

## Overview – Short-stay accommodation items

### Income Tax and GST – Tax implications of providing short-stay accommodation

These items explain your tax obligations if you rent out your home, a room in your home, or a separate residential property or dwelling. These items focus on short-stay accommodation provided through peer-to-peer platforms such as Airbnb or Bookabach. The items cover the different circumstances in which accommodation is provided. We'll add to this series of documents in the future.

Work out which items are relevant to your circumstances by using the applicable flowchart, based on whether you are providing:

#### Accommodation in your own home

**OR**

#### Accommodation in a separate property

#### Key terms

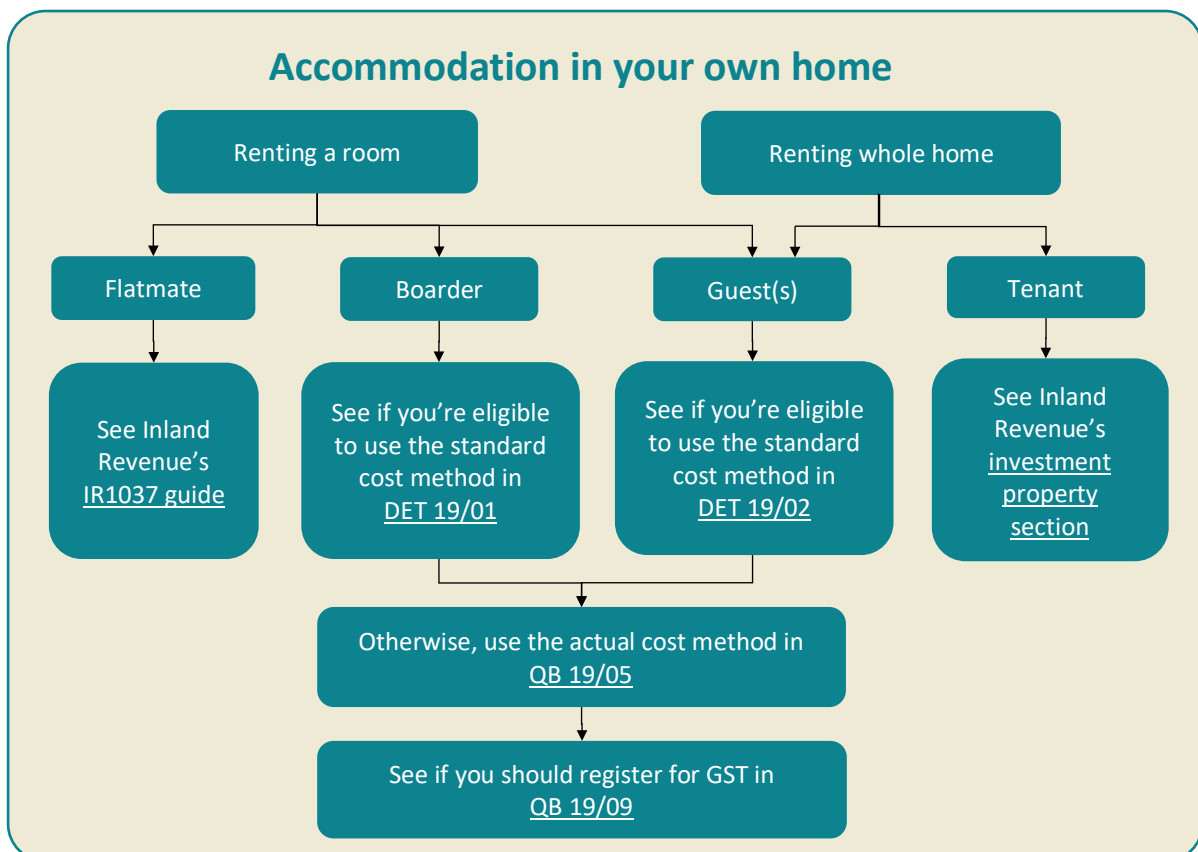
**Boarder:** a person (often a student) who pays for residential accommodation including regular meals and other associated care, activities and benefits that usually occur in a domestic household.

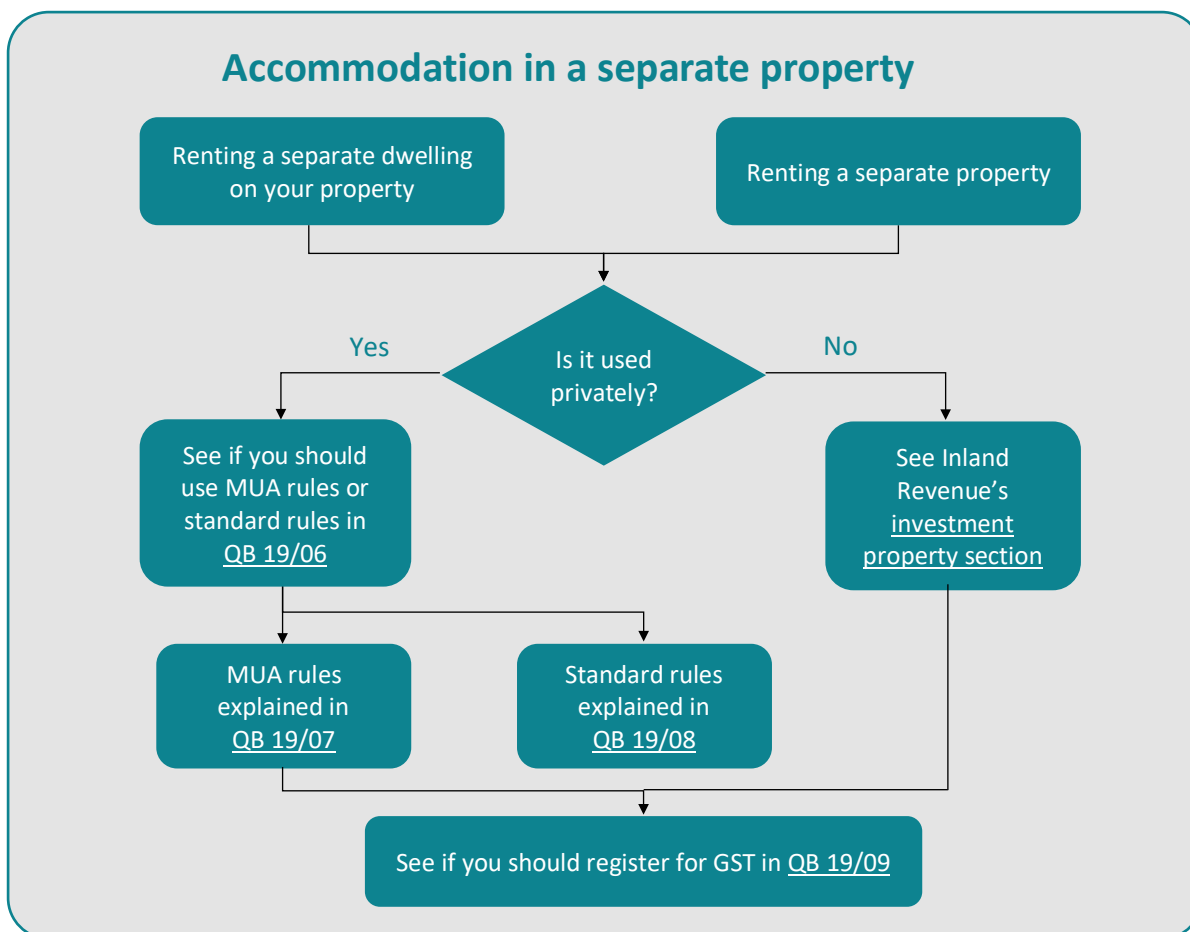
**Flatmates:** means a group of people who each pay a share of the residential accommodation costs.

**Guest:** means the person provided with short-stay accommodation.

**Short-stay accommodation:** means accommodation provided for up to four weeks in a dwelling that is not the guest's principal place of residence.

**Tenant:** a person renting a property under a residential tenancy agreement





## DET 19/02 – Short-stay accommodation Determination

### Simplified rules for some short-stay accommodation hosts

There are simplified rules that can be used by many hosts who provide short-stay accommodation in their own home. We have set standard nightly costs for deductions that qualifying hosts can claim. The standard costs reflect the likely average costs incurred by hosts providing short-stay accommodation in their home. The standard costs for the 2019-20 income year are **\$50 a night** (subject to CPI adjustment) if the host owns their home, and **\$45 a night** (subject to CPI adjustment) if the host rents their home.

If you qualify to use the rules, you can choose to use the standard nightly costs. This means you don't have to work out the actual costs you incurred (which would involve apportionment calculations). Income from short-stay accommodation guests up to the amount of the standard costs would not have to be declared. You would only need to declare the income in excess of the standard cost amount.

#### *Who can use the rules?*

You may be able to use the rules if:

- you don't rent out rooms in your home for more than 100 nights in the year (counting each room that's rented out separately);
- 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, mortgage interest or rent, insurance, rates, and repairs and maintenance);
- the short-stay accommodation isn't provided as part of a GST taxable activity; and
- you're a natural person (eg, an individual not a company).

The full criteria for using the rules are in the determination.

#### [DET 19/02 \(Inland Revenue\)](#)

## QB 19/05 – Renting out your own home

### Income tax rules when renting out your own home

If you can't use the standard-cost approach in DET 19/02, 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, mortgage 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.

These rules are set out in 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?"

#### [QB 19/05 \(Inland Revenue\)](#)

## QB 19/06 – Which income tax rules apply?

### Dwellings used privately and also rented out

You may be providing accommodation in a separate property or dwelling that's not your own home, but that you sometimes use privately. For instance, you may have a holiday home you sometimes use yourself and sometimes rent out. Another example is a sleepout on your property that you sometimes rent out and sometimes use as accommodation for family or friends.

In these situations, there are different rules for apportioning your expenditure between income-earning use and private use that could potentially apply. The different rules are:

**The "mixed-use asset" rules**    **OR**    **The standard tax rules**

You will need to work out which rules apply so you can meet your income tax obligations. The key factor is whether the property is unused for 62 days or more in the income year. If it is unused for 62 days or more, the "mixed-use asset rules" apply. Otherwise, the standard tax rules apply.

The full criteria are in 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?"

#### [QB 19/06 \(Inland Revenue\)](#)

## QB 19/07 – Applying the mixed-use asset rules

The mixed-use asset rules apply in situations where assets are sometimes used privately, sometimes used to earn income, and are also unused for 62 days or more during the income year. The rules ensure that an appropriate proportion of the expenses that relate to the “unused” period is deductible. The proportion that’s deductible is based on the amount of income-earning use relative to the total use of the asset.

The mixed-use asset rules are explained in the QWBA, which covers:

- what rental income is taxable;
- what income is exempt; and
- what proportion of your expenses are tax deductible.

For further details, see QB 19/07 “How do the mixed-use asset income tax rules apply to a dwelling that I sometimes rent out as short-stay accommodation and sometimes use privately?”

[QB 19/07 \(Inland Revenue\)](#)

## QB 19/08 – Applying the standard rules

This QWBA is relevant if you’ve determined that for a particular income year the dwelling is subject to the standard rules, not the mixed-use asset rules. The main difference between the standard rules and the mixed-use asset rules is how you calculate what proportion of expenses you can deduct. Under the standard rules, the proportion of expenses that’s deductible is based on the amount of time the asset is used for, or available for, income-earning.

For further details see QB 19/08 “How do the standard income tax rules apply to a dwelling that I sometimes rent out as short-stay accommodation and sometimes use privately?”

[QB 19/08 \(Inland Revenue\)](#)

## QB 19/09 – GST registration

Can I register for GST?

Provided you have a “taxable activity” of continuously and regularly supplying (or intending to supply) short-stay accommodation to guests for payment, you may register for GST. If your supplies exceed \$60,000 in a 12-month period you must register, otherwise registration is voluntary. Voluntary registration is not right for everyone as there are on-going compliance requirements and you may have to pay GST when you stop providing short-stay accommodation or sell your property.

Further details can be found in QB 19/09 “Can I register for GST if I supply short-stay accommodation to guests in my home or holiday home?”

[QB 19/09 \(Inland Revenue\)](#)