

Charter Partners Tax & Business Tips Investment Properties

Co-Ownership of Rental Property

The way that rental income and expenses are divided between co-owners varies depending on whether the co-owners are joint tenants, tenants in common or whether there is a partnership carrying on a rental property business.

Co-owners of an investment property - not in business

A person who simply co-owns an investment property or several investment properties is usually regarded as an investor who is not carrying on a rental property business, either alone or with the other co-owners. This is because of the limited scope of the rental property activities and the limited degree to which a co-owner actively participates in rental property activities.

Dividing income and expenses according to legal interest

Co-owners who are not carrying on a rental property business must divide the income and expenses for the rental property in line with their legal interest in the property. If they are:

- Joint tenants, they each hold an equal interest in the property;
- Tenants in common, they may hold unequal interests in the property - for example, one may hold a 20 per cent interest and the other an 80 per cent interest.

Rental incomes and expenses must be attributed to each owner according to their legal interest in the property, despite any agreement between co-owners, either oral or in writing, stating otherwise.

If you would like to know more about Investment Properties, please click [here](#)