

YOUR INVESTMENT PROPERTY LOAN GUIDE

Buying an investment property is a different game.

The loan itself works differently, the way it's structured matters far more, and a rule change in the 2026 Federal Budget has genuinely changed what's worth buying. Here's what to actually think about before your next investment purchase.

📞 **We'll call you within one business day.**

THE BASICS

How investment loans differ from owner-occupier loans.

Same lenders, often similar rates, but a few things work differently once a property isn't the one you're living in.

Pricing

Investment loans are sometimes priced slightly higher than owner-occupier loans, and the gap moves around with each lender's appetite for investor lending.

Rental income counts — partially

Lenders typically only count a portion of expected rental income (commonly in the 70–80% range) toward serviceability, to allow for vacancies and costs.

Deposit & LVR

The same broad deposit and LMI rules apply as for a home purchase — there's no special investor deposit requirement.

Interest-only is more common

Far more investors choose interest-only than owner-occupiers do — see the next section for why, and the trade-off involved.

Structure matters more

How the loan is split, and whether you use an offset or a redraw, can have a real effect on what's tax deductible later. More on this shortly.

Using equity

Many investors fund a deposit using equity in an existing property rather than fresh cash savings — we can work out what's available to you.

LOAN STRUCTURE

Interest-only: when it actually makes sense.

Interest-only isn't automatically the "smart investor" choice — it's a trade-off, and the right answer depends on your goals.

Why investors choose it

Lower repayments free up cash flow — often redirected toward paying down non-deductible debt (like your own home loan) faster, or toward the next investment.

What you give up

No principal reduction during the interest-only period, so you're not building equity through repayments — only through the property's value changing.

The repayment jump

When the interest-only period ends, repayments step up to cover principal and interest over the remaining, now-shorter term — plan for this, don't be surprised by it.

Typical periods

Commonly up to five years at a time, sometimes longer in total across the life of the loan — lenders reassess your situation before extending it.

Reassessment at expiry

Extending or refinancing an interest-only period means being reassessed against your circumstances and the lender's current policy at that time, not when you first took the loan.

P&I still has a place

If your priority is paying the loan down and building equity directly, principal & interest from day one is often the better fit — it isn't just the "beginner" option.

GOOD TO KNOW

Our Loan Repayments Calculator lets you compare interest-only against principal & interest for your own numbers, including the extra interest cost of choosing IO over the life of the loan.

THE BIT THAT QUIETLY COSTS PEOPLE MONEY

Offset account or redraw? It's not just semantics.

Both can reduce the interest you pay. For an investment loan, only one of them reliably protects your tax deduction.

OFFSET ACCOUNT

Money sitting in an offset account is legally still your own money — it just reduces the balance your interest is calculated on. Because you're not withdrawing loan funds, taking money back out of an offset doesn't change what the underlying loan was used for. Your investment loan stays cleanly deductible.

REDRAW FACILITY

A redraw lets you pull out extra repayments you've already made — but each redraw is treated by the ATO as a new borrowing, assessed on what it's used for. Redraw \$25,000 for a holiday or to renovate your own home, and that portion of the loan generally stops being tax deductible, even if you pay it back later. Fixing it can mean formally splitting or refinancing the loan.

This is general information about how offsets and redraws typically work, not tax advice for your situation — your accountant can confirm exactly how it applies to you, and we can help make sure the loan is structured the right way from the start.

WHAT JUST CHANGED

The 2026 Budget changed what's worth buying.

This is general information only, not personal tax advice — but it's genuinely important context for anyone weighing up an investment purchase right now.

The change

From 1 July 2027, negative gearing on established (existing) residential properties will be limited — losses can no longer be offset against your salary or other income.

The cut-off

Properties already owned, or under contract, at 7:30pm on 12 May 2026 are grandfathered under the old rules for as long as you hold them.

Buying an established home now

Still fully negatively gearable until 30 June 2027. After that date, losses on it can only offset rental income (from that property or other residential rentals), or carry forward against future capital gains.

New builds are treated differently

A newly constructed property (or a knock-down rebuild) purchased after budget night keeps full negative gearing against any income, regardless of when you buy it.

Capital gains tax is changing too

From 1 July 2027, the 50% CGT discount is being replaced with cost-base indexation plus a 30% minimum tax rate on gains — gains built up before then keep access to the old discount.

Why it matters for your decision

New-build and established properties now sit on genuinely different tax footing going forward — worth factoring in early, not after you've signed a contract.

TALK TO YOUR ACCOUNTANT

This is a simplified summary of a real legislative change, not advice on your circumstances. We can talk through how it affects your borrowing and loan structure — your accountant or tax adviser is the right person to confirm exactly what it means for your tax position.

GETTING ORGANISED

What you'll need to gather.

Similar to any home loan application, plus a little extra if you already have a rental property in the mix.

Identification ALL REQUIRED

- ☐ Driver's licence — front
- ☐ Driver's licence — back
- ☐ Passport
- ☐ Medicare card

Income

- ☐ Two most recent payslips (or two years' tax returns if self-employed)
- ☐ ATO income statement

Existing rental properties IF APPLICABLE

- ☐ Current lease agreement or rental appraisal
- ☐ Most recent rates notice

Savings & other debts

- ☐ Savings account statements — last 3 months
- ☐ Statements for any existing loans or credit cards
- ☐ Existing mortgage statements — last 6 months

To make providing bank statements easy, we use Illion Bankstatements — we'll send you this link once we progress your application.

Exact requirements vary by lender and by your situation — we'll confirm precisely what's needed once we understand your circumstances. Nothing here needs to be ready before we speak.

GOOD QUESTIONS

Questions investors ask us most.

If you're wondering about any of these, you're already asking the right things.

Q1 Should I buy a new build just for the tax treatment?

Tax shouldn't be the only reason to buy a particular property — but it's now a genuinely bigger factor than it used to be, and worth weighing up properly rather than ignoring.

Q2 Can I use the equity in my home instead of a cash deposit?

Often, yes — we'll work out how much usable equity you have and how a lender is likely to view it.

Q3 Should I get a depreciation schedule?

For many investment properties, especially newer ones, a quantity surveyor's depreciation schedule can uncover deductions you'd otherwise miss. Ask your accountant whether it stacks up for your property.

Q4 Is interest-only always the better choice for an investment loan?

No — it suits some strategies and goals better than others. See "Interest-only: when it actually makes sense" for the trade-off.

Q5 What happens if I already redraw from my investment loan for something personal?

It may affect the deductibility of that portion. Talk to your accountant, and to us about whether restructuring the loan going forward would help.

Q6 Does this guide apply to me if I already own an investment property?

Some of it — the negative gearing changes only affect properties bought after budget night, so an existing property is generally unaffected. The loan structure sections apply either way.

READY WHEN YOU ARE

Let's talk through your next investment.

Book a free, no-obligation chat with JNT Finance and we'll go through borrowing power, loan structure, and what's actually worth considering before you buy.

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This guide provides general information only and doesn't take into account your personal objectives, financial situation or needs. It isn't personal financial, credit or tax advice, and the summary of negative gearing and capital gains tax changes is simplified for general understanding — please speak with your accountant or a licensed tax adviser about how current and future tax law applies to you. Lending criteria, loan structures and interest-only availability vary by lender and are subject to change — we'll confirm exactly what applies to you. JNT Finance, Credit Representative 545606, is authorised under Australian Credit Licence 422284, held by R1 Investments Pty Ltd trading as RateOne Home Loans.