

Working in the real estate industry

If you're a self-employed real estate salesperson/agent, it pays to learn what you can claim at tax time.

Business expenses

Business expenses are:

- Day to day expenses (revenue expenses) for the running of your business like petrol for your vehicle or your monthly mobile phone plan which can be claimed in the year of purchase.
- Assets you purchase (capital expenses) like a vehicle or computer which needs to be depreciated over time.

To claim a deduction for business expenses

- You must have spent the money yourself and weren't reimbursed.
- It must be directly related to earning your business income.
- You must have a record to prove it.

Gift expenses

The gift must have a link to earning your income. You can fully or partly claim gift expenses depending on the type of gift, for example only 50% of gifts for food and drink can be claimed.

The following information should be kept supporting your expense deduction:

- Record of dates of gifts and expenses incurred.
- The names of the individuals who the gifts were given to.
- The business they represent (if any) and the position they hold.
- The reason for the gift.
- Whether the gift related to the purchase or sale of a property.
- The address of the property being considered for purchasing or purchased or for sale or sold.
- All invoices to support the deduction.

Clothing and grooming expenses

- ✓ **You can claim** "distinctive work clothing" such as a uniform with a logo.
- ✗ **You can't claim** a deduction for the cost of buying or cleaning plain clothing worn at work, even if your agency tells you to wear it and even if you only wear it for work, for example black pants and a white shirt.
- ✗ **You can't claim** a deduction for hairdressing, cosmetics, hair and skin products, vision or sun glasses, even if your agency tells you to use them, or you are required to be well-groomed.

Home office expenses

- ✓ **You can claim** expenses for your home office if you work from home. You need to calculate the square metres of your house used for business use. If the area is shared for business and personal use, you need to take into consideration the time spent for income-earning activities. You claim a percentage of your home expenses relative to the percentage of your house used for the office.

Meal expenses

- ✗ **You can't claim** a deduction for personal meal and beverage expenses.
- ✓ **You can claim** a 50% deduction for a business lunch/dinner as this is entertainment expenditure.

Entertainment expenses

- ✓ **You can fully or partly claim** entertainment costs as an expense but there must be a clear link to earning your income.
- ✗ **You can't claim** entertainment expenses for family or friends.
The following information should be kept supporting your expense deduction:
 - Record of dates of entertainment and expenses incurred.
 - The names of the individuals who the entertainment related to.
 - The business they represent (if any) and the position they hold.
 - The reason for the entertainment.
 - Whether the entertainment related to the purchase or sale of a property.
 - The address of the property being considered for purchasing or purchased or for sale or sold.
 - All invoices to support the deduction.

Other common deductible work-related expenses

- ✓ Other expenses you can claim a deduction for include:
 - advertising & marketing
 - stationery
 - renewal of REA license
 - accounting fees/accounting software
 - ACC levies
 - wages paid to PA's/salespeople by you
 - ongoing training including the cost of seminars, conferences that directly relate to your work as a real estate salesperson/agent.

This is a general summary only. For more information, go to www.ird.govt.nz (search keyword: Entertainment, Vehicle, Home office).

If you think you have made an error in your tax affairs you might like to consider making a voluntary disclosure. For more information refer to our guide [Putting your tax returns right - IR280](#).

Vehicle expenses

- ✓ **You can claim** business travel when you drive to and from an alternative workplace for the same agency on the same day - for example travelling between two different residential open homes.
- ✗ **You generally can't claim** the cost of trips between home and work, even if you live a long way from your usual workplace or must work outside normal business hours.
In limited circumstances **you can claim** business travel between home and work. Please refer to our detailed explanation in IS3448 Travel by motor vehicle between home and work- deductibility of expenditure & FBT implications.
- ✓ **You can claim** business vehicle expenses. If the vehicle is used for both business and personal use, you need to keep a logbook or actual records to determine the percentage of business use.



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