



Fact sheet



Residential Tenancies Act 1994

Rent Payments and Holding Deposits

The *Residential Tenancies Act 1994* (the Act) covers the charging of holding deposits, rent payments and rental bonds.

Holding deposits

Prospective tenants may be required to pay a holding deposit for premises they wish to rent. The time period for which a holding deposit will apply is negotiated between the prospective tenants and the lessor/agent. When a period is agreed, this period should be stated on the receipt for the deposit. If no holding period is stated on the receipt, the Act states that the holding period is 48 hours.

On accepting a holding deposit, the lessor/agent must ensure the property is available if the person proceeds with the tenancy, and must give a signed receipt.

If the prospective tenant does not proceed with the tenancy, and advises the lessor/agent within the holding period, the entire holding deposit must be refunded within three days.

The lessor/agent can keep the holding deposit if the prospective tenant fails to notify the lessor/agent of their decision not to go ahead with the tenancy within the agreed holding period. If the prospective tenant indicates that they will proceed with the tenancy but then fails to enter into the tenancy agreement, they will forfeit the holding deposit.

When a tenant signs a tenancy agreement after paying a holding deposit, the holding deposit becomes part of the rental bond. Any surplus amounts then become rent paid in advance.

Rent in advance

Tenants can be charged rent in advance. For a fixed term tenancy, the maximum amount a tenant can be required to pay is one month's rent in advance.

A maximum of two weeks' rent in advance may be charged for a periodic tenancy or for a moveable dwelling premises. A lessor/agent cannot ask for more rent during a period for which rent has already been paid.

Service charges

The lessor/agent must pay all charges, levies, premiums, rates or taxes on a premises. The lessor can only require the payment of fees and charges allowed by the Act and cannot ask for a premium to accept a person as a tenant.

Tenants normally pay service charges for facilities such as electricity, gas, or telephone. If the premises are not separately metered, the tenant may be charged for items only if they are specified in the tenancy agreement, showing the method of calculating the tenant's share and how this is to be paid.

See the *Water Charging Fact Sheet* for information about payment for water.

The tenant does not have to pay more than the amount charged for the facility by the relevant supply authority if the premises are individually metered, or, if not individually metered, the amount calculated under the agreement.

There are different arrangements for moveable dwellings. Information regarding service charges for moveable dwellings is available in the *Mobile Homes and Caravan Parks Fact Sheet*.

Rental bond

A rental bond is money paid by the tenant, usually to a lessor/agent, at the start of a tenancy as a security against the tenant breaching the terms of the tenancy agreement.

It is not compulsory to charge a rental bond, but when one is paid it must be lodged with the Residential Tenancies Authority within 10 days of receipt by the lessor/agent, together with a completed *Bond Lodgement (Form 2)*.

By law, no more than four weeks' rent (two weeks' rent for moveable dwelling tenancies) can be charged as a rental bond, if the weekly rent is \$500 or less. There is no bond limit if the weekly rent exceeds \$500. Where rent is subsidised by an employer, the maximum bond is the greater of \$400 or the equivalent of two weeks' (moveable dwellings) or four weeks' rent (general dwellings). Lessors/agents cannot charge a rental bond fee to cover the costs of complying with the *Residential Tenancies Act 1994*.



Rent payments

Tenants must pay their rent on time and at a place stated in the tenancy agreement. If no place is stated, then rent must be paid at an appropriate place. If, after signing the agreement, the lessor/agent changes the location, and it is a reasonable place, the tenant must pay at this location while the written notice is in force. Rent can be paid by:

- cash or cheque;
- bank deposit to an account specified by the lessor/agent;
- electronic fund transfer including credit cards;
- payroll deductions (or pension deduction);
- a method agreed to by both parties.

Lessors/agents cannot ask a tenant to pay a higher rate of rent initially, then discount that rate if the tenant complies with the terms of the tenancy agreement. However, there is nothing to prevent a lessor/agent granting a discount for the payment of rent on time.

Rent accrues on a daily basis while the tenant occupies the premises, or holds the premises after termination.

Lessors/agents cannot seize a tenant's property or goods in return for unpaid rent, or other monies owed, or for damage to the premises.

Rent receipts and records

Lessors/agents must give tenants receipts for all rent payments made in cash. Receipts must be given on request for payments made by cheque. Lessors/agents must keep records of rent payments for one year after the tenancy has ended. Penalties apply for false or misleading entries made.

Rent increases and decreases

The lessor/agent must give two months' notice in writing before increasing rent in a periodic tenancy.

Rent may only be increased in a fixed term tenancy if the tenancy agreement allows for it. One month's notice in writing of the increase is required. As long as the lessor/agent gives appropriate notice, there is no limit to the number of times the rent can be increased.

Tenants may dispute a rent increase if they believe it is excessive. See the subheading "Dealing with disputes" for more information.

If a property has been partially destroyed, but not rendered totally uninhabitable, the Small Claims Tribunal may, after application by the tenant, order the lessor/agent to reduce the rent if the tenant does not give notice of termination.

Rent arrears

If a tenant is seven days overdue in rent payments, the lessor/agent can serve a *Notice to Remedy Breach* (Form 11). The tenant then has seven days to pay the outstanding rent for a general dwelling and five days in a moveable dwelling. The termination process may commence if the tenant has not paid the outstanding rent in accordance with the *Notice to Remedy Breach* (Form 11).

See the *Terminating a Tenancy Agreement* Fact Sheet for more information.

Dealing with disputes

Disagreements may arise between tenants and lessors/agents about rent, excessive rent increases, rent arrears, or refunding the holding deposit or rental bond.

Tenants and lessors/agents can usually resolve such disputes by talking to each other and by finding out about their rights and responsibilities under the Act. If this is unsuccessful, the RTA's Dispute Resolution Service may be able to help. If the matter is still unresolved, an application may be made to the Small Claims Tribunal for an order about the dispute.

For more information about the *Residential Tenancies Act 1994*, contact the Residential Tenancies Authority.

Accessing RTA forms

The RTA's approved forms can be obtained by:

- visiting the RTA's website at www.rta.qld.gov.au and following the links to "e-Forms";
- calling the RTA's forms distribution service on **1300 136 939**;
- faxing a *Request for Forms* to (07) 3216 2258; or
- posting a *Request for Forms* to the RTA Forms Distributor:
Post Logistics, 52-54 Qantas Drive,
Eagle Farm QLD 4009.

A selection of the most commonly used forms is also available at Australia Post offices around Queensland.

May 2008
Version 207.02

Disclaimer

The *Residential Tenancies Act 1994* is the primary source material on the law and takes precedence over this Fact Sheet should there be any inconsistency between the Act and this Fact Sheet.