



## Main residence exemption tips

There are many circumstances where the main residence exemption should be considered. Read our tips.

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The main residence exemption needs to be considered in a variety of situations. We're seeing issues with non-reporting of a capital gain, loss or main residence exemption for property sales. Make sure you question your clients to ensure their tax return is completed correctly this tax time.

These tips may help:

- Ask your clients if they've started **earning income from their home**. They may need to get a market valuation for capital gains tax (CGT) purposes, particularly if they are
  - renting out some or all of their home
  - running a business from it.
- When renting out a property that was their main residence, your clients need to consider whether to use the **6-year absence rule** when they sell their property. If they choose to use the 6-year absence rule, make this election in your client's return by including the main residence exemption in the CGT section.
- Don't ignore prompts in your software advising a client has transferred property. Details of **property transfers** are available in Online services for agents to remind you. The details include the
  - property address
  - contract date
  - settlement date
  - sale price.

- Your clients can only have **one** property as their main residence at a time. The only exception is the **6-month period** when they move from one home to another.
- If your client's **tax residency** in Australia has changed during the year, their CGT obligations may also have changed.

For more examples and scenarios on the main residence exemption, see our recently updated fact sheet about **CGT and the main residence exemption**, which is part of the *2024 Tax time toolkit for investors*.

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