TAX

Taxes Policy

Which taxes BabuSpace handles, which taxes you handle, and what we are legally required to report about you.

BS-POL-007 · Version 1.0 · Effective 15 October 2026 · Live
Applies to: Guests and Hosts · Governing law: England and Wales · Owner: Finance, BabuSpace Ltd

The single most important sentence in this document: **BabuSpace is a disclosed agent, not the supplier of your accommodation.** That means your rental income is your income, your tax is your tax, and we do not calculate it for you. What we do handle, and what we are obliged to report about you, is set out below.

> **This is not tax advice**
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> This document explains how BabuSpace operates and what we report. It is general information about our own processes. It is not advice on your personal or business tax position, and it does not take account of your circumstances. Please take advice from a qualified accountant or tax adviser.

1. The agency position, and why it matters to you

1.1 The contract for the stay is between the Guest and the Host. BabuSpace introduces the two and collects money on the Host's behalf.

1.2 The consequence for tax is direct: **the Host's taxable turnover is the full Accommodation Price**, not the amount that lands in the Host's account after our commission. Our commission is a business expense the Host may be able to deduct; it is not a reduction in the Host's income.

1.3 A Host whose accommodation supply is itself taxable must account for that tax on the gross amount. Getting this wrong is one of the most common and most expensive errors made by first-time platform hosts.

2. Tax on BabuSpace's own fees

2.1 Our Host Commission and Guest Service Fee are stated **inclusive of VAT** where VAT applies to that supply.

2.2 Where BabuSpace is required to charge UK VAT on its fees, VAT is accounted for at the applicable rate and a VAT invoice or self-billing document is available in your account.

2.3 Where a Host is a business established outside the United Kingdom, the place of supply of our service may fall outside the UK and the reverse charge may apply, meaning the Host accounts for the tax locally. This is shown on the documentation we issue.

2.4 You can download every fee document from **Account → Payments → Documents**. Do not reconstruct your own figures from your bank statement.

3. Tax on the accommodation itself

3.1 BabuSpace does **not** calculate, collect or remit tax on the accommodation unless we state expressly for a specific market that we do, or unless the law requires us to.

3.2 Where we do collect a tax at checkout, it is shown as a separate line in the price breakdown before the Guest pays, and it is not part of the Host's payout.

3.3 In every other case the Host is responsible for determining whether their supply is taxable, registering where required, charging the correct amount, and remitting it.

4. Host obligations by market

4.1 United Kingdom

- **Income tax.** Rental income is taxable. Where total property income does not exceed the £1,000 property allowance, it may not need to be reported. Where a Host lets a furnished room in their own main home, the Rent a Room Scheme may exempt gross receipts up to £7,500 a year.
- **Furnished Holiday Lettings.** The separate FHL tax regime was abolished with effect from 6 April 2025. Hosts who previously relied on it should confirm their current position with an adviser.
- **VAT.** Short-term holiday accommodation is generally standard-rated in the UK, not exempt. A Host whose taxable turnover exceeds the VAT registration threshold — £90,000 in any rolling 12-month period — must register. That threshold is measured against the **gross Accommodation Price**, per paragraph 1.2.
- **Greater London.** Under the Deregulation Act 2015, a residential property in Greater London may not normally be let as short-term accommodation for more than **90 nights in a calendar year** without planning permission for change of use. This limit is the Host's responsibility to monitor.
- **Registration and licensing.** Requirements for short-term lets differ across England, Scotland, Wales and Northern Ireland and are changing. Hosts must check the position for their property before listing.

4.2 South Africa

- **Income tax.** Rental income is included in gross income and is taxable. Deductible expenses must be apportioned where a property is used partly privately.
- **VAT.** A person whose taxable supplies exceed **R1 million** in any consecutive 12-month period must register for VAT with SARS. Voluntary registration is available at a lower threshold. Commercial accommodation has its own valuation rules where a stay exceeds 28 days, which can materially reduce the VAT charged.
- **Municipal requirements.** Cities including Johannesburg and Cape Town apply their own zoning, by-law and business-licensing requirements to short-term letting. These are separate from tax and are the Host's responsibility.
- **Non-resident hosts.** A Host who is not a South African tax resident but earns South African rental income is generally taxable in South Africa on that income.

4.3 Tourist, occupancy and city taxes

Some cities levy a per-night or per-person charge. Where BabuSpace does not collect it, the Host must collect it, disclose it in the Listing in advance, and issue a receipt. See the Offline Fee Policy (BS-POL-005).

5. What we report about you

5.1 BabuSpace is a **reporting platform operator** under the UK rules implementing the OECD Model Reporting Rules for Digital Platforms — the Platform Operators (Due Diligence and Reporting Requirements) Regulations 2023.

5.2 This is not optional and it is not something you can opt out of. Every year we must collect, verify and report certain information to HMRC about Hosts who earn through the Platform.

We report	Detail
Who you are	Name, address, date of birth or company registration number
Tax identifiers	National Insurance number, Unique Taxpayer Reference, or VAT number
What you earned	Total consideration paid or credited to you, quarter by quarter
What we charged	Fees, commissions and taxes we withheld
Where the property is	Address of each listed property, and the number of days let
Bank details	The account identifier into which you were paid

5.3 The report is made to HMRC by **31 January** following the end of the calendar year. HMRC may exchange it with the tax authority of the country where you are resident.

5.4 **You receive a copy.** We provide you with the same information we report, by the same deadline, so that you can reconcile it against your own records before you file.

5.5 **We are required to obtain your tax information.** If you do not provide it after two reminders and a 60-day period, we are obliged to **withhold your payouts** and may be required to close your account. This is a legal requirement placed on us, not a commercial decision.

5.6 Please check the figures we send you. If you believe a figure is wrong, tell us before 31 January so we can investigate before the report is filed.

6. What this means in practice

- Keep your own records. Our documents support your return; they do not replace it.
- Reconcile monthly, not annually. A discrepancy found in March is a question; one found in January is a problem.
- Remember the gross point in paragraph 1.2 when you assess a registration threshold.
- Tell us immediately if your tax residence, entity type or VAT status changes.
- If you hold property through a company, make sure the account is in the company's name and carries the company's tax identifiers.

7. Guests

7.1 Guests are shown all taxes collected at booking as a separate line before payment.

7.2 A Guest booking for business may request a receipt showing the Guest Service Fee and any tax on it. This is available from the booking record.

7.3 Where a local tax is collected in person by the Host, the amount and basis must be disclosed in the Listing before booking.

8. Our position

8.1 BabuSpace does not accept responsibility for a Host's tax position, for a failure to register, or for a penalty arising from a Host's own filing.

8.2 We will always give you the transaction data you need, in a form you can use, on time.

8.3 Questions about this document go to info@babuspace.uk. Questions about your own tax go to your accountant. We will not answer the second kind, and you should be cautious of any platform that does.

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