

2021

Tax Time Toolkit

Investors



Australian Government
Australian Taxation Office

The 2021 Tax Time Toolkit for Investors

We encourage you to share this information with your staff, clients, members and networks.

Our investors toolkit is a great resource for anyone earning money from their investments, whether you invest in property or cryptocurrency.

While things look different this year, what hasn't changed is our commitment to provide further support for all investors to lodge their returns accurately. The resources in the toolkit provide information to help investors keep the records they need to prepare their returns now and in the future. Getting your return right avoids costly follow up, and rework down the track.

In addition to our rental property fact sheets we have expanded the topics to include information on:

- cryptocurrency
- pay as you go instalments
- capital gains tax for
 - marriage or relationship breakdowns and real estate transfers
 - inherited property
 - sale of a rental property.

While we provide help and support, we also focus on ensuring the integrity of the system and take actions to ensure all taxpayers are paying their fair share. This means we will continue to review returns where we have indicators the claims are incorrect, or income has been omitted. We will also deal with those who choose to do the wrong thing, which may include application of penalties and prosecution.

Whilst this year has still had its challenges, your tax return doesn't need to be challenging. This toolkit has been designed to help investors and their agents understand their obligations and avoid costly mistakes in their returns. I encourage all investors and their agents to refer to this toolkit as they complete their returns. You can access other products we have available to assist, such as videos and our rental property guide at ato.gov.au/property

Adam O'Grady

Assistant Commissioner
Individuals and Intermediaries
Australian Taxation Office

A helpful directory for tax time

The ATO has a range of information, tools and services available to help Australians prepare and lodge their tax return every year:

- **Tax time essentials** – an overview of the essential information individuals need to know for their tax return this year
- **Dealing with disasters** – specific advice for those affected by natural disasters
- **COVID-19** – specific advice for those affected by COVID-19
- **What's new for individuals** – changes to be aware of before you complete your tax return
- **Do you need to lodge a tax return?** – an easy tool to find out if you need to lodge a tax return this year
- **How to lodge your tax return** – lodge using myTax or a registered tax agent. If you are going to lodge your own return, myTax is the quickest and easiest way to lodge.
- **Rental properties (COVID-19)** – specific advice for rental property owners affected by COVID-19
- **Residential rental properties** – find out what you need to declare and what you can claim for your investment property
- **Deductions you can claim** – it pays to know what you can claim at tax time
- **Occupation and industry specific guides** – guides from specific industries and occupations to help you correctly claim the work-related expenses you are entitled to
- **myDeductions** – a useful way to keep track of records throughout the year to make tax time easier
- **Income you must declare** – find out what income you must declare in your tax return
- **Calculators and tools** – a range of popular calculators and tools to help you work out the answers to questions unique to your tax and super circumstances
- **Correct (amend) your tax return** – fix a mistake or amend your return
- **Online services** – access a range of tax and super services in one place, including lodging your tax return, tracking the progress of your return and making a payment or entering a payment arrangement
- **ATO Community** – ask your tax and super related questions over on the ATO's online community forum
- **Join the discussion online** – keep up to date with the latest tax and super information on the go! Follow the ATO to get tax tips and updates in seconds, share information and stay informed
- **Tax Time Toolkits** – full list of resources



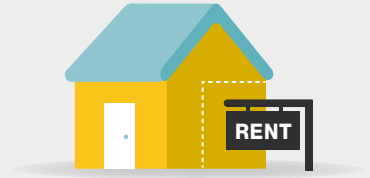
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Renting out a room?

How to work out the expenses you can claim

If you rent out all or part of your home 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

- ✔ all income before fees and commissions
- ✔ insurance payouts, eg 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 may be able to claim include:

- ✔ 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 will depend on:

- the number of days you rent out the room or whole property during the year
- the portion of the property you have rented out (eg a room or the whole property).

Working out the deductions you can claim

- How big is the property?
- How big is the rented room?
- How big are the shared/common areas?
- How many days was the room rented out?

How to work it out

Rented room (claim 100% for days rented):

$$\frac{\text{rented room size}}{\text{total size of house/unit}} \times \frac{\text{number of days rented}}{\text{total days in the year}} \times 100 = \% \text{ of expenses claimable}$$

Common areas (claim 50% for days rented):

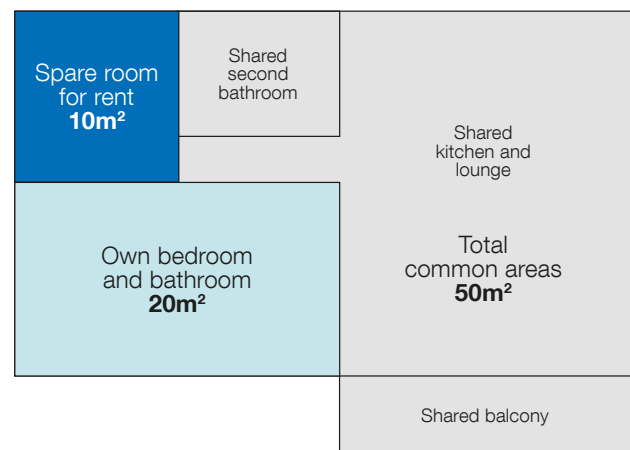
$$\frac{\text{total common areas}}{\text{total size of house/unit}} \times \frac{\text{number of days rented}}{\text{total days in the year}} \times 50\% \times 100 = \% \text{ of expenses claimable}$$

Capital Gains Tax

When selling the property, you may have to pay capital gains tax (CGT).

Example

(80m² unit, 10m² room rented for 150 days)



$$\text{Rented room: } \frac{10}{80} \times \frac{150}{365} \times 100 = 5.13\%$$

$$\text{Common areas: } \frac{50}{80} \times \frac{150}{365} \times 50\% \times 100 = 12.84\%$$

$$\text{Total percentage of expenses you can claim} = \mathbf{17.97\%}$$

This is a general summary only

For more information, speak with your tax agent or visit ato.gov.au/sharingeconomy