



Tax Guide for Uber Drivers in Australia

Working as an Uber driver is a great way to be your own boss, but there are tax implications drivers should be aware of so come tax time there are no surprises.

Uber drivers, and those who derive their income from any ride-sharing service, will incur the same tax obligations for those working full time, part time or casually. This includes earning income from fares, tips or bonuses

The ATO considers driving for Uber as owning a business. You are not regarded as an employee. As such, drivers will need to register and collect GST, and lodge a BAS form.

Goods and Services Tax (GST)

Businesses that earn over \$75,000 per annum need to register to collect the GST, as well as lodge a Business Activity Statement (BAS) each month or quarter. Under Australian law, Uber drivers will need to register and collect GST and also lodge their BAS forms, even for those earning under \$75,000 per annum.

Uber drivers will need to collect the GST on both fares and fees.

Uber Fares

Uber (and other ride-sharing drivers) will need to collect the GST on fees paid by passengers to the driver. That is, you provide the ride and the passenger pays you for the ride. Fees includes Split Fare Fees,

Airport Fees, City Fees, Booking Fees and Referral Fees.

Uber Fees

Uber is considered as a service that you use to source passengers and is a business expense. As such, drivers need to pay GST on the fees Uber charge to supply passengers.

Calculating how much GST has been paid between fees and fares can be confusing. Uber calculates this as one transaction and pays you the difference, but in the eyes of the ATO, two separate transactions have occurred.

GST claims and credits

In order to claim back GST credits (or costs on your business that incurred GST), you will need to apply for an Australian Business Number (ABN) and be registered to collect GST.

GST should be collected from the start, regardless of how much is earned and should be charged at the full rate of 10% on the fare. A Tax Invoice will need to be given for rides over \$82.50 if asked.

BAS forms will be lodged monthly or quarterly as there is no annual option for share-drivers. When BAS forms are lodged, the income stated should only be on the business proportion. Records of expenses will also need to be kept for five years.

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Contractor or Employee

Uber and other ride-sharing drivers are considered to be contractors running their own business, and not direct employees of Uber. An employee works in a business and is part of the business. A contractor is considered to run their own business. As a contractor, you'll be able to claim certain expenses on your tax that employees aren't eligible for.

Tax Claims

Any claims lodged on a BAS form or as part of an annual income tax return should only include the business related portion of income earned. Any personal costs cannot be claimed.

There are various tax claims that can be made, and include:

- Licensing, commission or service fees paid to Uber
- The cost of becoming an Uber driver, including medical check and Uber fees
- Water and mints for passengers
- Fuel, tools, parking
- Vehicle registration and licensing
- Safety equipment
- Mobile calls
- Costs of cleaning, repairing and servicing the vehicle
- Insurance
- Tax agent / accountants fees
- Bank fees (on business accounts)
- Car washes
- Depreciation
- Lease payments
- Home office expenses
- Music Apps

There are items that are not tax deductible, and it pays to check in with a registered tax agent to double check that your tax deductions are accurate.

Fuel and car costs

There are two methods for claiming a tax deduction for your vehicle:

Cents per kilometre method

Claims can be made of 68 cents per litre on distances up to 5,000 kilometres, which amounts to a maximum of \$3,400. This includes all car expenses including petrol, servicing, depreciation. If the distance is surpassed, this method can't be used for claims. If this method is used, no further claims can be made.

Logbook

A logbook should be kept for 12 consecutive weeks, which is then averaged throughout the year. The date, as well as the odometer reading for the start and end of the shift will need to be noted. Kilometres from your home to pick up your ride can be calculated. You won't need to record your private journeys. All business expenses that relate to the operation of the vehicle can be claimed.

Instant Asset Write-Off

Small business owners have access to the \$30,000 instant asset write-off for capital expenses. The cost of a vehicle used for businesses can be instantly deducted. This may come in handy when purchasing a new or second hand car.

Uber and other ride-sharing business have increased in Australia and has become an easy way to earn money on a flexible schedule, however there are tax and paperwork implications that should be thought through and planned before any rides are offered. Understanding the tax implications and what will be required will save you time, stress and money come tax time.

ITP are the professionals in tax, and understand the rules surrounding the Uber and ride-sharing economy. They can help guide you through the process of setting up your business, and what you'll need to do in order to maximise your tax claims. Speak with a Professional today.

ITP The Income Tax Professionals are more than tax agents. They have been helping Australian individuals and businesses with their business accounting and advice for 50 years and offer a wealth of knowledge. Speak to a Professional today and see how your business can be more profitable.



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