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ATO SCRUTINY ON THE SHARING ECONOMY – WHAT ARE THE TAX IMPLICATIONS?

The sharing economy looks set to grow, and with that growth comes increased ATO scrutiny. The message is simple: sharing may be caring but it may also be taxable! Start-ups operating in the sharing economy should review their terms of engagement with users of their platforms (providers) to ensure that they have adequate tax disclaimers and should also consider putting providers on notice as to their potential tax liabilities to the ATO.

INCOME TAX IMPLICATIONS FOR SHARING ECONOMY PROVIDERS

The ATO considers that, in some instances, doing odd jobs or other activities for payment will mean that you are earning assessable income regardless of whether you are carrying on a business (see [here](#)). For instance, income from a gardening job that you advertise on Craigslist may be taxable.

IS INCOME DERIVED FROM AIRBNB TAXABLE?

The ATO considers that money from renting out part or all of your home is generally assessable income (see [here](#)). In such cases, the full main residence exemption may not apply (and complex apportionment rules may instead determine the extent to which you are entitled to the CGT exemption). GST does not apply to residential rent.

GST IMPLICATIONS FOR SHARING ECONOMY PROVIDERS

Broadly, providers are required to register for GST if their combined activity turnover is \$75,000 pa or more. If a provider is already registered for GST, their sharing economy activities should be included with their other activities.

GST IMPLICATIONS FOR UBER DRIVERS?

Taxi drivers must be registered for GST, regardless of annual turnover. The EM to the GST Act explains that this requirement was implemented to ensure fairness and consistency in the taxi industry. The ATO considers ride-sourcing to be 'taxi travel' under the GST law. This means that, like regular taxi drivers, Uber drivers may also be required to register for GST. The ATO is allowing drivers until 1 August 2015 to obtain an ABN and register for GST. *What an **Uber** hassle!*

RECORD-KEEPING OBLIGATIONS

People who are earning assessable income from providing sharing economy services will need to keep records of income, deductions etc and any apportionment for private use. Generally, records must be kept for five years and the ATO can request self-assessment taxpayers to produce records of the particulars of their tax returns.

MEET THE TEAM

If you would like to learn more about tax implications, and other tax obligations facing startups, get in touch with our team.

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ALLENS ACCELERATE

Allens Accelerate is a practice committed to working with startups and emerging companies to help them get on their way. Contact our team for more information.



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INTRODUCING THE A-SUITE

We know that legal issues are the last thing you want to focus on at the early stages of your startup venture. That's why we've developed a set of high-quality legal solutions specific to startups – called the A-Suite – to help you get your company up and running without a significant outlay of time or money.

The A-Suite is being made available on a free and open access basis to startups.

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