

How to process a Rent Free Period in REST Professional

Overview

The owner may offer a tenant a rent free period as an incentive for leasing a premises, commonly found in commercial leasing.

This document will cover the two methods of reflecting the rent free period in REST:

- Create a disbursement against the Property and receipt to Tenants rent
- Amend the Tenant Details to reflect the rent free period

Create a disbursement against the Property and receipt to Tenants rent

This is the preferred method for providing a rent free period. The owner must have sufficient funds available to cover the rent free period amount. This creates an expense against the property, receipts it into REST as rental income and charges management fees on the rent free period amount.

1. Do a quick disbursement from the property. Go to Transactions > Quick Disbursements

- Property – Select the owners property
- Incl GST – Enter the amount of the rent free period (i.e. one week's rent) ensuring that the GST amount is zeroed out. (NOTE: If the amount is for commercial rent with a GST component, enter the exclusive rent amount with \$0.00 GST. You will need to process the GST component by doing a second quick disbursement separately using cheque number 999999, with the description 'GST on one week's rent free period' and the account code 119)
- Cheque number – Use 999999
- Pay to – Enter the tenants name
- Description – One week's rent free period
- Account Code – Use your rent income code 101

2. Click OK-F12

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3. Receipt the funds to the tenants rent. Go to Transactions > Rent Receipt

- Select the tenant
- Amount: Enter the rent free period amount. NOTE: For commercial rents subject to GST, the receipt can be entered for the whole amount; total of the two quick disbursements, inclusive of GST.
- Click OK-F12
- Payment method: Direct Deposit

- Received from: Enter the owners name

4. Click OK-F12

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Amend the Tenant details to reflect the rent free period

This method simply advances the tenants paid to dates, does not charge management fees and can be done if owner does not have funds.

- Update the tenant paid to date on the Tenant Details. Go to Tenant Details > Rental Tab. Change the paid to date to reflect the rent free period (i.e. advance the date by one week)
- Click OK-F12
- You will then be prompted to give a reason which will appear on the tenant ledger (i.e. Reason: Rent Free Period as agreed)

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- If the rent free period is only a part payment of the rent period, you will need to enter the credit or add it to any credit already in the Credit Last Month field, then save and enter a reason.

14/09/2020 3:43 pm AEST