Renting out a room?

How to work out the expenses you can claim

ato.gov.au/sharingeconomy

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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

**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](http://ato.gov.au/cgt)

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**What you need to know**

- 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)

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\text{Rented room: } \frac{10}{80} \times \frac{150}{365} \times 100 = 5.13\%
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\[
\text{Common areas: } \frac{50}{80} \times \frac{150}{365} \times 50\% \times 100 = 12.84\%
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Total percentage of expenses you can claim 17.97%