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GOOD PRACTICES IN PEER-TO-PEER ACCOMMODATION

Final report of the project Possibilities and Challenges
in Peer-to-Peer Accommodation



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in Peer-to-Peer Accommodation**

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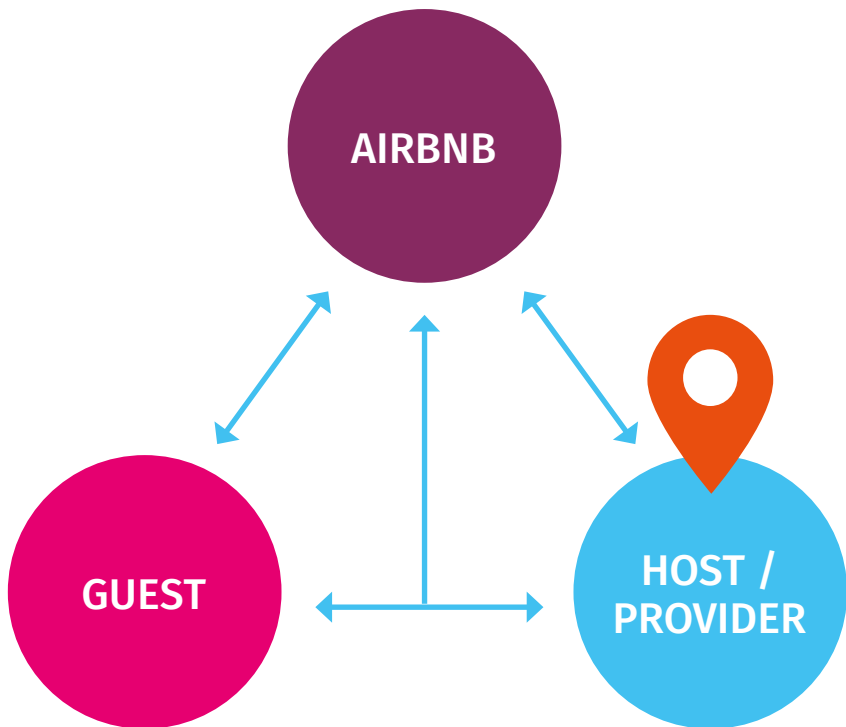
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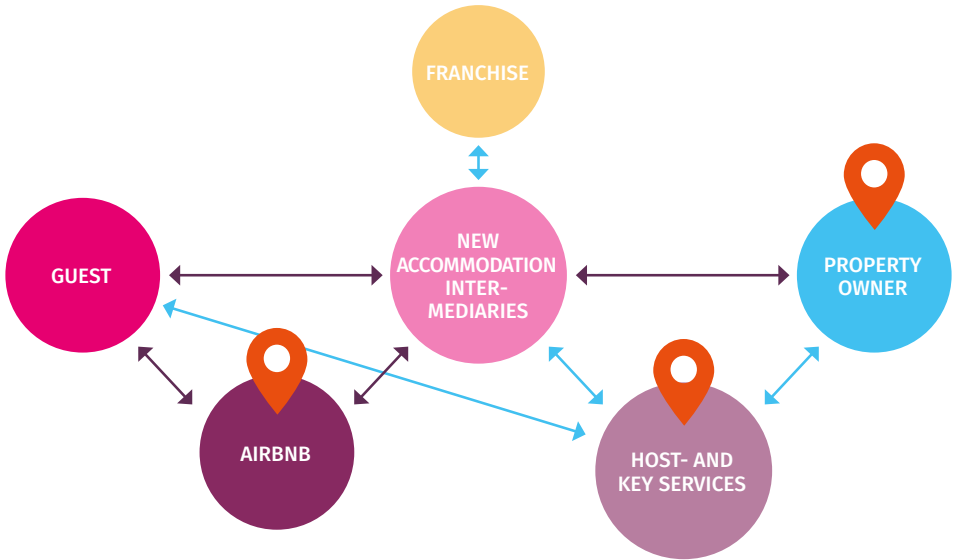


PART I

THE PEER-TO-PEER ACCOMMODATION BUSINESS ENVIRONMENT



Stakeholders directly linked to peer-to-peer accommodation



There is a growing business interest in developing different kinds of services around peer-to-peer accommodation.

Authorities	Neighbourhoods and local communities	Tourism trade	Tourist area
Ministry of Economic Affairs	Local residents	Traditional accommodation enterprises	Local tourism organisations
Tax authorities	Housing associations	Other travel companies	Municipality
Construction supervision	Housing management	Peer-to-peer accommodation intermediators	
Land use planning	Finnish Real Estate Federation	Finnish Hospitality Association MaRa	
Ministry of the Environment	Insurance companies		
Rescue Department	Finnish Landlord Association		
Finnish Safety and Chemicals Agency (Tukes)			

In addition there are several stakeholders that are indirectly linked to peer-to-peer accommodation.

MAPPING THE REGULATORY ENVIRONMENT

Summary of the review conducted by researcher Jenna Päläs, LLM

LAWS GOVERNING PEER-TO-PEER ACCOMMODATION

Airbnb and other peer-to-peer accommodation activities (and short-term rental) involve responsibilities that have been set by many different Finnish laws.

Statute/decree	Regulations applied to	Controlling entity	Appeals handled by	Arbitration and complaints handled by	Not regulated
Accommodation and food service act	Commercial offering of temporary accommodation	Regional police department	Administrative court	-	Non-commercial accommodation, rental of apartments
Act on Residential Leases	Assigning right of residential use	Lessor and tenant in subleasing circumstances	-	Ordinary court	Providing accommodation
Consumer Protection Act, directives	Entrepreneurs offering, selling and otherwise marketing consumer goods to consumers	Finnish Competition and Consumer Authority, consumer ombudsman (additionally, declaring Regional State Administrative Agency charges)	The Market Court (Administrative court)	Consumer Advisory Services, the Consumer Disputes Board, ordinary court	Non-commercial offerings: Relationships between private persons, consumer as offerer
Land Use and Building Act	The use of areas, real estate and buildings according to purpose	Municipal building supervision authority	Correction claim procedure, administrative court	-	-

Statute/ decree	Regulations applied to	Controlling entity	Appeals handled by	Arbitration and com- plaints handled by	Not regulated
Decree on the fire safety of buildings	Renovation and alteration works	Municipal building supervision authority, rescue de- partment acting as the authority providing expert state- ments and inspections	Correction claim procedure, administrative court	-	-
Limited Liability Housing Compa- nies Act	Management and use of housing company units, shareholders' and housing associations' responsibil- ities	Housing company, municipal building supervision authority for Land Use and Building Act issues	Correction claim procedure, administra- tive court, the Market Court in matters relating to registering changes to articles of association	Ordinary court in questions of company law	-
Income Tax Act	Taxation of income received from rental activities	Finnish Tax Administra- tion	Claim for correction, administrative court	-	-
Value Added Tax Act	VAT obliga- tions relating to the activities	Finnish Tax Administra- tion	Correction claim procedure, administrative court	-	Non-business activities, small-scale business activities exempt from VAT
Consumer Safety Act	Offering event organising in the form of consumer services	Finnish Safety and Chemi- cals Agency (Tukes)	Administrative court	-	Non- professionally offered expe- riences and entertain- ment services
Act on Travel Service Combi- nations, direc- tives	Offering travel packages and linked travel arrangements to travellers	Consumer ombudsman	The Market Court	Consumer Advisory Services, the Consumer Disputes Board, ordinary court	Combinations of services offered by a natural person that are not performed as business activities

ACCOMMODATION OR RENTAL? NON-PROFESSIONAL OR PROFESSIONAL?

The position of the (peer-to-peer) accommodation provider

Accommodation/housing can be offered by

- A lessor
- A non-professional (casual) peer-to-peer accommodation provider
- A professional accommodation provider (activities comparable to those of accommodation businesses)

The position affects what laws and regulations activities are controlled by.

Accommodation or rental?

Accommodation	Rental
Temporary accommodation. Customers are holidaymakers and people travelling for work. Rates are by the day/week.	More permanent, usually longer-term habitation (no specified minimum period).
Providing accommodation is practiced as a source of livelihood. Hallmarks: additional services (catering, cleaning, laundry, reception services), furnished and equipped rooms/suites, availability of several rooms/suites, collection of passenger data.	For the purposes of legislation, it is irrelevant whether providing accommodation is done as a source of livelihood.
The host and the guest have agreed upon the use of an apartment for temporary accommodation.	The lessor and tenant have agreed upon use of an apartment for residential purposes.
Not dependent on the building: e.g. student dormitories can be used as hotels during the holidays.	Not dependent on the building: rooms and apartments can also be rented from buildings providing accommodation.

Non-professional or professional accommodation?

The professionalism of providing accommodation is always assessed in a holistic manner. Examples of factors influencing case-specific assessment:

Non-professional (peer-to-peer accommodation)	Professional (business activity)
Not a source of livelihood.	A source of livelihood, the activities include contractor's risk.
The activities and the income gained from said activities are non-recurring or rarely recurring (for example, providing accommodation for guests during a summer event).	A regular source of income.
The accommodation is also in use by the host.	The accommodation is primarily used by people other than the host.
There are only one or two rooms/suites available.	There are several rooms/suites available.
Only accommodation is provided.	Ancillary services are also provided (breakfast, transport, experiences, etc.).

Professional accommodation provider has many responsibilities

For example:

- Making a declaration of association to the Trade Register.
- Declaring that the accommodation business has begun operations to the municipal health protection authority.
- If the purpose of the building or part of the building changes significantly, obtaining a building permit from the municipal construction supervision authority.
- Collecting passenger data (making a notification of a traveller). Sending the passenger data of foreign nationals to the police.
- Completing a rescue plan in accordance with the Rescue Act.
- Conforming to consumer protection regulations (e.g. accommodations must be accurately described, accommodations must be provided at the agreed upon time, prices must be provided in a way that conforms with legislation).
- Fulfilling the accounting obligation.
- Paying VAT when turnover for the financial year exceeds €10,000.
- Conforming to safety regulations regarding ancillary services and obtaining any permits that may be required (e.g. transporting passengers).
- Fulfilling the obligation to ensure that activities do not cause excessive damage to the living environment and do not severely disrupt public order and safety.

The non-professional accommodation provider also has responsibilities

Paying income tax

- Notifying the tax authorities of received income and tax deductions thereof.
- Maintaining accounts that have a sufficiently detailed statement of guests, received payments and deductions for tax purposes.

The responsibility for maintenance and duty of care

- Ensuring that peer-to-peer accommodation activities do not cause harm in the housing association.
- Providing guidance for guests in practical matters (heating, air conditioning, waste disposal, operation of machines and devices, etc.).
- Preparing for damage: familiarising oneself with the terms of the comprehensive household insurance policy and possible platform-as-a-service agreement.

Avoiding causing any disturbances to other residents

- Instructing guests to act in a way that does not disturb others (e.g. use of shared spaces and facilities, maintaining peace in accommodation spaces)

Other considerations

- Case-by-case assessment: The nature of the activities is assessed on a case-by-case basis, taking circumstances into account.
- Entrepreneurship/professionalism is defined differently in different statutes → entities providing accommodation can be subject to all or only part of the aforementioned responsibilities.



Professional accommodation provider has many responsibilities.

TAXATION OF PEER-TO-PEER ACCOMMODATION

Taxation of peer-to-peer accommodation and short-term rental activities

- Even a small amount of income gained from rental activities is taxable capital income.
- Expenses caused by rental activities can be deducted from income gained from rental.
- Even casual rental interrupts personal use of the apartment (unless more than half of the apartment is in personal use during the rental).
- The lessor must declare the income directly to the tax authorities, e.g. through the MyTax e-service
- The tax percentage payable on capital income is 30 per cent. Any quantity of capital income exceeding €30,000 is taxable at 34 per cent.
- Tax rates may change annually

Tax deductions on rental and peer-to-peer accommodation

Lessors and peer-to-peer accommodation providers may deduct maintenance charges and expenses incurred from acquiring a tenant:

- Fixed housing expenses: water, wastewater, road, electricity and heating charges, property tax and annual repair expenses.
- Expenses incurred acquiring a tenant, such as letting agent fees, e.g. brokerage fees paid to Airbnb.
- Costs are proportional to the rental period and the area of the rented space.
- Furniture deduction makes it possible to deduct the cost of wear and tear on furniture.
- In casual rental, the amount of furniture deduction is €1.30 per day (room or single-room apartment) or €2.00 per day (two-room apartment or larger).
- Tax authorities' deduction guidance (in Finnish): <https://docplayer.fi/105139859-Vuokratulojen-verotus.html>.

Peer-to-peer accommodation and VAT

- Rental of apartments is exempt from VAT.
- Tax authorities may consider regular and extensive provision of peer-to-peer accommodation or short-term rental to be professional accommodation instead of rental, making it a business activity.
- If the activities fulfil the criteria of professional accommodation and the financial year's turnover exceeds €10,000, the accommodation provider is liable to pay VAT.
- Receipts and documents relating to the rental of an apartment and to tenants must be kept for a minimum period of six years. The Finnish Tax Administration may request these receipts and documents if necessary.

VAT liability is determined by assessment of the professional nature

Aspects that are considered on a case-by-case assessments include

- The nature and purpose of the activities
- Turnover and pricing
- Ancillary services, e.g. breakfast
- The competition situation with other accommodation providers
- The nature of the premises used: accommodation use vs. private use
- Size and number of rooms/suites
- The duration of stay
- Personal use and rental to the lessor's immediate circle, year-round use

Tax authorities' guidance for VAT (in Finnish): <https://www.vero.fi/syventavat-vero-ohjeet/ohje-hakusivu/67678/majoitustoiminan-arvonlis%C3%A4verotus>

Brokerage orders and commission trading in peer-to-peer accommodation

- The peer-to-peer accommodation/short-term rental provider can offer apartments through various intermediaries, such as web-based platforms and subleasing companies.
- The VAT liability of the parties involved is assessed separately based on the actual nature of the activities.
- From the perspective of VAT, the actual nature of the intermediary's activities is significant.
 - » *The tax rate applied to the service depends on whether the intermediary acts as a broker or a commission trader.*

Brokerage order or commission trade?

Brokerage order

- The broker is a service provider who brings the involved parties together to create an agreement for accommodation services/tenancy.
- The broker brings together the guest and the host/the tenant and the lessor.
- However, the accommodation or rental agreement is between the host and the guest/the lessor and the tenant.
- Accommodation services are subject to a 10 per cent tax rate and brokerage services to a 24 per cent tax rate.

Commission trade

- The broker (the commission trader) acts as the representative of the peer-to-peer accommodation provider, in their own name (e.g. holiday home brokers who are responsible for marketing private holiday homes, receiving reservations and charging rents).
- The commission trader can make accommodation/rental contracts with the guests/tenants in their own name.
- For purposes of VAT, commission trading is equated with retail.
 - » *If both the commission trader and the owner or occupier of the accommodation premises is considered to be practicing accommodation activities, both accommodation service sales will be subject to a 10 per cent tax rate.*

- » *The commission trader is subject to VAT for the whole compensation paid for the accommodation service.*
- If the owner of the apartment is considered to be a lessor and the commission trader is considered to be practicing taxable accommodation activities, the renting of the apartment is exempt from tax and the commission trader's accommodation service is subject to tax.

***The professionalism
of accommodation
provider is always
assessed
case-by-case.***



REGULATIONS CONTROLLING THE USE OF BUILDINGS

Legislation, urban planning and building permits

- The Land Use and Building Act controls the use and planning of areas as well as the construction and use of buildings. It includes provisions on planning, among other things.
- The city plan defines what types of activities can be practiced in specific areas.
- Building permits can be based on purposes defined in the city plan, among other things.
- The municipal building supervision authority is responsible for controlling regulation on the matter.

The building permit defines the purpose of the building

- The building permit puts the building's purpose, defined in the city plan, into concrete form.
- If the purpose of the building or a part thereof changes significantly, a building permit must be applied for.
- Central from the perspective of peer-to-peer accommodation: when is use residential and when is it accommodational? Do the accommodation activities change the purpose of the building or a part thereof significantly enough to necessitate a building permit?
- The purpose and any change of it can affect the whole building or a part thereof (e.g. a single room).

When does the purpose of the building change significantly?

- Assessment is based primarily on the effects of the activities: are the effects of the activities atypical in comparison to the activities (purpose) stated within the plan and the building permit?

- For example, accommodation activities in a residential area consisting primarily of single-family homes can be considered to create weaker social controls in comparison to permanent residency and to thus be contradictory to the city plan and the extant building permit.
- Consideration is also affected by whether activities are professional or casual and small in scale. The effects of professional activities are usually different to those of casual accommodation activities.
- The properties required of buildings are also considered in assessment: different purposes require buildings to have different properties.
- **When assessing a change in purpose, the 50-50 rule can be applied:**
 - » *If the lessor lives in the property themselves and less than half of the apartment's surface area is used for a different purpose, the change is not considered significant.*
 - » *The temporal dimension of the 50-50 rule can also be applied: if the building or apartment is in use for a different purpose for less than half of its total usage time, the change is not considered significant.*

Properties required of the building

- The purpose also affects the properties required of the building. Is the building suitable for the purpose, e.g. accommodation?
- The properties required of buildings are set in the Land Use and Building Act, the decrees of the Ministry of the Environment for residential, accommodation and work spaces, the decree on the fire safety of buildings and other statutes.
- For example, fire safety regulations are different for residential and accommodation spaces. Regulations relate to passageways, exits, the allowed number of people, the size and division of fire compartments and other aspects.
- From the perspective of the decree on the fire safety of buildings, when do activities become accommodation activities? The assessment criteria include whether use corresponds to normal living use in an apartment building or whether it corresponds to hotel and other accommodation activities. Compare two different situations: a) a private person rents out a two-room apartment in an apartment block to two people at a time on a short-term basis, b) a large part of the same apartment block's apartments are rented out for temporary accommodation.

PEER-TO-PEER ACCOMMODATION IN HOUSING ASSOCIATIONS

The Limited Liability Housing Companies Act

- In principle, the shareholder has the right to decide what kind of activities are practiced in an apartment, assuming that the activities are in accordance with the purpose set by the articles of association and the building permit.
- Normal purposes in a housing association are use as residential and business premises. From the perspective of a peer-to-peer accommodation provider, it can be unclear when activities fall under residential use and when they fall under business use.
- From the perspective of the Limited Liability Housing Companies Act, the mode that the practiced business activities take is not important, but the actual use of the apartment is.

The housing association's articles of association

- A The housing association's articles of association must include the purpose of the housing units under their control.
- Principally, the stipulation of purpose in the articles of association must be in accordance with the building permit and the planning ordinance.
 - » *In some situations, the stipulations of purpose in the articles of association and the building permit may contradict each other.*
 - » *If the purpose in the articles of association is more strict than the purpose in the building permit, the shareholder is bound by the articles of association.*
 - » *Therefore, in some cases, the use of an apartment for a specific purpose may require not only a change to the articles of association, but to the purpose stipulated in the building permit.*

Prohibitions and restrictions in the articles of association

- The shareholders' meeting can decide on taking possession of an apartment if it is used in a way that is fundamentally contrary to the purpose stipulated in the articles of association.

- If a purpose has not been defined, the apartment can still be taken into possession if it is used contrary to the association's accepted and established purpose.
- Short-term rental activities can be restricted in the articles of association, e.g. by prohibiting rental agreements with a term of less than one month or requiring rental to be approved by the housing association. The prohibition may concern the whole apartment or a part thereof.
- Attention should be paid to the formulation of the prohibition on short-term rental: what sort of activities do the prohibitions restrict? For example, does a prohibition on rentals with a term of less than one month affect people travelling for work or a family member's temporary residence during travel?

The shareholder's maintenance responsibility

- The shareholder is not responsible for any damages caused by the tenant (guest) unless their own actions or negligence have caused said damages.
- The shareholder has a responsibility of maintenance and a duty of care, the latter of which also pertains to such devices, equipment and parts of the building under the shareholder's control that the association is responsible for (e.g. heating).
- If the claimant is the housing association or another shareholder thereof
 - » *The accommodation provider's liability for damages is controlled by the Limited Liability Housing Companies Act.*
 - » *The guest's liability for damages is controlled by the Tort Liability Act.*

The shareholder's duty of care

- The rapid rotation of tenants/guests is typical of peer-to-peer accommodation and short-term rental.
- Guests may come from very different environments, meaning that the housing association's practices, such as waste sorting and use of home appliances, may be unknown to the guest.

- There is cause to consider what the duty of care of a shareholder acting as a peer-to-peer accommodation provider becomes.
 - » *Could adequately informing guests of practices become part of the duty of care of the shareholder acting as a peer-to-peer accommodation provider?*
 - » *Could failure to provide adequate information be considered to be negligence on the part of the shareholder?*

Insurance

- From the perspective of predicting possible damages, it is important to pay attention to the terms of the indemnity insurance.
 - » *Does comprehensive household insurance also cover damages caused by guests?*
 - » *What kinds of damage situations fall outside the insurance and do the terms set limits on the nature and scope of renting activities?*
 - » *Does the peer-to-peer accommodation platform or other accommodation-brokering service offer their own insurance service or compensation for possible damage situations and what are the terms of compensation?*

Taking neighbours and neighbourhood into consideration in housing associations

- An apartment can be taken into possession if activities cause a continuous or recurring disturbance to the building's other residents. For an apartment to be taken into possession, the disturbance must be objectionable to some degree, meaning that the housing association's residents also have a duty to tolerate noise caused by normal use of the apartment.
- More precise stipulations that specify the responsibilities of parties regarding the use of facilities can be entered in the association's regulations, e.g. in relation to noise, clutter, hygiene and safety.
- In the interest of equal treatment of other shareholders, it is worth considering how expenses incurred by the association through peer-to-peer accommodation would be directed to the accommodation provider.

Regarding health and safety requirements

- The owner or occupier of the premises used for peer-to-peer accommodation services is responsible for the safety and hygiene of said premises.
- Laws on health protection and neighbourly relations contain stipulations on the hygiene requirements of apartments, recreational facilities and common spaces (for example, the quality of air indoors, ventilation and noise) responsibility for the fulfilment of which falls on the occupier of the apartment or other living space.
- Fire safety must be taken care of in accordance with the Rescue Act and decree on the fire safety of buildings, taking into account the requirements set by the building's purpose.
 - » *Prevention of and preparation for fires and other dangerous situations*

THE TENANT AS PEER-TO-PEER ACCOMMODATION PROVIDER

Subleasing an entire apartment

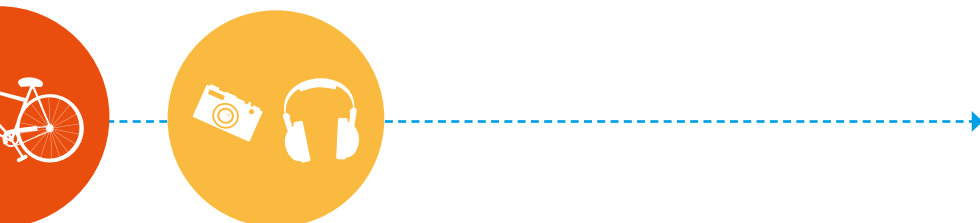
- Subleasing an entire apartment is a rental relationship in which the tenant rents out the whole apartment to one or more tenants.
- Peer-to-peer accommodation is considered to be subleasing an entire apartment when the whole apartment is given to the use of a guest.
- An entire rented apartment may be subleased on a short-term basis, depending on permission given either in the tenancy agreement or separately by the lessor.
- Subleasing an entire apartment without the permission of the lessor is not permitted. If an entire apartment is subleased without permission, it is considered grounds for cancellation by the lessor.
- The housing association's own rules (articles of association) may also prohibit the short-term subleasing of entire apartments.

Subleasing part of an apartment

- Subleasing part of an apartment is a rental relationship in which the principal tenant gives up part of an apartment's rooms for use by another person in exchange for rent payments or other compensation.
- The principal tenant and the subtenant enter into a sublease agreement with each other. The lessor is not a party in this rental agreement.
- Peer-to-peer accommodation is considered to be subleasing part of an apartment when the guest is given, for example, a private room, and part of the apartment is still in the principal tenant's own use.
- Subleasing does not, in principle, require the lessor's permission, providing that at least half of the apartment's rooms remains in the principal tenant's use and the subtenant does not cause the lessor significant inconvenience.

The liability of a peer-to-peer accommodation provider to their lessor

- In principle, the same rules and responsibilities apply to a tenant acting as a peer-to-peer accommodation provider as to other tenants: the apartment must be taken care of and the tenant is responsible for compensating any damage they cause intentionally, negligently or carelessly to the lessor.
- The tenant is also responsible for compensating any damage caused intentionally, negligently or carelessly by their subtenant.
- The person who caused the damage is also personally responsible, and the peer-to-peer accommodation provider has the right to compensation for damages they have paid to the lessor.



The guest's liability towards the peer-to-peer accommodation provider and the lessor thereof

- The peer-to-peer accommodation provider and their guest have a shared liability towards the lessor, meaning they are both responsible for any damages caused.
- The lessor and the peer-to-peer accommodation provider may choose to agree upon a different arrangement of responsibility. The peer-to-peer accommodation provider and the guest may also agree upon a different arrangement of responsibility but this agreement does not bind the lessor, who can choose to claim all compensation from one party.
- The peer-to-peer accommodation provider is responsible for any disturbance, regardless of whether they personally cause it. In other words, repeated disturbances caused by guests (e.g. noise, fighting, loud music) can be considered grounds for cancellation by the lessor.

ANCILLARY SERVICES IN CONNECTION WITH ACCOMMODATION

- Several peer-to-peer accommodation platforms offer the possibility of adding other ancillary services alongside accommodation.
- Ancillary services may meet the definition of consumer and event organising services and be taxable (personal income tax).
- An entrepreneur offering event organising services must draft a safety document for their service.
- Transportation services may require a taxi operating licence and a taxi driver licence.
- Offering ancillary services alongside accommodation may lead to the service being legally considered a travel service combination or a linked travel arrangement.



PART II

GOOD PRACTICES IN PEER-TO-PEER ACCOMMODATION

Recommendations based on the results of the project *Possibilities and Challenges in Peer-to-Peer Accommodation*

RECOGNIZE THE NATURE OF YOUR ACTIVITIES – IT AFFECTS YOUR RESPONSIBILITIES

Examples of different kinds of accommodation providers:



REBECCA RESIDENT

Occasionally rents out one room in her two-room flat on weekends. She is present herself and uses the apartment's other facilities.

CHRIS COMMUTER

Rents out her second residence in the municipality she works in whenever she does not need it.



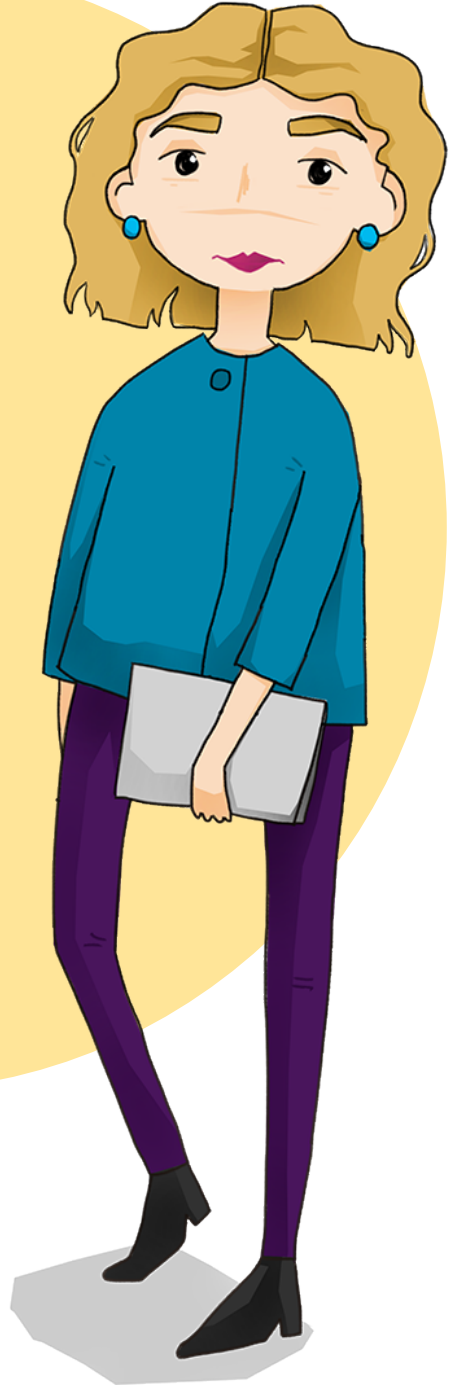


REGGIE RENTER

Owns two apartments he has bought as investment properties that are entirely in rental use, sometimes on a short-term basis, sometimes on a long-term basis, depending on the tenant.

ISABELLA INVESTOR

Has four apartments, each located in a different building. Three of these are continuously used for short-term rental. Isabella takes advantage of a key exchange and cleaning service in her rental activities.





AARON ACCOMMODATION'S

limited liability company owns six different apartments in the same building and they are continuously in short-term rental use. Aaron has installed wireless internet access in the rooms and set up a cleaning and breakfast service. He markets the apartments on his company's website and on web platforms. Keys can be picked up from his company's office, where guests can also leave their luggage for safe keeping for an extra charge. Aaron's company also organises guided tours around the city for its guests.

The position of the (peer-to-peer) accommodation provider

Accommodation/housing can be offered by

- A lessor
- A non-professional (casual) peer-to-peer accommodation provider
- A professional accommodation provider (activities comparable to those of accommodation businesses)

The position affects what laws and regulations activities are controlled by.

Accommodation or rental?

Accommodation	Rental
Temporary accommodation. Customers are holidaymakers and people travelling for work. Rates are by the day/week.	More permanent, usually longer-term habitation (no specified minimum period).
Providing accommodation is practiced as a source of livelihood. Hallmarks: additional services (catering, cleaning, laundry, reception services), furnished and equipped rooms/suites, availability of several rooms/suites, collection of passenger data.	For the purposes of legislation, it is irrelevant whether providing accommodation is done as a source of livelihood.
The host and the guest have agreed upon the use of an apartment for temporary accommodation.	The lessor and tenant have agreed upon use of an apartment for residential purposes.
Not dependent on the building: e.g. student dormitories can be used as hotels during the holidays.	Not dependent on the building: rooms and apartments can also be rented from buildings providing accommodation.

Non-professional or professional provision of accommodation?

The professional nature of providing accommodation is always assessed in a holistic manner. Examples of factors influencing case-specific assessment:

Non-professional (peer-to-peer accommodation)	Professional (business activity)
Not a source of livelihood.	A source of livelihood, the activities include contractor's risk.
The activities and the income gained from said activities are non-recurring or rarely recurring (for example, providing accommodation for guests during a summer event).	A regular source of income.
The accommodation provider also uses the space themselves.	The space is primarily in other than personal use.
There are only one or two rooms/suites available.	There are several rooms/suites available.
Only accommodation is provided.	Ancillary services are also provided (breakfast, transport, experiences, etc.).

Professional accommodation providers have many responsibilities

eg.:

- Making a declaration of association to the Trade Register.
- Declaring that the accommodation business has begun operations to the municipal health protection authority.
- If the purpose of the building or part of the building changes significantly, obtaining a building permit from the municipal construction supervision authority.
- Collecting passenger data (making a notification of a traveller). Sending the passenger data of foreign nationals to the police.
- Completing a rescue plan in accordance with the Rescue Act.
- Conforming to consumer protection regulations (e.g. accommodations must be accurately described, accommodations must be provided at the agreed upon time, prices must be provided in a way that conforms with legislation).
- Fulfilling the accounting obligation.
- Paying VAT when turnover for the financial year exceeds €10,000.
- Conforming to safety regulations regarding ancillary services and obtaining any permits that may be required (e.g. transporting passengers).
- Fulfilling the obligation to ensure that activities do not cause excessive damage to the living environment and do not severely disrupt public order and safety



RECOMMENDATIONS FOR PEER-TO-PEER ACCOMMODATION PROVIDERS

Get acquainted with the authorities' instructions

- Consider the scope and goals of the activity – they have relevance to what responsibilities you will have.
- Determine whether land use planning and building permits allow your activities.
- Find out about your tax-related responsibilities.
 - » *E.g. advance tax, tax returns, deductions*
 - » *VAT liability for accommodation-related business activities*
 - » *Accounting obligations/obligation to keep records/retaining receipts and documents*

Find out what insurance you need

- Check the terms of your comprehensive household insurance.
 - » *Is the insurance limited to only covering an apartment that is in your own use?*
 - » *What kinds of damages does the insurance cover?*
 - » *What kinds of damages does the insurance not cover?*
 - » *Do you need another kind of insurance in addition to comprehensive household insurance?*
- Find out what kind of insurance suits your activities best. Some insurance companies offer insurance packages specifically for Airbnb activities.

Ensure you know the terms of the web platform or brokering company

- Get to know the web platform you are using and/or the terms of service of the company that you want to use to sublease your apartment.
 - » *Do the service's terms of contract and terms of use specify responsible parties or limitations of liability?*
 - » *Is it possible to claim compensation?*

- » *Does the service provider offer compensation for damages caused by guests (e.g. Airbnb's Guest Refund Policy)?*
- » *Does the service provider offer other ways to seek compensation or arbitration procedures?*

Minimise the risk of damages

- Do not leave any irreplaceable property in the apartment.
- Hand the key to your guest face-to-face, e.g. do not leave it under the doormat.
- Minimise fire hazards, e.g. remove textiles and other flammable materials from the vicinity of the sauna stove, kitchen stove and fireplace and instruct guests on how to use them.
- Ensure the fire alarms are working properly and consider acquiring a fire suppression device.
- Mention any risks and dangers you are not responsible for as peer-to-peer accommodation provider in the description of your accommodation (e.g. possible slippery ground resulting from cold weather).

Ensure your taxes are done

- Always report income to the tax authorities.
 - » *Even a small amount of income gained from rental activities is taxable capital income.*
 - » *Expenses caused by rental activities can be deducted from income gained from rental.*
- Please note that even casual rental interrupts personal use of the apartment (unless more than half of the apartment is in personal use during the rental).
- Assess whether or not you are liable to pay VAT.
 - » *Rental of apartments is exempt from VAT.*
 - » *Large-scale, short-term rental may be considered professional accommodation activity instead of rental by the tax authorities.*
 - » *The accommodation provider is liable to pay VAT if accommodation activities take the form of business activities and turnover for the financial year exceeds €10,000.*

Be considerate towards your neighbours

- Inform your housing association and neighbours before you start peer-to-peer accommodation activities.
- Listen to the wishes of your housing association and neighbours and take them into account when instructing your guests.
- Familiarise yourself with your housing association's regulations.
- Make sure your guests are aware that the housing association is the permanent home of its residents and that they need to behave accordingly.
- Emphasise that your neighbours are not the tourist information point or the reception desk and instruct your guests to direct their questions to you.
- Give your phone number to both your guests and your neighbours in case of any problems that may crop up.

Instruct your guests

- Ensure that your guests have the emergency number and instruct them on how to act in emergency situations.
- Instruct your guests on the use of the apartment:
 - » *Use of the sauna, ventilation system, stove and washing machine (emphasise the need to open and close the tap when using the washing machine and ensure they know not to leave the washing machine on when leaving the apartment)*
 - » *The door to the stairwell is not to be kept open, e.g. for ventilation purposes.*
 - » *The windows and balcony door are not to be left open when the temperature outside is below freezing.*
 - » *Warn guests about ice and instruct them on gritting.*
 - » *Emergency number, escape routes, how to act in emergency situations*
- Assemble your instructions in a paper or electronic file for reference.
- Instruct your guests on the regulations and established practices of the housing association, e.g. quiet hours, use of the laundry room, sorting of waste.

- Ensure your guests know to be considerate of your neighbours and to maintain domestic peace:
 - » *Your neighbours' gardens are not to be trespassed in.*
 - » *Your neighbours' property may not be used without permission.*
 - » *Private homes and gardens may not be videotaped or photographed – homes are not sightseeing destinations.*
- Instruct them on the use of nearby garden, park and forest areas:
 - » *No littering*
 - » *Right of common access and related responsibilities*
 - » *Open fires may only be started in designated places*

RECOMMENDATIONS FOR THE HOUSING ASSOCIATION

- Inspect the housing association's regulations from the perspective of the building's established practices and residents' needs.
- It is advisable to include specified rules of conduct and established practices in the regulations:
 - » *Avoiding disruptive noise, e.g. adhering to quiet hours, avoiding shouting in the stairwells*
 - » *Cleanliness, e.g. sorting waste*
 - » *Safety, e.g. avoiding disclosing the door code to outsiders, not keeping the building's front door open*
 - » *The use of common spaces, e.g. car parks, laundry rooms and saunas, allowed for whom and under what conditions?*
- It is also advisable to write an English version of the regulations and create visual aids for the most central rules.
- If the decision is made to prohibit short-term rental in the articles of association, pay attention to the language of the prohibition:
 - » *What kind of activity do the prohibitions and limitations apply to?*
 - » *For example, does it prohibit a person travelling for work or a family member from staying less than a month while the owner of the apartment is travelling?*

- Consider the equal treatment of shareholders from the perspective of the housing association's expenses:
 - » *Does providing peer-to-peer accommodation cause additional expenses for the housing association?*
 - » *Should such expenses be directed straight to the peer-to-peer accommodation provider?*
 - » *Examples of possible expenses:*
 - Cleaning and renovation expenses accrued due to rapid rotation of guests
 - Water charges
 - Water and electricity charges resulting from increased use of the laundry room

RECOMMENDATIONS FOR TOURISM DESTINATIONS

- Involving different stakeholders and providing different perspectives
- Cooperation between authorities
- Following the national situation closely
- Expanding data banks





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