

If you have a boarder in your home, the starting point is that the income you get from them is taxable.

You can keep track of your actual costs and use them as the basis for your deductions. Or alternatively, if you're eligible you can use "standard costs" for your deductions. This is simpler, and for many boarding hosts will mean there's no need to file a tax return.

If you're using the "standard cost" approach (in [DET 19/01](#)), this worksheet will help you work out if you need to include any of your boarding income in a tax return.

To use this worksheet, you'll need to know:

Income

- The total income you received from boarders for the year.

Deductions

There are 3 elements you may be able to include for your standard-cost deductions. Here's what you'll need for each element:

For Element 1: "Weekly standard-cost"

- The total income you received from boarders for the year.
- What the "weekly standard-cost" for the year is (see the Inland Revenue website).
- The number of weeks each boarder stayed with you.

For Element 2: "Annual housing standard-cost"

- The cost of your home (if you own it).
- The total rent you paid for your home for the year (if you rent).
- The total amount of any accommodation supplement you received for the year.
- The number of occupants of your home during the year.

For Element 3: "Annual transport standard-cost"

- The total kilometres you drove where the dominant purpose of the trip was to transport the boarder.

For most people, the total of Elements 1 and 2 will be more than their boarding income.

This means there won't be any tax obligations for the boarding income, and Element 3 won't need to be added.



Total boarding income _____



Less:
Total "weekly standard-cost" _____



Less:
"Annual housing standard-cost" _____



Less:
"Annual transport standard-cost" _____



Net income to include
in tax return _____

Income

Step 1: Total boarding income

Put your total boarding income for the income year in this box:

i For most people
the income year is 1
April – 31 March



Box 1

Total boarding income for the income year _____

Standard-cost deductions

Step 2: Total weekly standard-cost deductions

The “weekly standard-cost” is an amount set by Inland Revenue and CPI-adjusted each year. It represents the direct day-to-day expenses involved in having boarders (eg, food, utility bills, use of furniture, entertainment).

For the 2019-20 income year, the “weekly standard-cost” has been set at \$186 per boarder per week, subject to CPI adjustment. At the start of each year tax year, Inland Revenue will publish the updated “weekly standard-cost” amount for the previous income year on its website.

For each boarder you had during the income year, fill in the number of weeks they boarded with you. Multiply that by the “weekly standard-cost” amount for the income year (check Inland Revenue’s website for this).

Boarder 1: Name _____

Boarder 2: Name _____

No° of weeks ___ × *\$186 = _____

No° of weeks ___ × *\$186 = _____

*If you had **more than 2 boarders** add the weekly standard-costs on for them too.*

Put your total “weekly standard-costs” for all boarders for the income year in this box:



Box 2

Total “weekly standard-costs” for the income year _____

- ➔ If the amount in **Box 2** is more than or equal to the amount in **Box 1** — **You don’t need to do anything else.** The income isn’t taxable. Don’t include it in a tax return. You can’t claim any losses.
- ➔ If the amount in **Box 2** is less than the amount in **Box 1** — **Go to Step 3**

Step 3: Annual housing standard-cost deduction

The “annual housing standard-cost” is an amount you calculate (see **page 4** for how to do this). It reflects the cost of you using your home to earn boarding income (eg, home loan interest or rent, insurance, rates, etc).

Put your “annual housing standard-cost” for the income year in this box:

Box 3

“Annual housing standard-cost” for the income year _____

Step 4: Subtotal

Copy the amounts from Box 2 and Box 3 above, and add them together:

Amount from Box 2 _____

+

Amount from Box 3 _____

=

\$ Subtotal _____

- ➔ If your **Subtotal** is more than or equal to the amount in **Box 1** — **You don’t need to do anything else.** The income isn’t taxable. Don’t include it in a tax return. You can’t claim any losses.
- ➔ If your **Subtotal** is less than the amount in **Box 1** — **Go to Step 5**

Step 5: Annual transport standard-cost deduction

- If you **don’t** use your motor vehicle to provide transport to your boarder — Your boarding income over the amount of your **Subtotal** is taxable. You need to include it in a tax return.
- If you **do** use your motor vehicle to provide transport to your boarder — **Continue with this step**

You can add your “annual transport standard-cost”. This is an amount you calculate (see **page 5** for how to do this). It reflects the cost of using your vehicle to earn boarding income (eg, fuel, insurance, registration, etc).

Put your “annual transport standard-cost” for the income year in this box:

Box 4

“Annual transport standard-cost” for the income year _____

Step 6: Total standard-cost deductions

Copy the amounts from Box 2, Box 3, and Box 4 above, and add them together:

Amount from Box 2 _____

+

Amount from Box 3 _____

+

Amount from Box 4 _____

=

\$\$ Total costs _____

- ➔ If your **Total costs** amount is more than or equal to the amount in **Box 1** — **You don’t need to do anything else.** The income isn’t taxable. Don’t include it in a tax return. You can’t claim any losses.
- ➔ If your **Total costs** amount is less than the amount in **Box 1** — Your boarding income over the amount of your **Total costs** is taxable. You need to include it in a tax return.



Annual housing costs

Examples of calculating annual housing costs

You calculate your annual housing costs using the formula on page 5 of [DET 19/01](#).

The following examples explain the annual housing costs calculation in straightforward situations. There are examples showing more complex situations in Appendix C of the Commentary on DET 19/01.

Example 1: Hosts own their home

Norma and Frank own their home. They bought it for \$480,000. They have one boarder for the whole year. Norma, Frank and the boarder are the only people who live in the house. Norma and Frank don't receive any accommodation supplement.

The formula is: $(a - b) \times c \times d$

a = \$19,200 (4% of the cost of the home – ie, 4% of \$480,000)

b = 0 (because Norma and Frank don't receive any accommodation supplement)

c = 33.33% (because $\frac{1}{3}$ of the occupants of the home (33.33%) are boarders)

d = 1 (the number of weeks the boarder is there (52) divided by 52 weeks in the year)

Norma and Frank's annual housing cost = **\$6,399.36**

$$(\$19,200 - 0) \times 33.33\% \times 1 = \mathbf{\$6,399.36}$$

Example 2: Host rents their home

Harry rents his home for \$350 per week. He has one boarder for 48 weeks of the year. Harry and the boarder are the only people who live in the house. Harry doesn't receive any accommodation supplement.

The formula is: $(a - b) \times c \times d$

a = \$18,200 (the total rent Harry paid for the year)

b = 0 (because Harry doesn't receive any accommodation supplement)

c = 50% (because $\frac{1}{2}$ of the occupants of the home (50%) are boarders)

d = 0.92 (the number of weeks the boarder is there (48) divided by 52 weeks in the year)

Harry's annual housing cost = **\$8,372**

$$(\$18,200 - 0) \times 50\% \times 0.92 = \mathbf{\$8,372}$$

**Annual transport costs****Examples of calculating annual transport costs**

You calculate your annual transport costs using the formula on page 5 of the Determination.

The following example explains the annual transport costs calculation in a straightforward situation. Bear in mind that if the vehicle travels more than 14,000 km in the year there is a lower kilometre rate for any kilometres over 14,000 km.

Example of annual transport costs calculation

Jacqui has a teenage boarder. Part of the boarding agreement is that Jacqui will provide transport to the boarder when required. Jacqui drives the boarder to their sports and other activities. Jacqui keeps a log book of these and any other trips she makes where the dominant purpose of the trip was to transport the boarder. The total kilometres travelled on all of the eligible trips for the year was 2,000. Jacqui's car travels less than 14,000 kilometres during the year.

The formula is: ***kilometre rate × kilometres travelled***

Kilometre rate = 79 cents per km (The relevant motor vehicle kilometre rates for the year (set by the Commissioner of Inland Revenue) are 79 cents per km for the first 14,000 km, and 30 cents per km for any kilometres over 14,000 km)

Kilometres travelled = 2,000 (the total kilometres travelled where the dominant purpose of the trip related to providing the boarding service)

Jacqui's annual transport cost = **\$1,520**

$$2,000 \times 0.79 = \$1,580$$

See [OS 18/01: Commissioner's statement on using a kilometre rate for business running of a motor vehicle](#) for more information on using Inland Revenue's kilometre rates.