Australian Government
Australian Taxation Office

Renting out a room or part of your home

How to work out the expenses you can claim

If you rent out all or part of your home, including 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 – 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 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

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

How to work it out

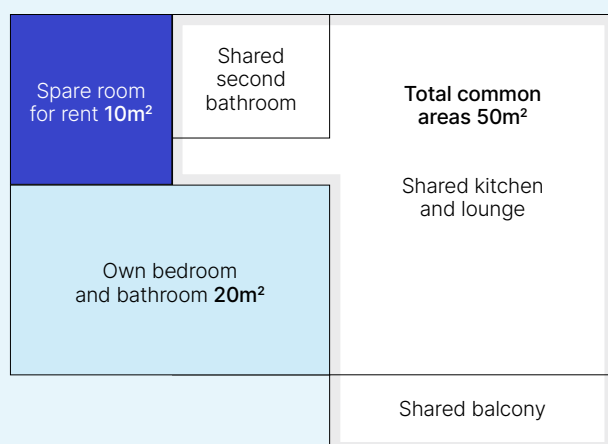**Rented room** (claim 100% for days rented)

(Rented rooms size ÷ Total size of house or unit) × (Number of days rented ÷ Total days in the year) × 100 = Percent of expenses claimable

Common areas (claim 50% for days rented)

(Total common areas ÷ Total size of house or unit) × (Number of days rented ÷ Total days in the year) × 50% × 100 = Percent of expenses claimable

Example: how to work out deductions you can claim

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

Rented room

$(10 \div 80) \times (150 \div 365) \times 100 = 5.13\%$

Common areas

$(50 \div 80) \times (150 \div 365) \times 50\% \times 100 = 12.84\%$

Total percentage of expenses you can claim = 17.97%

ⓘ **This is a general summary only.**
For more information, go to ato.gov.au/sharingeconomy or speak to a registered tax professional.