



Australian Government  
Australian Taxation Office

# Renting out a room or part of your main residence



What you may be able to claim when renting out all or part of your home.

## How to work out the expenses you can claim

If you rent out all or part of your home that you live in as your main residence (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

Income you need to declare includes:

- 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 can claim

Expenses you may be able to claim includes:

- 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

What you need to consider when 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):

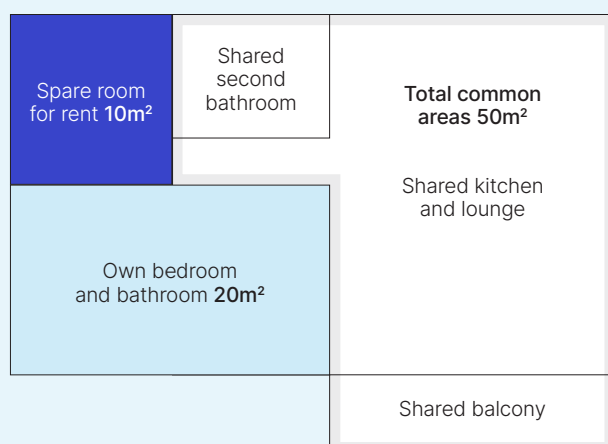
$(\text{Rented rooms size} \div \text{Total size of house or unit}) \times (\text{Number of days rented} \div \text{Total days in the year}) \times 100 = \text{Percent of expenses claimable}$

### Common areas (claim 50% for days rented):

$(\text{Total common areas} \div \text{Total size of house or unit}) \times (\text{Number of days rented} \div \text{Total days in the year}) \times 50\% \times 100 = \text{Percent of expenses claimable}$

### Example: how to work out deductions you can claim

(80m<sup>2</sup> unit, 10m<sup>2</sup> 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%

## Capital gains tax when you sell

When you earn income for your home, you need to consider [capital gains tax \(CGT\) when you sell](#).

When working out your eligibility for a full or partial CGT [main residence exemption](#), you need to factor in both:

- floor-area of the residence you rent
- the number of days the property was used to generate income.

You will need to keep records, such as:

- statements from platforms that show your income
- receipts of any expenses you want to claim as a deduction.

### This is a general summary only.

For more information:

- see [ato.gov.au/rental](https://ato.gov.au/rental)
- watch our short videos at [ato.gov.au/rentalvideos](https://ato.gov.au/rentalvideos)
- download our Rental properties guide at [ato.gov.au/RPguide](https://ato.gov.au/RPguide)
- read our Capital gains tax guide at [ato.gov.au/cgtguide](https://ato.gov.au/cgtguide).

