



Monthly Information Newsletter – Tax & Super

June 2023

Do you have a side-hustle?

With the cost-of-living skyrocketing, have you taken up a side-hustle?

With new and emerging ways to make money, the ATO is reminding taxpayers to consider if they are 'in business' and to declare to their tax agent if they are engaged in a sidehustle.

Record numbers of taxpayers are now working multiple jobs or supplementing their income with 'side-hustles' or 'gig' economy activities.

ATO Assistant Commissioner Tim Loh said if you earn money through continuous and repeated activities for the purpose of making a profit, then it's likely you're running a business.

While there are always new and different ways to make money, the tax obligations remain the same. Don't fall into the trap of forgetting to include all your income thinking the ATO won't notice.

You also need to declare any additional income earned through that side-hustle.

Businesses have a range of obligations depending on their structure and turnover, including registering for an Australian business number (ABN), keeping the right records and lodging the right type of tax return. They may also have to register for GST.

The ATO is running an advertising campaign to remind taxpayers about their obligations if their side-hustle is generating income.

Mr. Loh said:

With tax time just around the corner, if you are bolstering your income with new activities, make sure all your records are up-to-scratch. This could be anything from animal breeding to earning income through digital platforms, such as ride share or food delivery, or even online content creation, like social media influencers.

If your home has become more like a warehouse and is stocked to the hilt with goods to sell, then you may in fact be running a business.

If you're running bootcamp sessions, in addition to your 9–5 job, well this is a side hustle and you need to declare this income to the ATO.

If you're an online content creator earning money or receiving gifts, you're also likely to be running a business and there are tax obligations you need to comply with.

Mr. Loh acknowledged 'sometimes it's hard to tell if you're 'in business' and we recognise not everything you do to make money is considered a business. The ATO won't consider activities as 'in business' when they are a one-off transaction (unless it is the first step in carrying on a business or intended to be repeated) or an activity from which you don't seek to make a profit.'

The ATO has sophisticated data-matching and analytical tools to identify taxpayers that under-report their income. From 1 July 2023, the Sharing Economy Reporting Regime will commence and the ATO will receive data from more electronic distribution platforms. The ATO will match this information with the information taxpayers provide on their tax return or activity statement to identify income that has not been included. Mr. Loh said:

It doesn't matter whether you are carrying on a business or simply earning additional income through a digital platform, such as a website or even an app, you must keep accurate records of your income and include it in your tax return.

If you are finding your feet in business, we are here to support you.

Case study: Hayley heads off-track for fun, but on the right track for business

Hayley works in hospitality at night and spends most days fishing or four-wheel driving. She decides to start developing 'how-to' YouTube videos when fishing and four-wheel driving.

Hayley's online following is rapidly increasing, and she's now earning money from her videos.

With the growing online interest, Hayley cuts back her hospitality work and starts to invest more effort into her videos. Hayley sets up a production schedule that sets out the type of content she will produce on a weekly basis, buys equipment to improve her production quality, completes an online video editing course to improve her editing skills and records all expenses from her content creation activity.

Hayley wants to know if her side hustle activities are a business. She looks at all her activities together and determines she is running a business because she:

- *intends to make a profit to supplement her salary and wage income*
- *set up a regular schedule for these activities*

operates in a business-like way (she has a plan and system for making a profit).

Be sure to inform us of any side-hustle you may be carrying on.

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