

Renting spare rooms, sleepouts, houses or baches to visitors

What online options exist?

Many new ways of providing visitor accommodation utilising online sites are emerging.

Airbnb is fast becoming a very popular option. As with most sites, registration requires signing up as a host and setting details such as the fee structure and your house rules. Payment is managed through the Airbnb website for a 3% commission fee charge.

Operating an Airbnb place is extremely flexible. Some hosts greet guests, others provide door codes, some provide meals and interact with guests and others have very little contact.

Sites like nzholidayhomes.co.nz are the common vehicle for listing houses and baches to rent. Similar to Airbnb, the property is usually advertised, booked and paid for online. Properties can be self-catering with guests expected to bring linen etc. and clean up prior to departure, unless specified. A commission of around 10% is charged on bookings.

Trademe's holidayhouses.co.nz is a further option. Payment can be made per listing (with a range of exposure levels and length of terms) or per booking with commission ranging from 9-15%. Bookings can be made online or directly to the holiday home owner.

How is the taxable income calculated?

There are two ways that income tax is dealt with depending on what you are renting out. Bach's and Holiday Homes come under the mixed use assets rules. These rules require you to keep details of how many days you rent at market value to non-associated persons (income-earning use) and how many days it is used by you, your family or other associated person, as well as anyone that doesn't pay at least 80% of market value (private use).

You would then take the income earning days and divide by the total days it was used to get a percentage that you can claim of general expenses such as rates, insurance, repairs and interest. Some costs related only to the income earning process get a 100% claim e.g. marketing costs and accounting fees.

Take your income and subtract the expenses calculated above and you have the rental profit for your tax return. If the answer was a loss then it is quarantined and can't be claimed, but can be carried forward to offset against future profits.

You can opt out of the mixed-use asset rules if your income is less than \$4,000 or you have a loss. Spare rooms and sleepouts have a different calculation. The expenses you can claim are based on the proportionate area of the house that you use for income earning purposes. Let's say you are letting out a spare room via AirBnB with its own ensuite. The guest has access to all areas of the house except your private bedrooms and bathroom. If the room and ensuite size was 20m² and your private area was 60m² with the balance of the house being communal, then we divide the 20m² by the total of 80m² and get 25% of the home running costs able to be offset against the income. The profit or loss would then be returned in your tax return.

The rules and calculations aren't easy to get right, so make sure you get advice specific to your circumstances.