residential property across one or more properties, until all the excess deductions are used up.

Step 6 Total residential rental deductions

Adding together rental expenses and excess deductions brought forward calculates the total amount of deductions for your residential portfolio and individual properties.

Step 7 Net income for each portfolio and property

Calculate net income or net loss for your residential portfolio and individual properties by subtracting the total residential rental deductions from rental property income.

Step 8 Net income from revenue account property

You can offset excess deductions from a residential portfolio or individual property against net income from a residential property that is outside the residential property deduction rules because it will be taxed on sale (revenue account property).

Revenue account property is a property that is part of a business in developing, dealing in, or building residential property that is not a business premises or it is property that you have notified us will be taxable on sale regardless of when it is sold.

The income from revenue account property that is required to be entered at this row does not relate to your residential portfolios or individual properties entered in this worksheet. It relates to any other revenue account property, if you have any.

Enter net income from taxable sales, net rental income, and any depreciation recovery income from properties excluded from the residential property deduction rules because they are on revenue account.

Do not include income from properties that are otherwise excluded, such as your main home or a holiday home taxed under the mixed asset rules.

If you do not have revenue account property income, or if your revenue account property has made a loss, enter 0 here.

For more information about residential rental properties on revenue account, see our guide **Rental income - IR264**.

Step 9 Allocate revenue account property income

You can offset losses from a residential portfolio or individual property against net income from revenue account property (revenue account property income).

You must allocate all net income from revenue account property to one or more of your residential portfolio or individual properties.

It is your choice as to how you allocate the income. You do not need to allocate it equally across all your portfolio/properties.

If you did not have any net income from revenue account property at Step 8, enter 0 here.

Step 10 Adjust residential income for revenue account property income

Add any amounts of net income from revenue account property you have allocated to the rental property income at Step 3 for your residential portfolio and individual properties.

If you do not have any net income from revenue account property, enter the amounts from Step 3 here.

Step 11 Recalculated net position

If you have net income from revenue account property, you will need to recalculate the net position for the properties you allocated that income to.

If you did not allocate any revenue account property income to a residential portfolio or individual property, then this figure will be the same as that at Step 7.

Step 13 Sales of residential rental property

If you have sold one or more individual properties or a residential portfolio, you will need to work out if any excess deductions need to be transferred. Part 2 will help you do this.

If the only property you have sold was in a residential portfolio that continues to exist (ie, you did not sell the last property in the portfolio), answer No here.

If you answered No for all portfolios and individual properties that you own, go to Step 22.

Part 2 Transfers of remaining unused deductions from the sale of an individual property or the sale of the last property in a portfolio

Complete Part 2 if you have sold an individual property or the last property in a residential portfolio in this income year. This Part helps you work out if any excess deductions are required to be transferred from the sale of the property or residential portfolio to another property or portfolio.

Step 15 Total excess deductions transferred to a residential portfolio or individual property in previous years

This step must be completed for your residential portfolio and individual properties for which you answered Yes at Step 14.

If no excess deductions have been transferred to the individual property or residential portfolio in any income year, enter 0 here.

Record all excess deductions that have been transferred to the residential portfolio or individual property in any income year. You must keep track of amounts transferred from one property to another because these amounts may affect the amount of deductions you can claim on the sale of the property when the sale is taxable.

Transfers of excess deductions made in this year are recorded at Step 15b and Step 15c.

For more information about transferred unused excess deductions, see our guide **Rental income - IR264**.

Step 15a Unused excess deductions to be transferred

Step 15a must be completed for your residential portfolio and individual properties for which you answered Yes at Step 14.

If a property shows a net loss at Step 11, and it had deductions transferred to it (which is shown at Step 15), compare the amounts at Step 11 and Step 15, and treating them as both positive amounts, enter the smaller amount at Step 15a. This step calculates the unused excess deductions to transfer in the current year or to carry forward for each portfolio or property that was sold in the income year where the sale was taxable.

Excess deductions that would otherwise be released on a taxable sale must be reduced by the amount of any unused excess deductions transferred to the property.

If the net loss at Step 11 is smaller than the amount entered at Step 15a, then the whole of the loss cannot be released and must be transferred.

Step 15b and Step 15c Transfer unused excess deductions from a taxable sale

You will have unused excess deductions remaining from a taxable sale of an individual property if the property has a loss at Step 11 and excess deductions were previously transferred to the individual property.

You will have unused excess deductions remaining from the sale of the last property in a residential portfolio if the property has a loss at Step 11, the sales of all properties in the portfolio were taxable, and excess deductions were previously transferred to the individual property.

If you have another property or portfolio to transfer the unused excess deductions to in this year, you can transfer any unused excess deductions from a taxable sale to another property at Step 15b and Step 15c.

If you have no other property to transfer these excess deductions to, these excess deductions must be carried forward until you can transfer them. They will be included in your Excess deductions carried forward amount at Step 21.

To make the transfer this year, first enter at Step 15b the amount of unused excess deductions remaining from the sale of a portfolio or property in the column for that portfolio or property. Next, enter in Step 15c the amounts of unused excess deductions to be transferred to your other property or properties that you want to transfer the unused excess deductions to.

You can transfer unused excess deductions from a non-taxable sale of residential property across multiple properties, until all the excess deductions are used up.

Step 16 Non-taxable sales

If you had a mix of taxable and non-taxable sales of all the properties in a residential portfolio, answer No here for the portfolio. This question requires you to look at all sales of portfolio properties for the current year and all previous years.

If one or more properties are not taxable on sale, any excess deductions remaining after the sale of the last property in a portfolio must be transferred to another residential portfolio or property.

For more information see our guide **Rental income - IR264**.

Step 17, Step 17a and Step 17b Transfer unused excess deductions from a non-taxable sale

A residential portfolio is sold if the last property in the portfolio has been sold in this income year. If the last property in the portfolio has not been sold, and the portfolio will continue to exist, answer No for the portfolio at Step 17.

You will have unused excess deductions remaining if you answered Yes at Step 16 because:

- Step 11 shows a loss for an individual property that was sold and the sale was non-taxable, or
- Step 6 shows a loss for a residential portfolio if the last property in the portfolio has been sold and at least 1 of the sales of a portfolio property (in any year) was non-taxable.

You must transfer all these unused excess deductions to another residential portfolio or individual property if you have one and have earned residential income in this income year.

If you have another property to transfer the unused excess deductions to in this year, make the transfer at Step 17a and Step 17b. If you answered Yes for an individual property or residential portfolio at Step 17, enter the amount of the net loss for the property from Step 11 in Step 17a. Allocate all of the amount in Step 17a to one or more properties in Step 17b.

If you have no other property to transfer these excess deductions to, or you have not earned any residential income in this income year, you will need to carry these excess deductions forward. They will be included in your Excess deductions carried forward amount on your return. The excess deductions will be reinstated in the next income year in which you earn residential income from a residential portfolio or individual property. You will need to keep track of this amount for future income years.

First, enter at Step 17a the amount of unused excess deductions remaining from the sale of a portfolio or property in the column for that portfolio or property. Next, enter in Step 17b the amounts of unused excess deductions to be transferred to your other property or properties that you want to transfer the unused excess deductions to.

You can transfer unused excess deductions from a non-taxable sale of residential property across multiple properties, until all the excess deductions are used up.

Step 18 Recalculated net position for transferred amounts

Recalculate net profit or loss for your residential portfolio and individual properties to take account of any transfers of excess deductions remaining after the sale of an individual property or the last property in a residential portfolio. Remember that a net loss is a negative amount.

If you did not make any transfers to or from a residential portfolio or individual property at Step 15 or Step 17, enter the amount from Step 11 here.

Part 3 Calculating excess deductions for a residential portfolio and individual properties

This section is comprised of four subparts. For your residential portfolio and individual properties only complete the subpart that applies to your circumstances: Part 3A, Part 3B, Part 3C or Part 3D. Each section will help you to calculate your net residential income, excess deductions and deductions claimed for your residential portfolio and individual properties.

Complete Part 3A for an individual property or residential portfolio if:

- the individual property was not sold this year AND you have transferred excess deductions to it in Part 2.
- the last property in the residential portfolio was not sold this year AND you have transferred excess deductions to the residential portfolio in Part 2.

Complete Part 3B for an individual property or residential portfolio if:

- the individual property was sold this year and the sale was not taxable.
- the last property in the portfolio was sold this year and one or more of the sales of all of the properties in the portfolio was not taxable.

Complete Part 3C for an individual property or residential portfolio if:

- the individual property was sold this year and the sale was taxable.
- the last property in the portfolio was sold this year and ALL of the sales of the properties in the portfolio were taxable.

Complete Part 3D for an individual property or residential portfolio if any of the following are true:

- the individual property was not sold AND you have not transferred excess deductions to it in Part 2.
- the last property in the residential portfolio was not sold this year AND you have not transferred excess deductions to the residential portfolio in Part 2.
- did not sell any properties in this year.
- None of your properties showed a net loss at Step 11 (and you answered No to all at Step 12).

Part 3A Individual property or last property in a portfolio not sold and has excess deductions transferred to it

Complete this section for an individual property or residential portfolio that has not been sold this year but that has had unused excess deductions transferred to it from the sale of another residential portfolio or individual property in this income year at Step 15c or Step 17b.

Step 19 No sale of the individual property or the last property in a residential portfolio AND transferred excess deductions

If you transferred unused excess deductions this year to a residential portfolio or individual property you have not sold, the transferred deductions will affect your net profit or loss at Step 11. A residential portfolio is sold if the last property in the portfolio has been sold in this income year.

This step calculates the excess deductions that must be carried forward for your residential portfolio or individual properties that were not sold in the income year and to which transfers of excess deductions were made.

When your deductions exceed residential income for a residential portfolio or individual property in an income year, the excess deductions must be carried forward to a future income year in which you earn residential income. Excess deductions that arise from a residential portfolio or individual property can only be used against the residential income from that portfolio or property unless the property is sold.

Step 19a Residential rental deductions claimed this year

This step calculates the deductions that can be claimed this year for your residential portfolio or individual properties that were not sold in the income year and to which transfers of excess deductions were made.

If a residential portfolio or individual property has a net loss then the amount of deductions that may be claimed this year is limited to the amount of income earned from the residential portfolio or individual property.

If a residential portfolio or individual property has net income then all deductible expenses relating to that residential portfolio or individual property may be claimed this year.

Step 19b Net residential income

This step calculates the final net position for your residential portfolio and individual properties that were not sold in the income year and to which transfers of excess deductions were made.

Part 3B Non-Taxable sales

Complete this section for your residential portfolio and individual properties for which you answered Yes at Step 16.

Step 20 Excess residential rental deductions to carry forward

This step calculates the excess deductions that must be carried forward for your individual property that was sold in the income year where the sale was not taxable.

This step calculates the excess deductions that must be carried forward for your residential portfolio that was sold in the income year where at least one sale of all the properties in the portfolio in any income year was not taxable. A residential portfolio is sold if the last property in the portfolio has been sold in the income year.

When your deductions exceed residential income for a residential portfolio or individual property in an income year, the excess deductions must be carried forward to a future income year in which you earn residential income. Excess deductions that arise from a residential portfolio or individual property can only be used against the residential income from that portfolio or property unless the property is sold.

Step 20a Deductions claimed this year

This step calculates the excess deductions that must be carried forward for your individual property that was sold in the income year where the sale was not taxable.

This step calculates the excess deductions that must be carried forward for your residential portfolio that was sold in the income year where at least one sale of all the properties in the portfolio in any income year was not taxable. A residential portfolio is sold if the last property in the portfolio has been sold in the income year.

Calculate your deductions claimed this year by starting with your total deductions at Step 6. If you transferred any excess deductions from this property to one or more other properties at Step 15b or Step 17a, subtract the amounts transferred from your total deductions. If you transferred any excess deductions from another property to this property at Step 15c or Step 17b, then add the amounts transferred to your total deductions. Finally, subtract the amount of excess deductions to carry forward as calculated at Step 20.

The amount of deductions for a residential rental property in an income year is limited to the amount of residential income you earn in the income year for the property. If your residential income is higher than the amount of deductible expenses you have incurred for the property, then you will be able to claim all your deductions.

Step 20b Net residential income

This step calculates the final net position of your residential portfolio and individual properties that this subpart applies to.

Part 3C Taxable sales

Complete this section for your residential portfolio and individual properties for which you answered Yes at Step 14.

Step 21a Residential rental deductions claimed this year

This step calculates the deductions that can be claimed this year for your residential portfolio and individual properties that were sold in the income year where the sales were all taxable.

A residential portfolio is sold if the last property in the portfolio has been sold in the income year.

If the sale was taxable, you can claim all your deductions for the property minus any transferred amounts.

Step 21b Net residential income

This step calculates the final net position of your residential portfolio and individual properties that were sold in the income year where:

- for a residential portfolio, the last property in the portfolio was sold and the sales of all the properties in the portfolio were taxable
- for an individual property, the sale was taxable.

A residential portfolio is sold if the last property in the portfolio has been sold in the income year.

This step also takes into account any unused excess deductions remaining after the taxable sale of an individual property or residential portfolio at Step 21. Unused excess deductions that remain after a taxable sale will relate to transfers made in previous years to the property from non-taxable sales.

Part 3D No sales of individual property or last property in a residential portfolio and no transferred excess deductions or no net loss at step 11.

Complete this section for each individual property that you did not sell in this income year and that you did not transfer any unused excess deductions to at Step 15c or Step 17b.

Complete this section for a residential portfolio if you did not sell the last property in the residential portfolio and you did not transfer any unused excess deductions to it at Step 15c or Step 17b.

Complete this section if you sold a property in a residential portfolio that will continue to exist (ie, you did not sell the last property in the residential portfolio) and you did not transfer any unused excess deductions to the portfolio at Step 15c or Step 17b.

Complete this section if you answered No at Step 13 because you did not sell any residential property this year.

Complete this section if you answered No to all at Step 12 because none of your properties had a net loss this year.

Step 22 Excess residential deductions to carry forward

This step calculates the excess deductions that must be carried forward for your residential portfolio and individual properties that were not sold in the income year and to which no transfers of excess deductions were made. A residential portfolio is sold if the last property in the portfolio has been sold in the income year.

When your deductions exceed residential income for a residential portfolio or individual property in an income year, the excess deductions must be carried forward to a future income year in which you earn residential income. Excess deductions that arise from a residential portfolio or individual property can only be used against the residential income from that portfolio or property unless the property is sold.

Step 22a Residential rental deductions claimed this year for each portfolio and property

This step calculates the deductions that can be claimed this year for your residential portfolio and individual properties that were not sold in the income year and to which no transfers of excess deductions were made.

If a residential portfolio or individual property has a net loss then the amount of deductions that may be claimed this year is limited to the amount of residential income for the residential portfolio or individual property.

If a residential portfolio or individual property has net income then all deductible expenses relating to that residential portfolio or individual property may be claimed this year.

Step 22b Net residential income

This step calculates the final net position of your residential portfolio and individual properties that were not sold in the income year and to which no transfers of excess deductions were made.

Part 4 Totals for income tax return

This section must be completed for your residential portfolio and all individual properties that you own. The totals in this section must be entered in the relevant boxes on your income tax return.

Step 26 Deductions claimed this year

Add together the residential rental deductions claimed this year calculated for your residential portfolio and individual properties.

To do this, first add together all the amounts at each of the Steps listed in Step 26. For example, if you calculated the residential rental deductions for more than one property at Step 22a, add together the deductions claimed this year at Step 22a for all those properties before performing the calculation at Step 26.

Step 27 Net residential income

Add together only the net residential income amounts for each residential portfolio and individual property you own.

To do this, first add together all the amounts at each of the Steps listed in Step 27. For example, if you calculated the net residential income for more than one property at Step 22b, add together the net residential incomes at Step 22b for all those properties before performing the calculation at Step 27.

This total amount may be a loss if you have a net loss from the taxable sale of individual property, or the last property in a residential portfolio has been sold, and the sales of each property in the portfolio were taxable.

Step 28 Total excess residential rental deductions to carry forward

This step brings the results for each residential portfolio and individual property together.

To do this, first add together all the amounts at each of the Steps listed in Step 25. For example, if you calculated the excess residential rental deductions carried forward for more than one property at Step 22, add together the excess deductions to carry forward at Step 22 for all those properties before performing the calculation at Step 25.

If you have no excess deductions to carry forward, enter 0 on your return.