

# FAJ TOP TAX TIPS 2023

## AIRBNB & UBER



**The sharing economy and tax** The sharing economy is economic activity through a digital platform (such as a website or app) where people share assets or services for a fee. Popular sharing economy activities include ride sourcing such as Uber and Ola, renting out a room or property via Airbnb and HomeAway, providing creative services like building a website, or completing odd jobs through Airtasker. If you provide services or assets through a platform for a fee, you need to consider how income tax and GST apply to your earnings and expenses. If you need help with your sharing economy tax affairs, contact us and we can help.

**Maximise your Uber deductions** The ATO treats Uber drivers in a similar way to taxi drivers in that they are self-employed contractors carrying on a business. As such, Uber drivers are required to be registered for GST and declare all income regardless of the level of income received. Uber drivers will be assessed on the full fare (including Uber's 27.5% commission). We can help you with your GST and income tax obligations as an Uber driver. There are various deductible expenses to watch out for, like parking, initial police checks, sunglasses, vehicle costs, passenger comforts and phone use. For travel expenses, it may be best to maintain a logbook to ensure you are claiming the maximum for your vehicle related expenses such as registration, insurance, repairs and depreciation.

**Capital gains tax and selling your home** Generally, you don't pay capital gains tax if you sell the home you live in under the main residence exemption. But it is important to note that if you rent out all or part of your home, it can result in only a partial main residence exemption when you sell, which means it may be partially subject to CGT. To work out the capital gain, you need to take into account the proportion of floor area used to produce income, the time period it is used for income production, and whether you are eligible for the absence rule. If you are unsure of the tax implications of renting out your home or are planning on selling, contact us and we can help you work it out.

**Airbnb Tax Implications** Services such as Airbnb allow home owners to rent out all or part of their home. The rent received from these activities is regarded as assessable income and must be declared on your tax return regardless of the level of income received. You can claim a deduction for associated expenses, such as rates, insurance, interest repayments and depreciation. If you are only renting part of your home, you cannot claim the full amount of these expenses - you need to apportion your expense for private use. As a general guide, expenses should be apportioned on a floor-area basis for the area solely occupied by the renter, in addition to an amount based on their access and usage of common areas.

**ATO audit hot-spots** The ATO have stated that income earned from the sharing economy is still an audit hotspot for 2023. The reason for this is taxpayers are failing to report their income from these sources because they assume that this income is not assessable. The ATO have recently commenced data matching programs with sharing economy platforms and financial institutions with an aim of acquiring details of the activity and comparing them to lodged tax returns. To ensure you are protected, report all income and expenses derived from these activities and make sure you understand the tax implications of income from sharing economy platforms.

**Turn work at home into tax deductions** Your internet, phone, electricity and other running expenses may be tax deductible if you work from home. As of 1 July 2022, there are only two methods to claim home office expenses – the revised fixed rate method, or the actual cost method. Regardless of the method used, to be eligible you need prove that you have incurred additional running expenses as a result of working from home. Under the revised fixed rate method, you can claim 67 cents an hour for each hour you work from home. The rate now covers the work related use of your phone, internet, electricity, gas, and stationery and ink, but depreciable items such as laptops and desks can be claimed separately. In order to substantiate your home office claim, from 1 March 2023, you will need to provide a written record of every hour worked from home.

Francis A Jones has developed these Tax Tips to help you get exactly what you're entitled to in your tax refund. You can make an appointment by filling out the online appointment form [www.faj.com.au/taxreturns](http://www.faj.com.au/taxreturns) or phone FAJ on 9335 5211.

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