

QUICK GUIDE

- Weekly/Fortnightly/Monthly rent – how do I calculate it?

My rent payment calculations are not the same as my landlord/agent's. Am I being ripped off?

People are often confused about the calculation of rent payments; this is because it is not as straight forward as might be first thought.

Agents and landlords may use any number of different methods to calculate your rent, there is no formula set in the legislation. Insist on written verification. Check their calculations, ask questions. If there are problems with their calculations challenge them.

However it must be noted that if you pay what you determine is the correct rent and it does not equal what they determine is the full amount it can be viewed as rent arrears and they can issue a Notice to Remedy and then even a Notice to Vacate. Ultimately if you don't move out the issue may be decided in the NSW Civil and Administrative Tribunal.

\$200 per week does not equal \$800 per month

It is important to remember that while rent may be quoted at the weekly rate in the first instance, **the calculation for monthly payments is not simply to multiply by four**. This is because the disparity in the length of different months must be taken into account. Remember there are not an equal number of days in every month, not exactly 4 weeks in each month and not precisely 52 weeks in a year.

AVOID CONFUSION BY ESTABLISHING HOW RENT IS CALCULATED BEFORE YOU SIGN YOUR TENANCY AGREEMENT.

Below are some examples of different calculations based on rent advertised at \$200 per week.

If a monthly amount is calculated by the multiplying the weekly rent by 4, to determine an annual figure you would multiply by the result by 12. This results in 12 x 4 weeks in a year (i.e. only 48 weeks). Based on \$200 /week the result is \$800/month and \$9,600 per year. This calculation is obviously flawed and cannot be relied on.

At the most simple level your monthly rent may be calculated in the following way:

Annual rent = Weekly rent x 52

$\$200 \times 52 = \$10\,400$

Monthly rent payment = Annual rent/months per year

$\$10\,400/12 = 866.67$

If a tenant makes 12 payments of \$866.67 the total rent is \$10 400. This is the same as 52 payments of \$200.

However, this method does not reflect the fact that there are actually 52.14, not 52, weeks in a year. (Based on 365 days in a year, 7 days in a week: $365 \div 7 = 52.14$). This figure can be used as a basis for calculations as above and result in slightly different amounts.

The NSW Civil and Administrative Tribunal uses the following formulas to determine the daily rate based on how rent is quoted or paid (weekly, fortnightly, monthly). Once you have a daily amount you can determine the other amounts:

Weekly rent payments:

divide by 7 (eg $\$200\text{pw} \div 7 = \28.57per day);

Fortnightly rent payments:

divide by 14 (eg $\$400\text{pfn} \div 14 = \28.57 per day);

Monthly rent payments:

multiply by 12 and divide by 365 (eg $(\$867\text{pm} \times 12) / 365 = \28.50per day).

Once you have the daily amount you can multiply by 365 (or 366 for a leap year) for an annual amount; divide by 12 for monthly rent.

If you need to calculate the rent for a defined period, you can calculate the days between two dates using a date calculator such as the one available here:

<http://www.timeanddate.com/date/duration.html>

As demonstrated above there are many calculations used in relation to rent. Use the attached calculator to check your position.

IMPORTANT NOTE:

This paper provides information about the law designed to help users understand their legal rights and obligations. However legal information is not the same as legal advice (the application of law to an individual's specific circumstances).

You are also free to consult an independent solicitor for a second opinion.

Please note that this paper is NOT intended to be used as a substitute for specific legal advice or opinions and the transmission of this information is NOT intended to create a solicitor-client relationship between us and members of the public.

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Please also note when the page was last updated, as the law may have changed.