

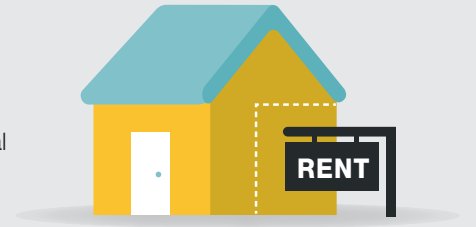


Renting out a room?

How to work out the expenses you can claim

If you rent out a room, a unit or a whole house on an occasional basis through the sharing economy, for tax purposes you need to:

- ✔ keep records of all income earned and declare it in your income tax return
- ✔ keep records of expenses you can claim as deductions
- ✔ calculate your capital gain when you sell the property



Income you need to declare:

- ✔ all income before fees and commissions
- ✔ insurance payouts, eg compensation for damage caused by renting
- ✔ bonds or security deposits you become entitled to retain
- ✔ letting and booking fees, including cancellation fees

Deductions you may claim include:

- ✔ fees from the facilitator
- ✔ power, gas and council rates
- ✔ property insurance
- ✔ cleaning and maintenance
- ✔ other associated expenses

Whether all or part of the expense can be claimed will depend on:

- the number of days you rent out the property during the year
- the portion of the property you have rented out (for example, a room or the whole property)
- how you use the property, including any personal use

Working out the deductions you can claim

- How big is the property?
- How big is the rented room?
- How big are the shared/common areas?
- How many days was the room rented out?

How to work it out

Rented room (claim 100% for days rented):

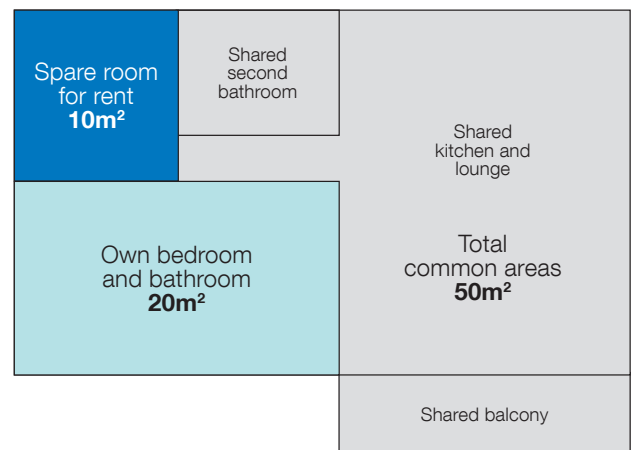
$$\frac{\text{rented room size}}{\text{total size of house/unit}} \times \frac{\text{number of days rented}}{\text{total days in the year}} \times 100 = \% \text{ of expenses claimable}$$

Common areas (claim 50% for days rented):

$$\frac{\text{total common areas}}{\text{total size of house/unit}} \times \frac{\text{number of days rented}}{\text{total days in the year}} \times 50\% \times 100 = \% \text{ of expenses claimable}$$

Example

(80m² unit, 10m² room rented for 150 days)



$$\text{Rented room: } \frac{10}{80} \times \frac{150}{365} \times 100 = 5.13\%$$

$$\text{Common areas: } \frac{50}{80} \times \frac{150}{365} \times 50\% \times 100 = 12.84\%$$

$$\text{Total percentage of expenses you can claim } \mathbf{17.97\%}$$

Capital Gains Tax

When selling the property, you may have to pay capital gains tax (CGT). To find out more, visit ato.gov.au/cgt