



i Before you read this QWBA

This QWBA is one of a series covering the tax rules for short-stay accommodation hosts. Check [Overview – Short-stay accommodation items](#) to make sure it's the item that's relevant to your circumstances.

QUESTION WE'VE BEEN ASKED

QB 19/05

What are my income tax obligations if I rent out my home or a separate dwelling on my property as short-stay accommodation?

This "Question We've Been Asked" (QWBA) explains how the income tax rules apply if you occasionally rent out your home, a room in your home, or a separate dwelling on your property for short stays (eg, through Airbnb, Bookabach or Holiday Houses).

Key provisions

Income Tax Act 2007 – ss CC 1, DA 1 and DA 2

Key terms

Guest means a person provided with short-stay accommodation in return for payment.

Short-stay accommodation means accommodation provided for up to four consecutive weeks in a dwelling that is not the guest's ordinary residence. It doesn't include accommodation provided to residential tenants, boarders or care home residents, and it doesn't include student or emergency accommodation.

Question

What are my income tax obligations if I rent out my home or a separate dwelling on my property as short-stay accommodation?

Answer

If you rent out your home (or part of your home) as short-stay accommodation, any amounts you receive from guests will be income.

However, you may have different options for meeting your tax obligations, depending on your circumstances.

You may be able to use "standard costs" set by the Commissioner for your expenses. If you use this approach, your income up to the level of the standard costs will be treated as exempt. You would only have to declare the rental income in excess of the standard costs.

If you can't use the "standard cost" approach, or you don't want to, your deductions will be based on your actual costs related to earning the income. Some of those costs will only be partly deductible because they also relate to your private use of the home.

If you rent out a separate dwelling on the same property as your home for short-stay accommodation, different tax rules could apply, depending on your situation.

Explanation

1. Different rules apply depending on whether you're renting out your own home (or part of your home) or a separate dwelling on the same property. In this QWBA we look at separate dwellings first as they are either straightforward or covered by another item.

Renting out a separate dwelling on the same property as your home

2. If you rent out a separate dwelling on the same property as your home (for example, a sleep-out or a cottage on the property) for short-stay accommodation, different income tax rules could apply, depending on your situation. The dwelling is looked at as a separate asset. If it is only rented out and never used privately, all of its rental income will be taxable, and you may claim 100% of your deductible expenses in relation to the dwelling. If, in addition to sometimes renting out the dwelling, you also sometimes use it privately, the dwelling may be subject to either the "mixed-use asset" rules or the standard income tax rules. To work out which rules apply, see [QB 19/06: What income tax rules apply if I have a dwelling that I sometimes rent out as short-stay accommodation and sometimes use myself?](#)

Renting out all or part of your home

3. If you rent out all or part of your home as short-stay accommodation, any amounts you receive from the guests will be taxable as rental income. The activity doesn't need to be run as a business for the amounts you receive to be income.
4. You may have two options for meeting your tax obligations (summarised in Table 1), depending on your circumstances:
 - the standard-cost approach; or
 - the actual-cost approach.
5. If you meet certain criteria, you may choose to use standard costs, set by the Commissioner, for your expenses. This is referred to as "the standard-cost approach". If you use this approach, you don't need to declare income from the rental activity up to the amount of the standard costs. You only need to declare any income you make to the extent it exceeds the standard costs. This approach is easier, because it means you don't have to work out your actual expenses, which would require some of the expenses being apportioned. The criteria you have to meet to be able to use this approach are set out in [7].
6. If you can't use the standard-cost approach, or you don't want to, your deductions will be based on your actual costs related to earning the income. Expenses that relate solely to your rental activity (eg, advertising fees) are 100% deductible. But mixed expenses, that relate to both your rental activity and your own use of your home (eg, home loan interest, insurance and rates), need to be apportioned. This QWBA will help you understand how to calculate the percentage of your mixed expenses that's tax deductible.

Table 1: Comparison of standard-cost and actual-cost approaches

<i>Standard-cost approach</i>	<i>Actual-cost approach</i>
<ul style="list-style-type: none"> ➤ The income up to the amount of your standard-costs is exempt income. You don't include it in a tax return. ➤ The amount of income in excess of your standard-costs is assessable income. You need to include it in a tax return. ➤ You can't claim deductions for any of your actual expenses that are covered by the standard-costs in DET 19/02: Standard-cost household service for short-stay accommodation providers. 	<ul style="list-style-type: none"> ➤ All of the income is assessable income and has to be declared. ➤ You may claim associated expenses and depreciation losses as tax deductions. You'll need to work out how much you may deduct, bearing in mind that: <ul style="list-style-type: none"> • expenses that relate solely to the rental activity (eg, advertising) are 100% deductible; • mixed expenses (eg, home loan interest, insurance and rates), need to be apportioned; and • depreciation losses in respect of chattels used both privately and by paying guests also have to be apportioned.
<p><i>If you're not the only owner of the property, you'll need to think about who should declare the income – see from [38].</i></p>	

Can I use the standard-cost determination for short-stay accommodation providers?

7. You may choose to use the standard-cost approach in [DET 19/02: Standard-cost household service for short-stay accommodation providers](#), if:

- (1) you're a natural person (eg, an individual not a company);
- (2) you rent out a room or rooms of your home to guests for short-stay accommodation (not more than four consecutive weeks);
- (3) you don't rent out rooms for more than 100 nights in the income year (counting each room that's rented out separately);
- (4) the property isn't held in a trust, or if it is you paid all of the costs for the year for the use of the property (eg, home loan interest or rent, insurance, rates, and repairs and maintenance);
- (5) you don't provide the short-stay accommodation service as part of a GST taxable activity;
- (6) your home isn't used in the income year to provide both a short-stay accommodation service and a private boarding service (as defined in [DET 19/01: Standard-cost household service for boarding service providers](#) or any determination that replaces DET 19/01);
- (7) neither you nor anyone else applies any other standard-cost household service determination (eg, [DET 09/02: Standard-cost household service for childcare providers](#)) in relation to services provided in the home; and
- (8) no one claims deductions for actual costs incurred in relation to the use of your home to provide accommodation to others, such as flatmates, for any time in the income year when the short-stay accommodation service is provided.

8. If you meet these criteria and choose to use the standard-cost approach for the year, the rest of this QWBA won't be relevant to you. If you choose to use the standard-cost approach, [DET 19/02: Standard-cost household service for short-stay accommodation providers](#) explains what you need to do to meet your income tax obligations.
9. Be aware that you may only use the standard-cost approach for years in which you meet the criteria. If you don't meet the criteria for a particular income year, you'll need to base your deductions for that year on your actual costs, which will involve apportioning some expenses. This QWBA explains how the rules work if you have to, or choose to, use the actual-costs approach.

Can I use the standard-costs for boarders instead?

10. A separate determination sets standard costs for expenses for people who receive income from private boarders. You can't use that determination for income from providing short-stay accommodation. This is because short-stay accommodation guests are not boarders. A boarder is someone who lives in someone else's home and receives meals, in return for payment. To be a boarder, the person has to actually live in your home and use it as their normal residence for a period (often this is a year or a semester). Someone who pays to stay in your home for a short period and isn't using it as their normal residence is not a boarder. This QWBA calls these people "guests".
11. If you receive income from both boarders and short-stay accommodation guests, you can't use either of the standard-cost determinations. If you're in this situation, you'll need to use your actual costs for your deductions.
12. The boarders determination that applies from the start of the 2019-20 income year, [DET 19/01: Standard-cost household service for boarding service providers](#), can be found on the Inland Revenue website. Each year, updated weekly standard-costs for the boarders determination are published on the Inland Revenue website.

If I'm using the actual-cost approach, how do I work out what deductions I can claim?

13. As noted in the table at [6], if you're using the actual-cost approach some of your expenses will be fully deductible and some will only be partly deductible. This is because some of your expenses (eg, home loan interest, insurance and rates) relate partly to your rental activity and partly to your own private use of your home.
14. You'll also be able to claim deductions for the depreciation of the chattels in your home that paying guests can use. But, as with your mixed expenses, you may only claim for part of the depreciation for chattels that are used both privately and by paying guests.
15. The following will help you work out what deductions you may claim – and will help you calculate what percentage of your mixed expenses and depreciation is tax deductible.

Expenses that are fully deductible – expenses that relate solely to your rental activity

16. If you're not using the standard-cost approach, you may claim deductions for 100% of expenses that relate solely to your rental activity. This would include:
 - advertising costs;
 - any commission or fee you pay to an advertising platform or transaction facilitator (this does not include any service fee the guests pay the platform – just fees you pay);
 - supplies used solely by your paying guests;
 - any additional insurance premium you pay (over what you would otherwise pay) because of the rental activity; and

- any additional rates you have to pay (over what the normal residential rates would be) because of the rental activity.

Expenses that are partly deductible – expenses that relate to both rental activity and private use

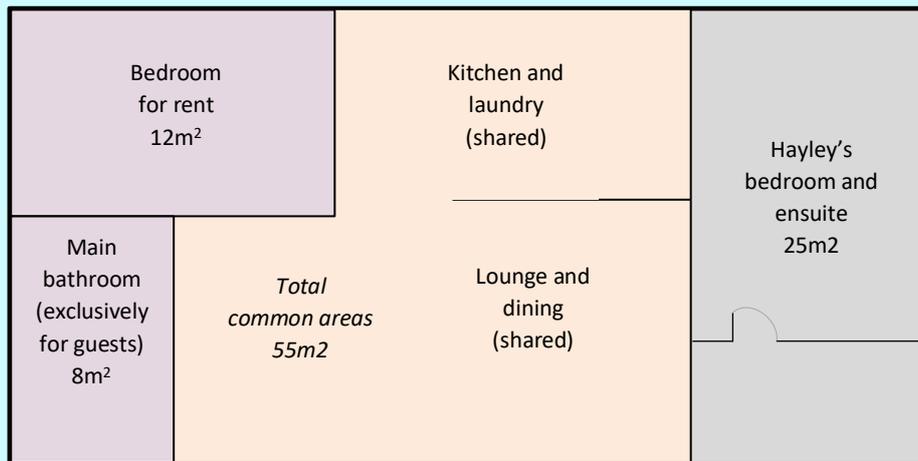
17. You may only claim deductions for **part of** any expenses that relate to both your rental activity and the private use of your home. These sorts of mixed expenses would include things like:
 - power bills;
 - internet expenses;
 - interest on your home loan;
 - property insurance (or what the insurance premium would be if you have to pay more because of the rental activity);
 - repairs and maintenance; and
 - rates (or what the normal residential rates would be if you have to pay more because of the rental activity).
18. While you'll generally only be able to deduct part of these sorts of expenses, there are some situations where they'll be fully deductible, because they don't relate to the private use of your home at all. This could be the case, for example, if you can identify actual usage charges for a period where you vacated the house and rented out the whole property.
19. But in most situations where you rent out all or part of your home, to work out what proportion of these mixed expenses you may claim, you'll need to take into account:
 - the floor area of different parts of your house; and
 - the number of nights during the year that the room was rented out.
20. If there's a reasonable basis for apportioning a particular expense other than floor area, you can use that.
21. While less common, in some situations instead of taking into account the number of nights the room was actually rented out, you may take into account the periods it was either rented out or *available* to be rented out. This is explained below from [24].

How to apportion mixed expenses based on the number of rental nights

22. Generally, you should apportion mixed expenses, like those mentioned at [17], based on the floor area that the guest has exclusive use of, as a proportion of the total floor area of your house. You may also add a reasonable amount based on the guest's access to common areas – Inland Revenue will accept 50% as a reasonable amount in most situations. Generally, where you rent a room in your house you may only claim expenses for when the room was rented out.

Example 1: Apportioning mixed expenses based on the number of rental nights

Hayley has a two-bedroom villa. She uses the second bedroom occasionally as an office, or when friends or family stay. She decides to rent out the second bedroom through a peer-to-peer platform to make some extra money. When she rents out the room, the guests are also able to use some common areas in the villa – the lounge, dining room, kitchen, laundry, and main bathroom. Hayley rented out the room for 120 nights during the year. The floor areas of the different parts of Hayley’s villa are shown in the diagram below.



Hayley should apportion her mixed expenses on the following basis:

- 20m² Used exclusively by guests – 100% deductible for days the room is rented out
- 55m² Common areas – 50% deductible for days someone is renting the bedroom
- 25m² Private area – 0% deductible

Hayley has to calculate what proportion of her mixed expenses she may deduct for the areas of the house used exclusively by guests, and what proportion she may deduct for the common areas. The results of those calculations are then added together.

The areas used **exclusively by guests** are 20m² out of the total 100m² floor area of the villa, and are 100% deductible for the 120 out of 365 days in the year that the room is rented out:

$$\frac{20}{100} \times \frac{120}{365} \times 100 = 6.58\%$$

The **common areas**, able to be used by both Hayley and guests, are 55m² out of the total 100m² floor area of the villa, and are 50% deductible for the 120 out of 365 days in the year that the room is rented out:

$$\frac{55}{100} \times \frac{120}{365} \times 50 = 9.04\%$$

Adding these figures (6.58% and 9.04%) together, Hayley calculates that she may deduct 15.62% of her mixed expenses for the year. Her mixed expenses include her

power bills, internet expenses, the interest on her home loan, her property insurance, and her rates.

In addition, Hayley may deduct 100% of her expenses that relate solely to the rental activity. These expenses include the cost of advertising the room for rent, her host service fees, the sheets and towels she bought for guests to use (she only uses those for guests renting out the room), and the tea, coffee, sugar, cereal and milk the guests use.

23. If you rent out your whole house for a period, and the guests have access to the whole house, you don't need to factor in the floor area calculations. Your apportionment would just be based on the number of nights the house is rented out.

Example 2: Apportioning mixed expenses based on the number of rental nights

Jason and Kim are saving for an overseas holiday and decide to rent out their apartment for four weeks during a high-profile sporting event in their city. They stay with Jason's parents during this time.

Jason and Kim should apportion their mixed expenses on the following basis:

The whole apartment is used **exclusively by guests** for 28 out of the 365 days in the year, and the mixed expenses are 100% deductible for that period:

$$\frac{28}{365} \times 100 = 7.67\%$$

Therefore, Jason and Kim may deduct 7.67% of their mixed expenses for the year. Their mixed expenses include 28 days' worth of the daily fixed charge for their power connection, internet expenses, the interest on their home loan, their property insurance, and their rates.

In addition, Jason and Kim may deduct 100% of their expenses that relate solely to the rental activity. These expenses include the cost of advertising the apartment for rent, their host service fees, the power usage charges for the period (if this can't be identified precisely an average may be used), and supplies used by the guest (eg, cleaning products, toilet paper, and pantry staples).

How to apportion mixed expenses based on availability

24. As noted in [20], while less common, in some situations instead of taking into account the number of nights the space was actually rented out, you may take into account the periods it is either rented out or *available* to be rented out.
25. For a room in your home, you could only do this where you don't use the space at all, including for storage, and it is essentially not used as part of your home. This would be difficult to show, as in most situations it would be expected that expenses for a room in your own home are private expenses for periods when the room is not actually rented out. One example of a situation where you might be able to show otherwise is if you operated a bed and breakfast with high occupancy from your home, so the rental rooms are essentially not used as part of your home. Example 4 covers a situation like this.
26. Another situation where availability could potentially be used is if you have a separate dwelling on the same property as your home that's not used as part of your home and is **not** a mixed-use asset. For example, a sleep-out that's only rented out and not used privately at all, or a sleep-out that's rented out and used privately, but isn't unused for 62 days or more in the year. In either of those situations, the mixed-use asset rules wouldn't apply – see [QB 19/06: What income tax rules apply if I have a dwelling that I sometimes rent out as short-stay accommodation and sometimes use myself?](#) Example 3 covers a situation like this.

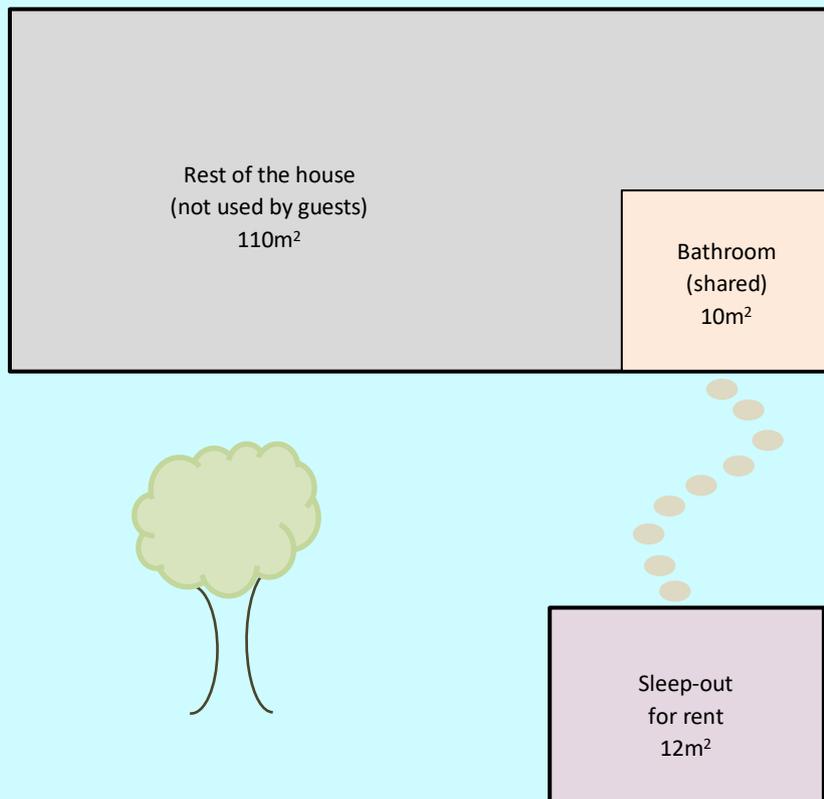
27. In situations where you may take into account the periods the space is either rented out or *available* to be rented out and not being used privately, you'll need to have evidence that shows when it was available to be rented out. Evidence that the space is available for rent would need to be more than a mere statement of its availability, sporadic or limited advertising, or advertising that isn't likely to attract many customers. You would have to have evidence of active and regular marketing of the space at market rates, and that it's available at times and for periods that demonstrate it's genuinely available to rent.

Example 3: Apportioning mixed expenses based on availability – a separate dwelling from your home

Melanie and Alistair live in a very popular wine region, and regularly rent out the sleep-out in their garden. They don't use the sleep-out themselves for anything. The sleep-out is advertised year-round, and in the last tax year it was available for rent at any time other than for six weeks (42 nights) over the Christmas holidays when Melanie's parents, who live overseas, came to stay and used the sleep-out.

In the tax year, the sleep-out was used to earn income and was also used privately (by Melanie's parents). Melanie and Alistair have used [QB 19/06: What income tax rules apply if I have a dwelling that I sometimes rent out as short-stay accommodation and sometimes use myself?](#) to work out the sleep-out isn't a mixed-use asset for the tax year because it was only unused for 58 days. It would have to have been unused for 62 days or more to be a mixed-use asset. Therefore, the rules in this QWBA apply.

The sleep-out does not have a bathroom, so guests who stay there use the main bathroom of Melanie and Alistair's house, which can be accessed from the garden. The sleep-out is on a separate power connection from the house. Guests can use Melanie and Alistair's wi-fi. There are tea and coffee facilities in the sleep-out, and guests can order a cooked breakfast for an additional charge. Melanie and Alistair rented out the sleep-out for 265 nights during the tax year. The floor areas of the different parts of the property are shown in the diagram below.



Melanie and Alistair should apportion their mixed expenses on the following basis:

12m ²	Used exclusively by guests – 100% deductible for days the sleep-out is rented out or available to be rented out, as it is not used by Melanie and Alistair
10m ²	Common area – 50% deductible for days someone is renting the sleep-out
110m ²	Private area – 0% deductible

Melanie and Alistair have to calculate what proportion of their mixed expenses they may deduct for the sleep-out, which was used exclusively by guests, and rented or available for rent all but six weeks (42 nights) of the year, and what proportion they may deduct for the common area (the shared bathroom). The results of those calculations are then added together.

The sleep-out, used **exclusively by guests**, is 12m² out of the total 132m² floor area of the dwellings on the property, and is 100% deductible for the 323 out of 365 nights in the tax year that it was either rented out or available to be rented out:

$$\frac{12}{132} \times \frac{323}{365} \times 100 = 8.04\%$$

The **common area**, the shared bathroom, which is able to be used by Melanie and Alistair and guests, is 10m² out of the total 132m² floor area of the dwellings on the property, and is 50% deductible for the 265 out of 365 nights in the year that the sleep-out is rented out:

$$\frac{10}{132} \times \frac{265}{365} \times 50 = 2.75\%$$

Adding these figures (8.04% and 2.75%) together, Melanie and Alistair calculate that they may deduct 10.79% of their mixed expenses for the year. Their mixed expenses include their internet expenses, the interest on their home loan, their property insurance, and their rates.

Because the sleep-out is on a separate power connection from the house, Melanie and Alistair may deduct 100% of the power bills for the sleep-out for the 323 out of 365 nights in the year that it is either rented out or available to be rented out.

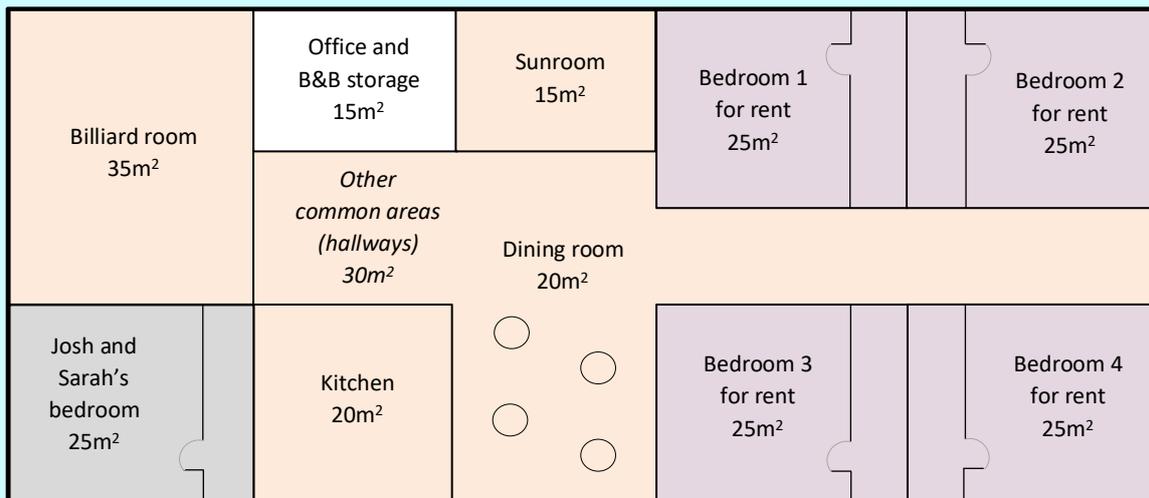
In addition, Melanie and Alistair may deduct 100% of their expenses that relate solely to the rental activity. These expenses include the cost of advertising the sleep-out for rent, the host service fees, and the tea and coffee supplies in the sleep-out.

The amounts Melanie and Alistair receive for cooked breakfasts are income, and they may deduct the cost of the ingredients used.

28. As noted in [19], where you occasionally rent out a room in your home, normally you would need to apportion your mixed expenses based on the number of nights the room is actually rented out (as shown in Example 1). This is because when you are not renting out the room, those expenses are purely private expenses related to keeping your home. However, the following example shows a situation where it would be accepted that the mixed expenses could be apportioned on the basis of the availability of the rooms for rent.

Example 4: Apportioning mixed expenses based on availability – space within your home

Josh and Sarah run a bed and breakfast (B&B) from their home in a tourism hotspot. The B&B has four bedrooms, each with an ensuite, which are advertised year-round and are available for rent at any time other than for three weeks in winter, when Josh and Sarah take a holiday. Guests can use a sunroom and a billiard room. If guests wish to dine in, meals can be enjoyed in the dining room, or room service can be requested. The B&B has approximately 60% occupancy, and Josh and Sarah had guests in at least one room for 300 days during the year. The floor areas of the different parts of the B&B are shown in the diagram below.



Josh and Sarah should apportion their mixed expenses on the following basis:

- 15m² Used exclusively for the B&B operations – 100% deductible
- 100m² Used exclusively by guests – 100% deductible for days the rooms are rented out or available to be rented out, as they not used by Josh and Sarah
- 120m² Common areas – 50% deductible for days someone is renting a room in the B&B
- 25m² Private area – 0% deductible

Josh and Sarah have to calculate what proportion of their mixed expenses they may deduct for the:

- office and storage area, which is used exclusively for B&B operations;
- rental rooms, which are used exclusively by guests and are available for rent for 49 weeks of the year; and
- common areas.

They then need to add the results of those calculations together.

The office and storage area, used **exclusively for B&B operations**, is 15m² out of the 260m² total floor area of the house, and is 100% deductible as it is only used in relation to the rental activity:

$$\frac{15}{260} \times 100 = 5.77\%$$

The rental rooms, used **exclusively by guests**, are 100m² out of the total 260m² floor area of the house, and are 100% deductible for the 49 out of 52 weeks in the year that the rooms are either rented out or available to be rented out:

$$\frac{100}{260} \times \frac{49}{52} \times 100 = 36.24\%$$

The **common areas**, which are used by Josh and Sarah and guests, are 120m² out of the total 260m² floor area of the house, and are 50% deductible for the 300 out of 365 days in the year that at least one of the rooms is rented out:

$$\frac{120}{260} \times \frac{300}{365} \times 50 = 18.97\%$$

Adding these figures (5.77%, 36.24% and 18.97%) together, Josh and Sarah calculate that they may deduct 60.98% of their mixed expenses for the year. Their mixed expenses include their power bills, internet expenses, the interest on their home loan, the amount of their property insurance premium that equates to what their premium would be if they didn't run the B&B from the property, and the portion of their rates that they would have to pay if they didn't run the B&B from the property (ie, what normal residential rates would be for the property).

In addition, Josh and Sarah may deduct 100% of their expenses that relate solely to the rental activity. These expenses include the cost of advertising the rooms for rent, the host service fees, the amount they pay in additional property insurance premiums (over what they'd pay if they didn't run the B&B from the property), the amount they pay in additional rates (over what the normal residential rates would be) because they run the B&B from the property, and bathroom supplies for the rooms.

The amounts Josh and Sarah receive for meals purchased by guests are income, and they may deduct the costs of providing those meals.

Depreciation of chattels

29. As noted in [14], you'll also be able to claim deductions for the depreciation of the chattels in your home that paying guests can use. Depreciation deductions reflect that chattels in your home are subject to wear and tear resulting in them reducing in value while being used to earn income.
30. If the chattels are **only** used by guests (eg, chattels in a bedroom you only use for renting out), the full amount of depreciation will be deductible.
31. But you may only claim for part of the depreciation on "mixed-use" chattels – ie, chattels in common areas that guests are able to use, and chattels in a room you rent out and also use privately.
32. The approach to work out how much depreciation you may claim each year for "mixed-use" chattels is similar to the approach to apportioning your mixed expenses. But it differs slightly, because there is a specific apportionment formula in the Income Tax Act 2007 for depreciation of assets partly used to earn income.

33. Before you can apply the formula, you need to work out the depreciation loss for the year for each asset.
34. For low value items (\$500 or less), the depreciation loss is the item's cost. If the item is part of a group of items you purchased at the same time from the same supplier, and the items would have the same depreciation rate, the \$500 threshold applies to the group of items. For example, if you bought \$2,000 worth of linen at one time, you would have to depreciate the linen using one of the methods mentioned at [35].
35. For other items, you work out the depreciation loss for the year using either the diminishing value method or the straight-line method. There's information about those methods on Inland Revenue's [website](#), and you can find the relevant depreciation rates using Inland Revenue's depreciation rate finder – available on Inland Revenue's [website](#).

i Whichever method you use, you can't pool assets to depreciate them as a single asset if they're partly used privately – so you won't be able to use the pooled approach for chattels in the common areas of your home that guests can use, or for chattels in a room you rent out and also use privately.

36. Once you know the depreciation losses for the year for the chattels in your home that are both used privately and able to be used by paying guests, you need to work out what proportion of those losses you may deduct. To do this, multiply those losses by:

$$\frac{a + b}{c}$$

Where –

"a" is: nights in the year the space (eg, room, or whole house) is rented out

"b" is: nights in the year the space is available to be rented out and the mixed-use chattels are not used privately

"c" is: nights in the year the mixed-use chattels are used or available for any purpose

37. For mixed-use chattels in common areas, item "b" in the formula would typically be zero. This is because when the room you rent out is available for rent, you are still using the chattels in your lounge or other common areas for private use. An example of where this would not be the case would be if you were away overseas and renting out your whole house for short stays. In that situation, for the periods in between paying guests, you would not be using the chattels for private use, so those days the house is vacant would be counted in item "b".

Example 5: Calculating a deduction for depreciation of chattels

Jasper rents out the spare room in his house for short stays. When he has paying guests, they can use the lounge, dining room, kitchen, laundry and bathroom. Jasper rents out the room for a total of 120 nights during the year. Jasper doesn't use the spare room at all.

Jasper may deduct the full depreciation loss he calculates for the chattels in the spare room, as these are only used by paying guests.

Jasper calculates that he may deduct 32.88% of his depreciation losses in respect of the chattels in the common areas of the house that paying guests can use:

$$\frac{120}{365} \times 100 = 32.88\%$$

If Jasper was away for work for 30 nights during the year, the calculation would remain the same. While Jasper did not use the chattels in the common areas privately on those days, they were also not available to be used by paying guests, as Jasper only rents out the spare room when he is home.

Who should declare the income?

38. The income belongs to the owner of the land (including leasehold land) and they must declare it to Inland Revenue. If there is more than one owner, the income needs to be split appropriately between them.
39. If the land is owned in a trust, the rules about who has to declare the income are more complicated, and we recommend you see a tax advisor to help you with your affairs.
40. If you lease the property from a relative (other than a trust) and use it to earn income, you should ensure you're paying an adequate amount of rent for the property to the extent of the income-earning use. If you don't, the Commissioner can deem there to be adequate rent paid. This is to ensure that property can't be leased between relatives for low or nominal rent to shift income for a tax benefit (see s GC 5 of the Income Tax Act 2007).

What records do I need to keep?

41. You need to keep records of:
 - the number of nights you rent out your home, the room, or the separate dwelling on your property;
 - how much income you receive for renting out the area; and
 - any expenses you will want to claim deductions for.

Provisional tax

42. If the tax you have to pay at the end of the year is more than \$2,500, the next year you'll have to pay provisional tax – which means that you pay tax instalments during the year. There's information about provisional tax on the Inland Revenue [website](#).



References

Subject references

income tax
short-stay accommodation

Legislative references

Income Tax Act – s GC 5

Other references

[DET 09/02: Standard-cost household service for childcare providers](#) (Inland Revenue)

[DET 19/01: Standard-cost household service for boarding service providers](#) (Inland Revenue)

[DET 19/02: Standard-cost household service for short-stay accommodation providers](#) (Inland Revenue)

[Overview – Short-stay accommodation items](#) (Inland Revenue)

[QB 19/06: What income tax rules apply if I have a dwelling that I sometimes rent out as short-stay accommodation and sometimes use myself?](#) (Inland Revenue)