



## Monthly Information Newsletter – Tax & Super

April 2022

### Ridesharing – The Driver

Uber and other ride-sourcing facilitators have become increasingly popular over recent years. From a driver's standpoint, there are a number of tax issues potentially in play. See the following article for the tax implications from a rider's perspective.

#### Income

Income from a driver's ride-sourcing activities must be declared in their tax return irrespective of the amount they earn, and irrespective of whether they have another job. The amount to be declared is the full fare (including or "grossed-up" by the facilitator's fee, less GST). The full fare amount must be declared in a Driver's personal tax return (or in an entity's return if they are operating through a company, trust etc.).

#### Expenses

Expenses (less GST) incurred by drivers in operating their ride-sourcing activities are deductible. However, not all expenses will be deductible and may need to be reduced/apportioned to take account of any private use of the vehicle. The following common expenses are not deductible – fines (e.g. speeding or parking), cost of own meals and drinks during shifts, and clothing except if either compulsory or noncompulsory clothing that is unique and distinctive to the Facilitator you drive for.

In instances where a vehicle is being claimed in the driver's personal tax return, the costs will be claimed using either of the following methods:

##### 1. Cents per Kilometre

Whereby you claim a set number of cents per kilometre travelled (currently 72 cents). The advantage of this method is very little record keeping is required. You only need to be able explain how you arrived at your calculation – you do not need any documentary evidence in the way of receipts or log

books etc. Even where you travel more than 5,000 kilometres, you may still elect to use this method (and save the hassle on the record-keeping requirements that are required under the logbook method) by capping your claim at 5,000 kilometres. In summary, this method can be appealing to Drivers who:

- Have travelled less than 5,000 business kilometres or Have older vehicles (therefore depreciation and interest costs are low)
- Have not kept, or do not wish to keep, records of kilometres travelled. This method incorporates all car expenses including petrol, servicing, depreciation, etc. You can make no further car expense claim.

##### 2. Logbook

Under this method, your claim is based on the business use percentage of each car expense, which is determined by a logbook that must have been kept for a minimum 12-week period.

This logbook must be updated every five years or where there has been a change to the percentage of business use (by more than 10%). To ease the record-keeping burden, check out one of the innumerable logbook 'apps' on the market, either from the App Store or Google Play as the case may be.

In summary, under this method you can claim all expenses that relate to the operation of the car, at your percentage of business use, as established from your logbook. This method generally gives the best result where the vehicle has substantial business use. Drivers can calculate their claim and determine which method provides the largest deduction, by using the ATO's Work-related car expenses calculator on its website.

## ABN

Uber drivers generally speaking will always be 'carrying on an enterprise', and therefore should register for an ABN. The only instance where it's conceivable that a driver would not be carrying on an enterprise would be where they are an employee of the facilitator. This is rare, however.

## GST

Under general GST law, you are only required to register for where you are carrying on an enterprise and your annual turnover is \$75,000 or more. However, where your enterprise involves providing 'taxi travel' you must register for GST irrespective of the level of turnover. The ATO adopts a broad interpretation of 'taxi' to include cars made available for public hire to transport passengers in return for a fare (but not including trucks and bike courier services). The Federal Court has confirmed this interpretation. Drivers therefore generally must register for, and charge, GST as soon as they commence operating.

### DISCLAIMER

All information provided in this article is of a general nature only and is not personal financial or investment advice. Also, changes in legislation may occur frequently. We recommend that our formal advice be obtained before acting on the basis of this information.

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