

*This guide was prepared by an independent third-party firm*

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## **INDIA – TAX CONSIDERATIONS**

Before you list any accommodation on Airbnb for hosting in India, you should be aware of the potential implications of Income Tax and Goods and Service Tax (“GST”) chargeable. You should always be compliant with your tax obligation.

This tax guide covers provisions in relation to the following taxes:

- Income taxes
- GST

This tax guide is intended solely for information purposes and no Airbnb Host or any third party may rely upon it as tax or legal advice or use it for any other purpose. Readers are advised to consult with professional advisors concerning specific matters before making any decision or taking a position on any tax return.

Please note that we don’t update this information in real time, so you should confirm that the laws or procedures have not been amended recently.

*We also draw your attention to the fact that Airbnb may have an obligation to report income earned by users of the platform. Therefore, if there is a mismatch between the information reported by Airbnb and the income you reported in your annual income tax return, the tax authorities may ask you questions.*

## **INCOME TAX IMPLICATIONS**

In India, the income earned by any person (whether it concerns an individual or legal entities) is subject to Income Tax. For taxation purposes, the relevant financial year runs from 1st April to 31st March (e.g., from 1 April 2024 to 31 March 2025) and the income is assessed in the immediately succeeding financial year.

Any income earned by a person who lists their property through Airbnb for hosting would be subject to the Income Tax law. Taxability of income from hosting activities depends on the nature of property. The income earned through your hosting of a residential house or a part of the house is taxed under “Income from House Property”. The income earned through your hosting of a property other than residential house may be classified under either “Income from House Property”, “Profits and Gains from Business and Profession” or “Income from Other Sources” depending upon the intent and substance of the transaction, the determination of which is a fact specific exercise. In case there is any uncertainty relating to the nature of income earned, it is advised to seek advice from qualified professionals.

The method of calculating the tax payable involves determination of the income earned under specific head (“Gross Total Income”) from which permissible expenses and deductions are

reduced to arrive at the Total Income. The applicable rate of tax is applied to the Total Income to establish the tax liability. Withholding tax incurred during the period (if any) may be credited against the total tax liability while determining the amount payable to government treasury as income tax. This is explained in detail in the following paragraphs of this document.

### **Income from House Property**

If your income is subject to income tax as “Income from House Property”, you should take the following into account.

Your income subject to income tax shall be calculated as the higher of (i) reasonably expected rent or (ii) the actual rent received or receivable. Certain expenses are allowed to be deducted from such income for arriving at the taxable amount and is subject to fulfilment of prescribed conditions. Expenses that may be taken into account for deduction include:

1. Municipal taxes paid by you on account of such accommodations;
2. A flat deduction of 30% of your income as reduced by the municipal taxes; and
3. Interest paid or payable by you on account of interest on capital borrowed for the purpose of purchase, construction, repair, renewal or reconstruction of the property.

If such deduction of expenses results in a loss, then such loss can be set-off against any other income up to ₹ 2 Lakh in any assessment year. However, any loss that cannot be set off in any assessment year can be carried forward to be set-off against income from House Property for eight subsequent years.

### **Profits and Gains from Business and Profession**

If your income is subject to tax as “Profits and Gains from Business and Profession”, the following may be the potential tax implications.

Your income chargeable to income tax shall be the actual amount received by you from hosting your accommodation on Airbnb. The expenses allowed to be deducted from such income for arriving at the amount on which tax is to be charged should be explicitly and directly related to the income earned. These expenses are subject to fulfilment of conditions prescribed under Income Tax law and are illustrated below (this list is illustrative):

1. Depreciation on the assets used in the hosting of accommodation at the rates prescribed under the law;
2. Expenses directly related to hosting of such accommodation including fees charged by Airbnb;
3. Municipal taxes paid by you on account of such accommodations; and
4. Interest paid or payable by you on account of interest on capital borrowed for the purpose of purchase, construction, repair, renewal or reconstruction of the property.

If such deduction of expenses results in a loss, then such loss can be set-off against any other income except for “Income from Salary” in any assessment year. However, the loss that cannot be set off in any assessment year can be carried forward subject to certain conditions prescribed under Income Tax law.

For detailed computation, please consult a tax advisor or refer to the provisions of Income Tax Act.

### **Income from Other Sources**

If your income is subject to income tax as “Income from Other Sources”, the following might be the potential tax implications.

Your income subject to income tax shall be the gross amount of income received or receivable by you by hosting your accommodation on Airbnb.

Expenses including Airbnb service fee shall not be allowed as a deduction against the income arising under the head “Income from Other Sources”.

### **Deductions allowed from gross total income**

Indian Income Tax law allows certain deductions in respect of certain payments, certain incomes, and deductions in respect of certain other incomes and other deductions from your total income chargeable to tax. Such deductions are allowed subject to the maximum ceiling of the total income subject to tax. In other words, you cannot have a loss as a result of these deductions. These deductions are subject to fulfilment of various conditions prescribed under law.

In regards to claiming these deductions please consult your tax advisor or see the [Income Tax Portal](#).

### **Tax Deducted At Source ("TDS")**

You may refer to our Help Center article on TDS that may apply on your payouts.

### **Filing of income tax returns**

It is mandatory for every taxpayer to communicate the details of his income to the Income Tax Department. These details are to be furnished in the prescribed form known as return of income. You are required to file Income Tax Return (“ITR”) in regard to income earned in the previous year in the relevant assessment (subsequent) year. Income tax is computed as a self – assessed tax. ITR is the format in which the taxpayer furnishes information as to his total income and tax payable. The new income tax portal is user friendly and you can file the ITR by yourself or using a Chartered Accountant or other tax professional. The details regarding the income tax filing portal are mentioned below.

### **Due date for filing income tax returns**

Relevant due date of filing your ITR is as follows:

S. No.	Status of the taxpayer	Due date
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1	Any person (other than a company) whose accounts are to be audited under the Income-tax Act or under any other law	October 31 of the assessment year
2	A working partner of a firm whose accounts are required to be audited under the Income-tax Act or under any other law.	October 31 of the assessment year
3	Any other taxpayer	July 31 of the assessment year

Please refer to the Indian [Income Tax Website](#) for any announcements by the Indian Income Tax Department regarding ad-hoc extension of due dates.

### Assessment

Income tax assessment is the process of collecting and reviewing the information filed by you in your ITR. At the end of each financial year, you are required to file an ITR by self-computing the amount of income earned and pay the tax due. The Income Tax Department examines your ITR for its correctness. The process of examining the ITR by the Income Tax department is called an "Assessment". Once you file your ITR, the income tax department will scrutinize your ITR and in case of any discrepancies you are issued a show cause notice.

### Current slab rates

If you are assessed as an Individual (whether as a resident or non-resident) who is less than 60 years of age, at any time during the previous year, then the following shall be the slab rates applicable for the current assessment year (Financial Year 2024-25). If you are above 60 years of age or above 80 years of age, different slab rates are prescribed. If the accommodation is hosted by a person other than an individual and Hindu Undivided Family ("HUF"), then the flat rate applies.

**Old Regime** – Under this scheme, the deductions are available from the gross total income.

Existing Tax Regime	
Income Tax Slab	Income Tax Rate
Up to ₹ 2,50,000	Nil
₹ 2,50,001 - ₹ 5,00,000	5% above ₹ 2,50,000
₹ 5,00,001 - ₹ 10,00,000	₹ 12,500 + 20% above ₹ 5,00,000
Above ₹ 10,00,000	₹ 1,12,500 + 30% above ₹ 10,00,000

**New Regime (also the default scheme)**– Under this scheme certain deductions are not available for the taxpayer while computing total taxable income. The new tax regime is applicable from Financial Year 2020-21. It runs parallel to the old regime i.e. the taxpayer has an option to choose which regime to follow.

New Tax Regime u/s 115BAC	
Income Tax Slab	Income Tax Rate
Up to ₹ 3,00,000	Nil
₹ 3,00,001 - ₹ 7,00,000	5% above ₹ 3,00,000
₹ 7,00,001 - ₹ 10,00,000	₹ 20,000 + 10% above ₹ 7,00,000
₹ 10,00,001 - ₹ 12,00,000	₹ 50,000 + 15% above ₹ 10,00,000
₹ 12,00,001 - ₹ 15,00,000	₹ 80,000 + 20% above ₹ 12,00,000
Above ₹ 15,00,000	₹ 1,40,000 + 30% above ₹ 15,00,000

**Note: These slab rates are applicable for Financial Year 2024-25 (i.e. Assessment Year 2025-26)**

#### **CONTACT DETAILS AND REFERENCES**

For Income Tax Act and Rules - [Income-Tax Act, 1961 \(incometaxindia.gov.in\)](http://incometaxindia.gov.in)

For Filing of ITR - [Income Tax Website](http://income-tax.gov.in)

**Aayakar Sampark Kendra (ASK)**- General Queries related to Income Tax - Phone : 1800 180 1961; 1961

**E-filing and Centralized Processing Center** – Regarding any e-Filing of Income Tax Return or Forms and other value added services & Intimation, Rectification, Refund and other Income Tax Processing Related Queries - [1800 103 0025](tel:18001030025); [1800 419 0025](tel:18004190025); [+91-80-46122000](tel:+918046122000) and [+91-80-61464700](tel:+918061464700)

#### **GOODS AND SERVICE TAX (“GST”) IMPLICATIONS**

**Do hosts need to collect any GST from guests if they are letting short-term accommodation in India?**

You as a host on the Airbnb platform are not liable to be registered under GST unless the prescribed threshold limit of Rs. 2,000,000 (or in some states Rs. 1,000,000 (for example: Arunachal Pradesh, Assam, Himachal Pradesh, Meghalaya, Sikkim, Uttarakhand)) is exceeded. If you exceed the threshold limit, you shall be liable to register in all the states in which you host accommodations. In such cases, it is your responsibility to ensure that appropriate tax is charged and paid to the tax authorities.

You should consult a tax advisor regarding any assistance required in determining whether you need to register for and charge GST. Further, if you need any guidance on registering for GST, <https://reg.gst.gov.in/registration/>.

[You may also refer to this FAQ on India GST.](#)

#### **Contact Details and References**

1. Website address - [CBIC GST Portal](#)
2. For issues faced by taxpayers on [www.gst.gov.in](http://www.gst.gov.in) – Contact GSTN at 1800 103 4786 - <https://selfservice.gstsystem.in/>