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/ Leasing and renting commercial premises

# Leasing and renting commercial premises

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This section has information for:

- the lessor, or owner of the premises
- the renter, or tenant of the premises.

## Leasing (as owner)

### **Income tax**

If you lease commercial premises to others you must include the full amount of rent you earn in your income tax return.

You can claim a deduction for your related expenses for the period your property is rented or available for rent:

- generally, you can claim an immediate deduction for expenses relating to the management and maintenance of the property, including interest on loans.
- some expenses are claimed over a number of years, including depreciation costs (decline in value of depreciating assets such as carpet, furniture and appliances), and certain construction expenditure.

You can't claim:

- acquisition and disposal costs of the property – these are usually included in the property's cost base for capital gains tax purposes
- expenses not actually paid by you, such as water or electricity charges paid by your tenants
- expenses not related to the rental of the property.

**See also:**

- [Residential rental properties \(/General/property/residential-rental-properties\)](#)

**GST**

You're liable for GST on the rent you charge on commercial premises if you're registered, or required to be registered, for GST.

You may be required to register for GST if you're dealing with property, including one-off transactions such as buying, selling, leasing and developing (that may constitute conducting an enterprise) and your turnover from these activities exceeds the [GST registration turnover threshold \(/Business/GST/Registering-for-GST/\)](#).

You can claim GST credits on your purchases that relate to renting out your property (subject to the normal rules on GST credits) – such as the GST included in the managing agent's fees.

## Renting (as tenant)

If you rent a commercial property as your business premises, the rent is tax deductible.

As the renter (tenant), you may be able to claim GST credits for the GST included in the rent if you and the lessor are registered, or required to be registered, for GST.

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Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

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