

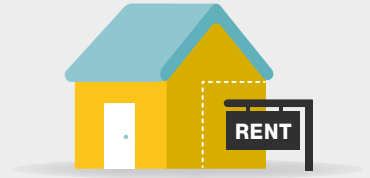


Renting out a room?

How to work out the expenses you can claim

If you rent out all or part of your home through the sharing economy, for tax purposes you need to:

- ✔ keep records of all rental income earned and declare it in your tax return
- ✔ keep records of expenses you can claim as deductions
- ✔ calculate your capital gain or loss 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 you charge, including cancellation fees.

Expenses you may be able to claim include:

- ✔ council rates
- ✔ interest on a loan for the property
- ✔ electricity and gas
- ✔ property insurance
- ✔ cleaning and maintenance costs
- ✔ fees or commission charged by the platform
- ✔ other expenses that directly relate to the earning of your rental income.

How much of the expense you can claim will depend on:

- the number of days you rent out the room or whole property during the year
- the portion of the property you have rented out (eg a room or the whole property).

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):

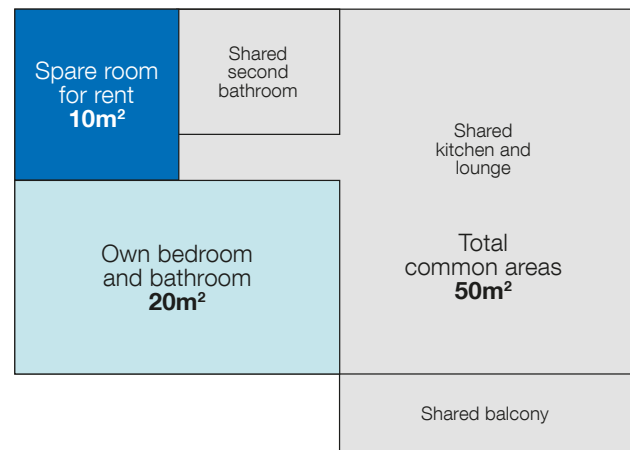
$$\frac{\text{total common areas}}{\text{total size of house/unit}} \times \frac{\text{number of days rented}}{\text{total days in the year}} \times 50\% \times 100 = \% \text{ of expenses claimable}$$

Capital Gains Tax

When selling the property, you may have to pay capital gains tax (CGT).

Example

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



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

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

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

This is a general summary only

For more information, speak with your tax agent or visit ato.gov.au/sharingeconomy