Keep Your Investment Split Clean

Do's and don'ts for every debt recycling split

Prepared by **Alex Gee**, Director & Mortgage Broker, Kingfisher Finance Group Updated November 2026

The Rule in One Line

Deductibility follows what the borrowed money was used for, not what secures the loan or what the split is called.

Do's and Don'ts

Do

- Draw each investment split only to invest, then only pay it down
- Send each draw straight from the split to the platform or fund
- Do all private spending on the home split
- Keep your offset and buffer on the home split
- Use a fresh split for each new round of investing
- Pay investment interest in cash from your own account
- Save the transfer receipt and contract note the day you invest

Don't

- Redraw spare room in an investment split for a car, holiday or bills
- Pay private cash into an investment split to redraw later
- Park a draw in your everyday account before buying
- Invest straight from offset and expect a deduction
- Link a debit card or everyday transfers to an investment split
- Let the interest capitalise without your tax agent's advice
- Buy assets that pay no income with the deductible split
- Assume the split's name protects you

If It Has Already Happened

1. **Stop using the split.** Make no further redraws until you understand the position.
2. **Call your tax agent.** They work out what share of the interest stays deductible.
3. **Talk to us about a restructure.** A fresh, clean split keeps new borrowing separate.

General information only. We arrange lending (credit assistance only); your financial adviser recommends investments and your registered tax agent confirms the tax treatment. Questions? Call 0438 376 200 or visit debtrecyclingloans.com.au/contact/.