



## The Tax Implications Of The Sharing Economy: What You Need To Know

In Australia, any income earned by a job may be considered taxable income. Those who receive their income via the sharing economy are no exception to the rule.

In fact, there can be further complications that result from incorrect understandings of how the income tax and goods & services tax may apply to those individuals. ‘

The sharing economy is a socio-economic system built around sharing resources, often through a digital platform like a website or an app that others can purchase the right to use for a fee.

Popular sharing economy services and activities that could be subject to income tax include

- Being a Driver for popular ride-sharing/ride-sourcing services and obtaining fares for those services
- Renting out a room, whole house or a unit on a short-term basis
- Sharing assets (such as cars, parking spaces, storage space or personal belongings) through platforms such as Camplify, Car Next Door, Spacer, Toolmates or Quipmo.
- Creative or professional services provided by individuals through online platforms to fill a need of others (also known as the gig economy)

Here are some things you need to remember about the income and goods & services tax for these popular sharing economy services.

## **Ride-Sourcing/Ride-Sharing**

If you've ever caught an Uber or gotten a Lyft, you've been on the passenger side of ride-sourcing. The income received from ride-sourcing is subject to goods and services tax (GST) and income tax is applied to it. All drivers on ride-sourcing platforms in Australia must have an Australian business number and be registered for GST.

### **GST requires:**

- An ABN
- GST is to be registered from the day you start, regardless of how much you earn.
- GST is to be paid on the total fare.
- Business activity statements (BAS) to be lodged monthly or quarterly.
- To know how to issue a tax invoice (any fares over 82.50 must be provided if asked).

### **Income tax needs to:**

- Include the income you earn in your income tax return
- Only claim deductions related to transporting passengers for a fare, including apportioning expenses limited to the time you are providing a ride-sourcing service
- Keep records of all your expenses and income.

## **Renting out all or part of your home**

Renting out all or part of your residential house or unit through a digital platform can be an easy way to supplement your income, especially if you aren't using the property at that particular time. If you do this, you:

- You need to keep records of all income earned and declare it in your income tax return
- Need to keep records of expenses you can claim as deductions
- Do not need to pay GST on amount of residential rent you earn.

## **Sharing Assets (Excluding Accommodation)**

Assets that can be shared through a platform can include personal assets (e.g. bikes, caravans), storage or business spaces (e.g. car parking spaces), or personal belongings like tools, equipment, and clothes.

When renting out or hiring these (share) assets that you own or lease through a digital platform:

- You need to declare all income you receive in your income tax return
- You are entitled to claim certain expenses as income tax deductions
- You need to keep records of the income you earn and of the expenses you can claim as deductions

## **Providing Services**

Providing time, labour or skills (services) through a digital platform for a fee requires you to report income in your tax return. Deductions for expenses directly related to earning this income can be claimed, and records must be kept to support these claims.

The following services that can be provided are considered to incur assessable income that needs to be reported in your tax return:

- Delivering goods
- Performing tasks and activities
- Providing professional services

Those who fail to declare their income from their sharing economy side hustle may incur penalties in the form of interest on their tax bills or potential criminal charges.

You must ensure your tax return is correctly lodged and all income is declared if you are a gig economy worker of any kind. If trying to navigate your way through your tax return feels daunting, consider speaking to us for assistance.

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