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 Page 1 of 2



**PROPERTY**

STORY PAM WALKLEY

# Holiday homes

You can have your retreat and get something back to cut the cost

**WOULD YOU LOVE TO** buy a holiday home so you could visit your favourite destination often, and perhaps eventually retire to it? Do you have a beach or bush retreat that you love but can no longer really afford to keep it?

Have you ever considered trying to have the best of both worlds by partly using your

holiday home to earn income to cover at least some of the expenses of owning it?

The good news is the rise and rise of internet booking sites such as [www.stayz.com.au](http://www.stayz.com.au), [www.takeabreak.com.au](http://www.takeabreak.com.au) and [www.rent-a-home.com.au](http://www.rent-a-home.com.au) makes the whole process of renting out your vacation property just so much easier. Even if it is a long distance away.

"Sites like Stayz help people to have the benefits of renting out an investment property

and using it themselves," says Kirsty Shaw, general manager at Stayz.

And because rental yields in key tourism areas are much higher than in suburbia, just renting out a property for 12 weeks a year can bring in almost as much rent as a permanently let property in a non-tourist location, Shaw says. For example Byron Bay on the far north NSW coast – one of Stayz's top five holiday destinations – commands an average weekly

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holiday rental of \$1943. But before you get too excited and start mentally counting the dollars, there are a few practical things you are going to need to sort out before you can partly use your holiday property as a cash cow.

First, check with the local council that your property can be used for short-stay accommodation and if there are any rules you need to comply with. Second, decide whether you will set up your holiday let as a business. If so you'll need to get an ABN.

Next you need to consider how you will actually run the business. Will you manage the bookings, cleaning, key collection and other administrative tasks yourself or will you use a local estate agent? Keep in mind the latter option will eat into the income you receive.

You may be more inclined to use an agent if you live a long way from the property, but Shaw says some of the obstacles can be easily overcome. For example, with key collection you could install a digital key lock where you only have to give the tenant the code to access your front door. Generally this code can be changed for each new tenant if required.

Or keys could be left with a neighbour, a local shop or perhaps the person you hire to clean your property. The cleaner could also be responsible for reporting any damage to you. In most places you can also organise linen through a hire company.

To help you get started, Stayz, with over 25,000 listings in over 1200 Australian destinations, has produced *Your guide to holiday rentals*.

When preparing your home to let, consider your guests' expectations. If you are advertising it as luxury retreat it should be furnished to a high standard. Consider the number of people who can be accommodated comfortably and provide adequately for that number.

Also think beyond the necessities and include relevant entertainment such as board games, music, books and maybe even pay TV. Remember, you want repeat business and also word-of-mouth recommendations from guests.

Another important issue for those leasing out their holiday homes is how to get paid. Most online booking sites also have online payment systems. With Stayz and Rent-A-Home you can opt in or out of online payments,

Rent-A-Home and TakeABreak do not charge upfront fees but you will pay a fee of 8.8% of the total value of the booking. Stayz charges a \$164 annual listing fee plus \$13.90 booking fee (or 10% if cheaper) for each successful night booked under its standard option.

If you want to take advantage of its payment system option you still pay the \$164 fee plus 8% of the total booking fee, with a minimum of \$15.95 and a maximum of \$25 for each night.

Many people now want to pay online, says Shaw, and this also means owners do not have to organise and pay for merchant credit card facilities. Online payments will also simplify accounting and records for owners.

## “Rental yields in key tourism areas are much higher than in suburbia”

Without doubt the most important thing you need to do as an owner is drive business to your property, and that means “selling” all its attributes, making sure you tailor these to your target market, whether that be couples, families, retirees or other specific groups. Professional photographs of all the rooms and features and a clear, succinct description spelling out the type of people it suits, are vital.

And don't forget things such as nearby attractions, local secrets – including the best-value places to eat out and the most family-friendly pubs – and whether you offer extras such as accommodating pets or providing breakfast hampers.

Realistic pricing is also a must. You can get a good guide from looking at similar properties in your area. Once you are up and running you will need to set aside the time to manage your listings, preferably answering inquiries at least daily, and keeping your booking calendar up to date. **MS**

### HOLIDAY PROPERTY & TAX

Being a landlord means being able to claim the expenses associated with your property. With holiday property the tax situation is not as clear-cut as with a property leased out permanently. With those you can claim all expenses, including interest on mortgage payments, against the income you receive. That's not so with holiday property where claims are more limited. The tax office monitors this closely so it's important to understand the rules, says Sal Carrero, CEO at accountancy firm Chan and Naylor.

“Deductions are applicable for when the property is used, or is available, as an income-earning asset. They are not applicable when the home is reserved for personal use,” Carrero says.

Having your property listed on sites such as Stayz, Rent-A-Home and TakeABreak provides some proof that your home was available for lease for specified times. Charging a realistic rental may also be relevant.

So if you had your home listed on one or more of the sites as available for 26 weeks, equal to half the year, at a realistic rental you could mount a good case for claiming half of all the expenses associated with the property as deductions against any income you received. As with a standard rental, this may leave you with a shortfall to reduce your regular income and therefore your tax bill. Carrero points out one trap: “inspecting” your home. “One of the more common mistakes made by owners is claiming the entire

expense of inspecting a property, when

in reality the inspection was combined with a holiday,” Carrero says.

