

QUESTIONS WE'VE BEEN ASKED | PĀTAI KUA UIA MAI

Income tax – How do the standard tax rules apply if I provide short-stay accommodation?

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QB 25/04

This question we've been asked (QWBA) explains how the standard tax rules apply to a dwelling you sometimes rent out as short-stay accommodation (for example, through Airbnb, Bookabach, Booking.com or Holiday Houses) and also sometimes use privately (for example, as a holiday home).

Before you use this QWBA, you need to work out if the standard tax rules or the mixed-use asset rules apply to the dwelling. [QB 25/02: Income tax – Which rules apply if I have a dwelling I sometimes rent out as short-stay accommodation and also sometimes use privately?](#) will help you work that out.

Key provisions | Whakaratonga tāpua

Income Tax Act 2007 – ss CC 1, CH 5B, DB 2 and GC 5

REPLACES | WHAKAKAPIA:

- **QB 19/08:** How do the standard income tax rules apply to a dwelling that I sometimes rent out as short-stay accommodation and sometimes use privately?

Question | Pātai

How do the standard tax rules apply if I provide short-stay accommodation?

Answer | Whakautu

Where the standard tax rules apply, rental income from the dwelling will generally be taxable, including “mates’ rates” rental income. The only exceptions are:

- Minor contributions to expenses from family and friends, which are exempt income.
- Any flat-rate credits you receive from an online marketplace operator, which you have opted to treat as excluded income.

Expenses that relate solely to renting out the dwelling (for example, advertising) are generally fully deductible. Expenses that relate solely to your private use of the dwelling are not deductible. Expenses that relate to both income-earning and private use are partly deductible – the deductible proportion is based on the number of nights the dwelling is rented or available to be rented, relative to the total number of nights in the year.

If you are not GST-registered and have opted to treat the flat-rate credit as excluded income, expenses that relate to rental income from an online marketplace are deductible on a GST-exclusive basis and expenses that relate to rental income from other sources are deductible on a GST-inclusive basis. However, if you have opted to treat the flat-rate credit as assessable income, all your expenses that relate to rental income (from an online marketplace or otherwise) are deductible on a GST-inclusive basis.

If you are GST-registered, expenses are deductible on a GST-exclusive basis.

If you make a loss from renting out the dwelling, you may not be able to deduct all your expenses that income year – some of your deductions might have to be carried forward to future income years.

Key terms | Kīanga tau tāpua

Guest means a person provided with short-stay accommodation in return for payment.

Online marketplace means an electronic platform like a website, app or internet portal that sellers use to market and sell their short-stay accommodation. It does not include an online marketplace that only processes payments.

Short-stay accommodation means accommodation provided for up to four consecutive weeks in a dwelling that is not the guest's ordinary residence. It does not include accommodation provided to residential tenants, boarders or care home residents, and it does not include student or emergency accommodation.

Explanation | Whakamāramatanga

1. If you have a dwelling you sometimes rent out as short-stay accommodation and also sometimes use yourself, you need to work out which income tax rules apply, so you can meet your tax obligations. The dwelling could be a holiday house, or a separate dwelling on the same property you live on (for example, a sleepout or cottage).
2. Depending on your circumstances, the dwelling will either fall under:
 - the mixed-use asset rules; or
 - the standard tax rules.
3. To work out which rules apply in your situation see [QB 25/02: Income tax – Which rules apply if I have a dwelling I sometimes rent out as short-stay accommodation and also sometimes use privately?](#) You need to revisit which rules apply each income year (for most people this is 1 April – 31 March).¹
4. This QWBA is relevant if you have determined that for a particular income year the dwelling is subject to the standard tax rules.
5. This QWBA does not apply if the dwelling is owned by a company.

¹ Guidance on moving between the standard tax rules and the mixed-use asset rules can be found in **IS 25/08: Income tax – Implications of a residential property moving between the standard tax rules and the mixed-used asset rules.**

What rental income is taxable and what rental income is exempt?

Taxable rental income: amounts received from paying guests

6. Amounts you receive from paying guests will generally be taxable income under s CC 1 of the Income Tax Act 2007. The activity does not need to be run as a business for the amounts you receive to be income.
7. You will be able to deduct expenses related to the dwelling. The discussion from [1616] explains how to work out what proportion of expenses is deductible.

Taxable rental income: renting the dwelling at “mates’ rates”

8. If you rent the dwelling at less than full market rent (for example, to family or friends at “mates’ rates”), the rent will be taxable income. In this situation, Inland Revenue will accept a deduction for your expenses for those nights up to the amount of rent received for those nights.

Exempt income: minor contributions to expenses

9. Amounts you receive from family or friends who use the dwelling and are not charged rent but make a minor contribution to your expenses (for example, they pay you \$20 towards power and heating) are exempt income. In that situation, the contribution is not taxable rental income, and you cannot claim any deductions for those nights.

Treatment of any flat-rate credits received from an online marketplace operator

10. If you are not GST-registered and list your dwelling through an online marketplace like AirBnB, Bookabach, Booking.com or Holiday Homes, the marketplace operator will give you a flat-rate credit of 8.5% of the value of your supply of short-stay accommodation.
11. You have the option to treat the flat-rate credit as either:
 - excluded income (which is not subject to income tax, so is not included in your income tax return); or
 - assessable income (which is included in your income tax return).(Section CH 5B).

12. The option you choose will have implications for how you deduct expenses (see from [32]).
13. The flat-rate credit is intended to recognise the GST on your expenses that, if you were GST-registered, you would be able to deduct as input tax in your GST return on any supplies of goods and services that you bought to make supplies of short-stay accommodation.
14. If you are GST-registered and list your dwelling through an online marketplace, you will not receive a flat-rate credit. This is because you can deduct input tax from your expenses incurred in making supplies of short-stay accommodation.
15. You must notify your online marketplace operator of your GST registration status and any changes in that status, so they can work out whether they need to pay you the flat-rate credit.

What portion of my expenses can I claim deductions for?

16. The starting point is that you can fully deduct non-capital expenses that relate solely to your rental activity. Any expenses that relate solely to private use of the dwelling are not deductible. Private use includes use by you and by natural persons you are associated with but who are not charged rent. Many of your expenses will relate to both your income-earning and private use of the dwelling (for example, rates, loan interest and property insurance) – these mixed expenses are only partly deductible.²
17. A guide to associated persons definitions for income tax purposes – [IR620](#) can help you work out if someone is associated with you.
18. You will also be able to claim deductions for the depreciation of the chattels in the dwelling that paying guests can use. But, as with your mixed expenses, you can only claim for part of the depreciation because the chattels are used when the dwelling is rented out to earn income and also when it is used privately.
19. It is important to note that if you are not GST-registered and opt to treat the flat-rate credit as excluded income, any expenses that relate to nights when the dwelling was rented through an online marketplace must be deducted on a **GST-exclusive** basis. Expenses that relate to nights when the dwelling was rented out other than through an online marketplace are deductible on a **GST-inclusive** basis. However, if you opt to treat the flat-rate credit as assessable income, all your expenses are deducted on a **GST-inclusive basis** (s DB 2).

² For a list of deductible and non-deductible rental property expenses, go to www.ird.govt.nz and search “rental property expenses”.

20. If you are GST-registered, you deduct your expenses on a **GST-exclusive** basis. This is discussed in more detail in Example | Tauria 3.

Expenses that may be fully deductible – relate solely to rental activity

21. You may be allowed to fully deduct expenses that relate solely to your rental activity. These expenses might include:
- advertising costs, including any commissions or fees you pay to an advertising platform or transaction facilitator (this does not include any service fees the guests pay the platform – just fees you pay);
 - supplies used solely by your paying guests (for example, if you provide them with a welcome basket of breakfast food or chocolates);
 - cleaning costs for the rental periods;
 - any additional property or contents insurance premium you pay (over what you would otherwise pay) because the property is used for short-stay accommodation; and
 - any additional rates you pay (over what the normal residential rates would be) because the property is used for short-stay accommodation.³
22. You may have some expenses that you can split between being related solely to your rental activity and being mixed rental and private expenses. For example, expenses that have a fixed component and a usage component, like power. Mixed expenses usually need to be apportioned. However, if you can identify actual usage charges for a period where the dwelling was only rented out and not used privately at all, you do not have to apportion the usage component for that period – it is fully deductible. You might want to do this, for example, if there is a period where the usage component of an expense is higher than usual. For example, you rent your dwelling for three consecutive weeks during the winter and there is higher than usual power usage during those weeks as the guests use additional heating and appliances like the drier. However, the fixed charge component must be apportioned, as it is necessary to maintain a power connection, which is used both privately and by paying guests. While this approach might result in a larger deduction, it is not compulsory, and you may find it simpler to apportion the total expense for the year (both the fixed and usage components) between private use and income-earning use for the year.

³ Some councils may impose targeted rates in respect of properties used for short-stay accommodation.

23. While the starting point is that the above expenses may be fully deductible, if you rent the dwelling through an online marketplace, your deduction may need to be claimed on a GST-exclusive basis. This is discussed from [3232].

Expenses that are non-deductible – relate solely to private use

24. Expenses that relate solely to the private use of the dwelling are not deductible (this includes use by you and by natural persons you are associated with but who are not charged rent). For example, if you use the dwelling for a month over the summer and you can identify actual usage charges that are a component of some of your expenses (for example, power), you cannot deduct any of the usage component for that period as it relates solely to your private use of the dwelling. Similarly, any consumables you use at the dwelling are not deductible. However, if you have consumables you use at the dwelling that are also available for guests to use (for example, tea, coffee, olive oil, shampoo, and soap), those consumables are partly deductible.

Expenses that are partly deductible – relate to both rental activity and private use

25. You can only claim deductions for **part of** any expenses that relate to both your rental activity and the private use of the dwelling. These mixed expenses might include:
- interest on your loan for the property;⁴
 - repairs and maintenance;⁵
 - property and contents insurance premiums (excluding any additional premium imposed because the property is used for short-stay accommodation – as noted at [21], those amounts will be fully deductible);
 - rates (excluding any targeted rates imposed by councils because the property is used for short-stay accommodation – as noted at [21], those amounts will be fully deductible);
 - power bills (but see [22] and [24]); and
 - internet.

⁴ From 1 April 2024, up to 80% of the interest can be claimed, and from 1 April 2025 up to 100% of the interest can be claimed. The actual amount claimed needs to be apportioned to account for any private use and any periods the property is not available to be rented out.

⁵ Deductible repairs and maintenance expenditure does not include expenditure on capital improvements (see **IS 12/03: Income tax – Deductibility of repairs and maintenance expenditure – general principles**).

26. To work out what proportion of these mixed expenses you can claim, you need to consider:
- the periods the property is rented out (including at “mates’ rates”) or available to be rented out; and
 - the periods the property is used privately (this includes use by family or friends who are not charged rent).
27. Generally, to work out the proportion of expenses you can deduct, you multiply those expenses by:

$$\frac{\text{nights the dwelling is rented out or available to be rented out}}{\text{nights in the year}}$$

28. You need to keep track of the number of nights you rent out the dwelling, and you need to have evidence of when it was available to be rented out. This evidence needs to be more than a mere statement of its availability, sporadic or limited advertising, or advertising that isn’t likely to attract many customers. You need to have evidence of active and regular marketing of the dwelling at market rates, and that it’s available at times and for periods that demonstrate it is genuinely available to rent.
29. Nights the dwelling is used privately are not counted as nights it is available to be rented out. This is the case even if the property remains advertised (for example, if you do not mark it as “unavailable” or “blocked” in an online booking system). Private use includes when you use the dwelling, and also when family or friends use it if they are not charged rent (even if they make a minor contribution to your expenses, as noted at [9]). In some situations, there may be an element of private use when a dwelling is vacant but available for rent. This might occur, for example, where a person uses the dwelling as a second home. In these circumstances, apportionment would be required for those periods (see [IS 23/10: Deductibility of holding costs for land](#) from [94]).
30. If guests have access to the whole dwelling (that is, there are no parts they are not permitted to use), your apportionment is based on the number of nights the dwelling is rented out or available to be rented out, as a proportion of the total nights in the year. Example | Taurira 1 explains how to apportion expenses where guests have access to the entire dwelling.

Example | Tauria 1 – Apportioning expenses where guests have access to the entire dwelling

Nathan and Joel have a holiday house in Queenstown that they and their extended family use for a total of 100 nights during the 2025-2026 income year. Their extended family do not pay rent. The house is rented out through their website (which is not an online marketplace) for 240 nights during the year and is advertised and available to be rented out throughout the year except when the family use it (so, 25 nights). The holiday house is not in the mixed-use asset rules, as it is not unused for 62 days or more during the year.

Nathan and Joel can deduct 100% of their expenses that relate solely to the rental activity. These expenses include the cost of advertising the house for rent, their host service fees, the additional rates they pay (over what the normal residential rates would be) because they rent the property out, and the additional insurance premium they pay (over what they would otherwise pay) because they rent the property out.

The house is rented out or available to be rented out for 265 out of the 365 nights of the year, so Nathan and Joel calculate that they can deduct 72.60% of their mixed expenses:

$$\frac{265}{365} \times 100 = 72.60\%$$

These mixed expenses include the interest on Nathan and Joel's loan for the property, utility bills, repairs and maintenance costs, the amount of their rates that equates to what the standard residential rates would be if the property was not in a higher rating category, and the amount of their insurance premium that equates to what their premium would be if the property was not rented out.

31. If part of the dwelling is not available for use by guests (for example, a locked room where you store your personal possessions), you cannot deduct the proportion of mixed expenses that relate to that space. You need to factor in the floor area calculations. Example | Tauria 2 explains how to do this.

Example | Taura 2 – Apportioning expenses where part of the dwelling is not available to guests

Nathan and Joel from Example | Taura 1 keep items they and their family use on holiday in one of the bedrooms in the house, which is locked, and cannot be used by guests. The bedroom is 25m², and the whole house is 200m².

Nathan and Joel calculate that they can deduct 63.53% of their mixed expenses:

$$\frac{175}{200} \times \frac{265}{365} \times 100 = 63.53\%$$

Are my expenses deducted on a GST-inclusive or GST-exclusive basis?

32. If you are GST-registered, you deduct your expenses on a **GST-exclusive basis**.
33. If you are not GST-registered and have opted to treat the flat-rate credit as assessable income, you deduct your expenses on a **GST-inclusive basis** (s DB 2).
34. If you are not GST-registered and have opted to treat the flat-rate credit as excluded income:
 - Expenses that relate to nights when the dwelling was rented through an online marketplace are deducted on a **GST-exclusive** basis. This is because the flat-rate credit you receive from the online marketplace is intended to recognise the GST on the expenses you incur when deriving this income, that you would be able to deduct as input tax in your GST return if you were GST-registered.
 - Expenses that relate to nights when the dwelling was rented out other than through an online marketplace, or was available to be rented out, are deducted on a **GST-inclusive** basis.(Section DB 2).
35. If you are not GST-registered and have opted to treat the flat-rate credit as excluded income, you may need to apportion your expenses. If you have expenses that relate to both nights when the dwelling was rented out through an online marketplace and nights when the dwelling was rented out other than through an online marketplace or was available to be rented out, these expenses need to be apportioned. Example | Taura 3 explains how to do this.

Example | Taura 3 – Apportioning expenses where a person is not GST-registered and has opted to treat the flat-rate credit as excluded income, and their dwelling is rented both through an online marketplace and in some other way

The facts are the same as in Example | Taura 1, with the exceptions noted below.

Of the 240 nights that the house was rented out, 100 of those nights were rented out through an online marketplace and the remaining 140 nights were rented out through Nathan and Joel’s website (which is not an online marketplace). The house is available for rent but not rented out for 25 nights.

This is summarised in the table below:

Use	Number of nights
Private use	100
Rented through online marketplace	100
Rented through website or available to be rented	165

Because the house is rented out or available to be rented out for 265 out of the 365 nights of the year, Nathan and Joel can potentially deduct 72.60% of their mixed expenses:

$$\frac{265}{365} \times 100 = 72.60\%$$

However, because Nathan and Joel are not GST-registered and have opted to treat the flat-rate credit as excluded income, they need to deduct their expenses that relate to the online marketplace nights on a GST-exclusive basis. Their expenses that relate to non-online marketplace nights are deducted on a GST-inclusive basis. The table below sets out Nathan and Joel’s expenses and how they should calculate the deductions they can claim:

Expense	Amount	Amount apportioned to income-earning	Deduction
Commission charged by online marketplace	\$600 (incl. GST)	100% = \$600 (incl. GST)	$\$600 \div 1.15^6 =$ \$521.74 (excl. GST)
Interest on loan for the property	\$10,000 (GST exempt)	72.60% (265/365) = \$7,260	\$7,260
Repairs and maintenance and other mixed expenses such as rates and property insurance	\$10,000 (incl. GST)	72.60% (265/365) = \$7,260 (incl. GST)	<p><i>Online marketplace nights:</i></p> <p>100 nights (out of 265 nights for which deductions are allowed).</p> <p>$100/265 \times \\$7,260 = \\$2,739$ (incl GST) $\div 1.15 =$</p> <p>\$2,381.74 (excl. GST) deduction for online marketplace nights</p> <p><i>Non-online marketplace nights:</i></p> <p>165 (out of 265 nights for which deductions are allowed).</p> <p>$165/265 \times \\$7,260 =$ \$4,520.37 (incl. GST) deduction for non-online marketplace nights</p> <p><i>Total deduction for repairs and maintenance:</i></p> <p>$\\$2,381.74 + \\$4,520.37 =$ \$6,902.11</p>

Online marketplace commission: Nathan and Joel do not need to apportion the commission charged by the online marketplace as it relates only to the rental activity. But their deduction must be claimed on a GST-exclusive basis. The \$600 commission charged is divided by 1.15 to give a GST-exclusive deduction of **\$521.74**.

Interest on loan for the property: From the 2025-2026 income year, Nathan and Joel can claim up to 100% of the interest on their property loan. However, this interest

⁶ Dividing the amount apportioned to income-earning by 1.15 gives you the GST-exclusive amount.

needs to be apportioned between private use and income-earning use. As discussed in this QWBA, under the standard income tax rules this is done based on the amount time the asset is used for income-earning or available for income-earning during the income year. For the income year, there are 265 nights the property is used or available for income-earning nights. Therefore, Nathan and Joel can deduct 72.60%, (265/365) of \$10,000 which is **\$7,260.27**. GST is not applied to interest, so there is no need for any further calculations for the online marketplace nights.

Repairs and maintenance and other mixed expenses: On the same basis as for interest, 72.60% of the \$10,000 expense for repairs and maintenance, is attributable to income-earning. This is \$7,260.27 (incl. GST).

The proportion of the expenses attributable to income-earning that relates to online marketplace nights is 37.73% (as 100 out of the 265 nights the dwelling is used or available for income-earning are online marketplace nights), so \$2,739.73 (incl. GST). This amount is then divided by 1.15 to give a GST-exclusive amount of \$2,382.37.

The proportion of the expenses attributable to income-earning that relates to non-online marketplace nights, which includes available to rent nights, (62.26%) is \$4,520.55 (incl. GST).

Therefore, the total amount of the repairs and maintenance and other mixed expenses deduction is **\$6,902.92** (\$2,382.37 + \$4,520.55).

Nathan and Joel's total deduction in relation to the rental activity is therefore **\$14,684.93** (\$521.74 + \$7,260.27 + \$6,902.92).

If Nathan and Joel had opted to treat the flat-rate credit as assessable income, they would not need to undertake any apportionment – all their expenses would be deductible on a GST-inclusive basis.

Depreciation of chattels

36. As noted at [18], you can also claim deductions for the depreciation of the chattels in the dwelling that paying guests can use. Depreciation deductions reflect that chattels in the dwelling are subject to wear and tear, resulting in a reduction in their value while being used to earn income.
37. As with mixed expenses, you can only claim for part of the depreciation because the chattels are used when the dwelling is rented out to earn income and also when it is used privately.

38. The approach to working out how much depreciation you can claim each year is similar to the approach for apportioning mixed expenses. But it does differ slightly, as there is a specific apportionment formula in the Income Tax Act 2007 for depreciation of assets partly used to earn income.
39. Before you can apply the formula, you need to work out the depreciation loss for the income year for each asset.
40. For low value items (\$1,000 or less),⁷ the depreciation loss is the item's cost. If the item is part of a group of items you purchased at the same time from the same supplier, and the items would have the same depreciation rate, the \$1,000 threshold applies to the group of items. For example, if you bought \$2,000 worth of linen at one time, you would have to depreciate the linen using one of the methods mentioned at [41].
41. For other items, you work out the depreciation loss for the income year using either the diminishing value method or the straight-line method. There is information about those methods on Inland Revenue's website (go to www.ird.govt.nz and search "claiming depreciation"), and you can find the relevant depreciation rates using Inland Revenue's [depreciation rate finder and calculator](#) – also available on Inland Revenue's website.
42. Whichever method you use, you cannot pool assets to depreciate them as a single asset if they are partly used privately – so you will not be able to use the pooled approach for the chattels in the dwelling.
43. Once you know the depreciation losses for the year for the chattels in the dwelling that paying guests can use, you need to work out what proportion of those losses you may deduct. To do this, multiply those losses by:

$$\frac{\text{nights the dwelling is rented out or available to be rented out}}{\text{nights in the year the dwelling is used or available for any purpose}}$$

44. While it is the chattel depreciation that is being worked out, the chattels are only used or available for use when the dwelling is – which is why the dwelling rental and availability nights are used to calculate the allowable chattel depreciation loss.
45. The difference between this formula and the approach for mixed expenses is that you are identifying the number of nights the dwelling is rented out or available to be rented out as a proportion of all the nights in the year it is available for any purpose,

⁷ For items acquired on or after 17 March 2021.

rather than as a proportion of all of the nights in the year. So, if the dwelling is not available for use by anyone for a period, those nights are not counted. Example | Tauria 4 illustrates this situation.

Example | Tauria 4 – Depreciation of chattels where the chattels are also used privately

Nicola has a holiday home in a popular tourist town. Nicola and her friends used it for a total of 80 nights during the year, and it was rented out for 230 nights. The house was uninhabitable for 52 days during the year, while Nicola had the house extended by building a loft bedroom and deck with lake views. The house was advertised and available to be rented out throughout the year, except when booked out for Nicola and her friends to use, and over the building period. The holiday home is not in the mixed-use asset rules, as it is not unused for 62 days or more during the year.

Nicola calculates that she can deduct 63.84% of her mixed expenses (property loan interest, insurance, rates, power bills and internet):

$$\frac{233}{365} \times 100 = 63.84\%$$

However, for depreciation the calculation is slightly different. Instead of dividing the rental and available for rental days by the number of days in the year, the total of those days is divided by the number of days the property is used or available for any purpose, which would exclude the 52 building days when it could not be used. Nicola calculates that she can deduct 74.44% of her depreciation losses for the chattels in the house:

$$\frac{233}{313} \times 100 = 74.44\%$$

46. If you are GST-registered, you calculate depreciation on the **GST-exclusive** price of the asset. If you are not registered for GST, you claim depreciation on the **GST-inclusive** price of the asset. This is the position, even if you rent your dwelling through an online marketplace.

The residential rental ring-fencing rules

47. The residential rental ring-fencing rules mean you can only claim deductions for expenses incurred on the property up to the amount of income you earned from the

property in the income year.⁸ If your allowable deductions exceed the income from the property,⁹ the excess deductions must be carried forward to future income years. You cannot offset the excess amount against other income, such as salary or wages.

48. There is more information about the residential rental ring-fencing rules in the Appendix to [IS 23/04: The interest limitation rules and short-stay accommodation](#) (from A48).

Who must declare the income?

49. The rental income belongs to the owner of the land (including leasehold land) and they must declare it to Inland Revenue. If there is more than one owner, the income needs to be split appropriately between them.
50. If the dwelling is owned in a trust, the rules about who must declare the income are more complicated. You should refer to [QB 25/05: If property held in a trust is rented out for short-stay accommodation, who should declare the income, and what deductions can be claimed?](#) for more detailed guidance.
51. If you lease the property and use it to earn income, you should ensure you are paying an adequate rent for the property to the extent you use the property for the income-earning. If you do not, in certain circumstances the Commissioner can determine an amount of adequate rent and you will be treated as deriving this amount as rental income (s GC 5). This rule ensures that property cannot be leased between (for example) relatives or different entities for low or nominal rent to shift income for a tax benefit.

What records do I need to keep?

52. Because the dwelling may or may not fall within the mixed-use asset rules (remember, you need to work out each year whether it does), you need to keep good records so you can apply the income tax rules correctly. This includes records of:
- the number of nights you rent out the dwelling at market value, and how much income you receive;

⁸ Or, if the property is part of a portfolio of residential rental properties you own, you can only claim deductions for expenses incurred on the portfolio of properties up to the amount of income you earned from the portfolio in the income year.

⁹ Or portfolio of properties, if you have one.

- the number of nights you rent out the dwelling at “mates’ rates”, and how much income you receive;
- the number of nights you, or people you are associated with, used the dwelling;
- when the dwelling was available to be rented out (see [28] and [29]);
- any expenses you may claim deductions for; and
- any ring-fenced expenditure you have in respect of the dwelling.

Provisional tax

53. If the residual income tax you have to pay at the end of the year, after you have filed your tax return, is more than \$5,000, you will have to pay provisional tax the following year. This means you will pay your income tax in instalments during the year. The Inland Revenue website has further information about [provisional tax](#).

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QB 25/05: Income tax – If property held in a trust is rented out for short-stay accommodation, who should declare the income, and what deductions can be claimed?

taxtechnical.ird.govt.nz/questions-we-ve-been-asked/2025/qb-25-05

IS 25/08: Income tax – Implications of a residential property moving between the standard tax rules and the mixed-used asset rules

taxtechnical.ird.govt.nz/interpretation-statements/2025/is-25-08

About this document | Mō tēnei tuhinga

Questions we've been asked (QWBAs) are issued by the Tax Counsel Office. QWBAs answer specific tax questions we have been asked that may be of general interest to taxpayers. While they set out the Commissioner's considered views, QWBAs are not binding on the Commissioner. However, taxpayers can generally rely on them in determining their tax affairs. See further [Status of Commissioner's advice](#) (Commissioner's statement, Inland Revenue, December 2012). It is important to note that a general similarity between a taxpayer's circumstances and an example in a QWBA will not necessarily lead to the same tax result. Each case must be considered on its own facts.