

Airbnb cites 'fair go' in seeking capital gains tax breaks

Tom McIlroy

Online rental giant Airbnb has renewed calls for capital gains tax reform to better promote a "fair go", in an appeal to the Morrison government's commitment to aspiration.

Airbnb said expats living overseas are allowed to rent out properties full-time for years, but Airbnb hosts risked losing the capital gains tax exemption that applies to family homes for sharing a room for a single night.

"The 'fair go' is the Morrison government's North Star, and it should consider redressing this tax on aspiration," said Airbnb Asia Pacific regional policy director Brent Thomas.

In 2017, a Board of Taxation report on tax and the sharing economy

recommended the government consult on simplifying tax rules for the sale of properties used "to produce small amounts of income".

Owners could rent out their primary home for "a designated proportion of time" without losing the tax exemption under the plan.

"Across the country scores of everyday Australians and families are having a go and becoming hospitality entrepreneurs," Mr Thomas said.

"Hosting on Airbnb helps local families earn extra income to ease the cost of living or pay the mortgage, but at present parts of the tax system penalise – rather than promote – aspiration."

The Institute of Public Accountants' Tony Greco said the problem was a common occurrence. "Most people



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plead ignorance when it comes to acknowledging that the usually exempt family home may be subject to capital gains tax if they have rented it out, especially if it is just one room in the house.

"The treatment seems harsh when you can rent your home out for up to six years and not lose the main residence exemption."

He said a minor exemption wouldn't cost the government much.

TaxBanter senior trainer Robyn Jacobson said it was a common misconception that if someone rented their home on Airbnb for a few days or weeks they can utilise the six-year absence rule and pay no tax when they sell their home.

"The absence rule is available only if the dwelling ceases to be main resid-

ence of the taxpayer; this means they have to cease living there, remove their personal belongings, change their details on the electoral roll, change address for utility notices," she said.

"In the case of someone who only vacates for a few weeks but leaves all their belongings there, and doesn't change driver's licence, electoral roll, utilities, the six-year absence rule is not available. Instead, the taxpayer has to prorate the days it was rented and treat these days as taxable when they calculate the capital gain. Accordingly, only a partial main residence exemption will be available."

Ms Jacobson said for tax assessment and deductions, Airbnb was no different to renting through a real estate agent.