### ACC and rental income

Do you have income from rental? You may be wondering about why ACC collects levies from rental income. It comes down to whether your rental income is classified as 'active' or 'passive'. ACC levies active rental income but not passive rental income.

The difference? Rental income is classified as active when you put in some effort for it. For example, that might be mental and/or physical work collecting rents, inspecting the property, arranging for maintenance, finding tenants and so on. Where there's not this degree of effort - for instance, where you have a property manager in place - the income is classified as passive.

If you're running the rental property through a company, and distribute the income as shareholder salary, this would also be levied as active income. Where income from 'passive' rental has been distributed to the shareholder as dividends, these are not subjected to ACC levies.

If you have income from rental properties but you're unsure whether it's considered active or passive, please contact us and we can look at your situation.