



Australian Government
Australian Taxation Office

Renting out a room or part of your main residence



What you may be able to claim when renting out all or part of your home.

How to work out the expenses you can claim

If you rent out (including through the sharing economy) all or part of your home that you live in as your main residence (home), 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

Income you need to declare includes:

- all income **before** fees and commissions
- insurance payouts – for example, 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 claim

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 depends on:

- the number of days the room or whole property is rented during the year
- the portion of the property you have rented out – for example, a room or the whole property.

Working out the deductions you can claim

When working out the deductions you can claim, you need to consider the following questions:

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

Common areas are parts of the property that you share with your tenant, for example kitchens and living areas. Common areas also include any outdoor spaces, for example, gardens or balconies. You must include outdoor spaces when calculating the size of your property.

How to work it out

Floor area percentage:

$$[A + (B \div 2) \div C] \times 100$$

Where:

- A is the floor area of the property solely occupied by the tenant
- B is the floor area of the common areas
- C is the floor area of the whole property.

Time rented percentage:

$$\text{Days used to produce income} \div \text{Number of days in the income year} \times 100$$

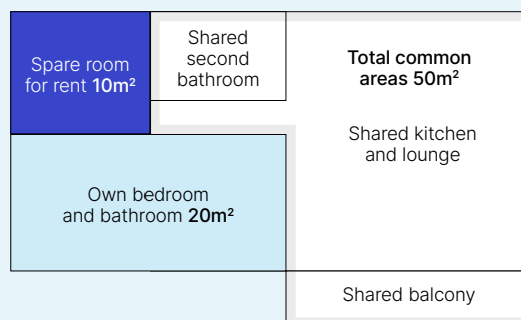
Percentage of expenses claimable

$$\text{Floor area percentage} \times \text{Time rented percentage} = \text{Total percentage of expenses you can claim}$$

Example: how to work out deductions you can claim

The circumstances are:

- 80m² unit
- 10m² room
- room rented for 150 days.



Floor area percentage

$$(10 + (50 \div 2) \div 80) \times 100 = 43.75\%$$

Time

$$(150 \div 365) \times 100 = 41.1\%$$

$$\text{Total percentage of expenses you can claim} = 43.75\% \times 41.1\% = 17.98\%$$

Capital gains tax when you sell

When you earn income for your home, you need to consider capital gains tax (CGT) when you sell.

When working out your eligibility for a full or partial CGT main residence exemption, you need to factor in both the:

- floor area of the residence you rent
- number of days the property was used to generate income.

You will need to keep records, for example:

- statements from platforms that show your income
- receipts of any expenses you want to claim as a deduction.

This is a general summary only.

For more information:

- see ato.gov.au/rental
- watch our short videos at ato.gov.au/rentalvideos
- download our Rental properties guide at ato.gov.au/RPguide
- read our Capital gains tax guide at ato.gov.au/CGTguide

