



MIXED USE ASSETS: Holiday Homes, Boat or Aircraft

If you own a Holiday Home, Boat or Aircraft which is used for both “private use”* and “income-earning use” special tax rules apply.

*Private Use includes:

- Used by family members even if rent is received
- Rented to non-family members at less than 80% of market rates

The rules apply if:

- The assets were not used for 62 days or more a year or
- Boat or aircraft cost \$50,000 or more

Exemptions apply:

- If income is less than \$4,000 or
- Gross income is less than 2% of rateable value of the property or
- You make a loss

Then you can opt out of this system. That means no income is declared but also no expenses are claimed.

Apportionment:

We will need to know what expenses relate either solely to the income-earning activity eg advertising and what expenses relate solely to private use eg repairs to private boat.

Finally we also need to know what days the holiday home was rented, what days it was used privately and what days the property was vacant.

Days used privately	
Days rented to non-family members	+
Days not rented	+
	=	<u>365</u>
Income from Rental	\$
Expenses (relating to income-earning activity only)		
Advertising	\$
Insurance	\$
Rates	\$
Repairs & Maintenance	\$
Other	\$