Inland Revenue
Te Tari Taake

Business
Ngā Ūmanga

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Business expenses 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
- assets you purchase (capital expenses) like a vehicle or computer which needs to be depreciated over time (if the total cost of the item was $1,000 or less it can be claimed in the first year).

To claim a deduction for business expenses:

- you must have spent the money yourself and were not reimbursed
- it must be directly related to earning your business income
- you must have a record to prove it.

Gift expenses

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

The following information should be kept to support 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 for purchase or sale
- all invoices to support the deduction.

For more information see our **Entertainment expenses – IR268** guide.

Clothing and grooming expenses

✓ **You can claim** 'distinctive work clothing' such as a uniform with a logo.

✗ **You cannot claim** a deduction for 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 cannot 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.

For more information see ird.govt.nz/home-office-expenses

Meal expenses

✗ **You cannot claim** a deduction for personal meal and beverage expenses.

In limited circumstances **you may be able to claim** a deduction for the extra cost of meals when you have to work in a remote location or at unusual hours. Working away from home on its own is not enough. You must have no choice but to spend more on meals because of your work. See our **Interpretation Statement (IS) 21/06: Income tax and GST – Treatment of meal expenses** for more detailed information and examples.

✓ **You can claim** a 50% deduction for a business lunch/dinner as this is entertainment expenditure.

For more information see our **Entertainment expenses – IR268** guide.

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 cannot claim entertainment expenses for family or friends.

The following information should be kept to support your expense deduction:

- a 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 for purchase or sale
- all invoices to support the deduction.

For more information see our **Entertainment expenses – IR268** guide.

Other common deductible work-related expenses

Other expenses you can claim a deduction for include:

- advertising & marketing
- stationery
- renewal of REA licence
- accounting fees/accounting software
- ACC levies
- wages you've paid (for example to personal assistants or salespeople)
- ongoing training including the cost of seminars or conferences attended that directly relate to your work as a real estate salesperson/agent.

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 2 different residential open homes.

You generally cannot 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 **Interpretation Statement (IS) 25/01**: **Income tax – deducting costs of travel by motor vehicle between home and work**.

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.

For more information see ird.govt.nz/vehicle-expenses

More information

This is a general summary only. For more information, go to ird.govt.nz/business-expenses

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**.