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AUSTRALIAN TAX ADVISER

2503 : SEPTEMBER 2024

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SECTION 1 – PROFESSIONAL DEVELOPMENTS

AIRBNB – SOME THINGS TO CONSIDER

The cost of living being what it is these days, many homeowners are signing up to the Airbnb platform in an effort to make ends meet. There are however some tax implications to be aware of – this article explores just a few of them.

¶3.1 How does Airbnb work?

When deciding to list all or part of your property on the Airbnb platform, you contact the platform operator, who will provide you with the necessary information. Most Airbnb hosts pay a flat service fee of 3% of the booking subtotal.

The subtotal in this instance would be your nightly rate plus any optional fees you choose to charge your guests (e.g. a cleaning fee). This amount does not include any of the Airbnb fees or taxes. Guests typically pay a service fee of around 14% of the booking subtotal, which is deducted from the total paid to the owner by the platform operator.

Example

If you're charging (say) \$100 a night for a five-night stay, plus \$60 as a cleaning fee, your **booking subtotal** would be \$560. The **host service fee** (generally 3% of your **booking subtotal**, i.e. \$16.80) is deducted from your earnings, and a service fee of 14% (\$112) is charged directly to guests. This is included in the total price they pay. In this example:

- you would earn **\$543.20**
- your guest would pay **\$672.00**.

¶3.2 Assessable income from Airbnb

It seems obvious, but we have come across cases where taxpayers have not included income from Airbnb activity in their tax returns – the most common reason being that they thought the income would be treated in the same way as income from a 'hobby'. Since the ATO has a host of data-matching strategies, non-disclosure of fees from this activity is strongly discouraged.

¶3.3 Deductions under s 8-1 of the ITAA97

Readers will be aware that in order to claim deductions under s 8-1 of the ITAA97, taxpayers need to show a connection between the loss or outgoing (expenditure) and the assessable income that they derive from the