

## Tax Residency Advice for Renting your Home

If you rent out part or all of your home, you are liable for the following:

- You must disclose your rental income and expenses in our [tax return](#) ;
- You will lose all or some of your CGT main residence exemption and will pay tax on any capital gain when you sell your home.

### ***Income and Expenses***

If you rent your entire home at market rate, you can claim deductions such as interest, rates, etc that relate to the property.

If you are renting part of your home, then you need to apportion the expenses. Generally, you apportion expenses based on floor space.

You can only claim for expenses for when the room was rented. If you use the room for any capacity e.g. for storage or as an office when you do not have guests staying, then the ATO will generally not allow deductions for expenses when the room is not occupied.

If you rent part or your entire home at less than market rate, then your deductions are limited to the rental income received.

## ***Capital Gains Tax***

Generally, you don't pay CGT if you sell the home you live in (under the main residence exemption).

However, if you used any part of your home to produce income e.g. renting – you are generally *not entitled to the full exemption*

To work out the tax on the capital gain, you will need to consider the following factors:

- Proportion of the floor area that is set aside to produce income;
- Period you use it for this purpose;
- Whether you are eligible for the 6 year "absence" rule
- [Your tax residency](#) .

Written by GCT Admin

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