

FAJ TOP TAX TIPS 2023

CONTENT CREATORS



Am I in business? As only content creators 'in business' are required to declare their income in their tax return, it's important to determine whether your content creating activity is considered to be a business activity for tax purposes. Generally, if your intentions are to make a profit from youtube videos, blogs or social media, it is likely you are in business. The scale, repetitiveness, and continuity of the activity is also taken into account. On the other hand, if the activity is done as an employee or as a hobby, or if you receive a one-off transaction for the activity (with no intention of repeating it), it is more likely that you are not carrying on a business. We can help determine whether or not you need to declare your content creating income.

What constitutes income for a content creator? As you are probably aware, the world of content creating is a rather unique, as are the ways a content creator can earn their income. Subscription fees, merchandise sales, goods received, advertising and appearance fees, and gifts from supporters are all considered to be taxable income. It is important to understand that non-monetary gifts are still assessable income and need to be declared in your tax return. Examples of this are when a supporter pays for your holiday, or for a new phone. The same applies for creators who receive goods from a supplier free of charge, such as make-up and gaming supplies. Finally, due to the global nature of the internet, a content creator may receive income from overseas. This foreign income must be declared in the tax return.

Small business tax benefits As a sole trader, you are likely to be a small business for tax purposes. As a result of this, you may be entitled to various small business concessions offered by the ATO. The first, and probably most common, is the instant asset write off. As of 1 July 2023, businesses can generally claim an immediate deduction for the full amount of assets costing less than \$20,000, as long as the asset was purchased and installed ready for use between 1 July 2023 and 30 June 2024. Another concession available to small businesses is the small business income tax offset, which can reduce the tax you pay by up to \$1,000 each year. We can ensure you receive the tax concessions you are entitled to.

Should I register for GST? As for any business, a content creator should register for GST if their annual turnover is over \$75,000, although you can still register for GST if you are under the \$75,000 turnover threshold. If you are registered for GST, it is important to understand what income and expenses are subject to GST for reporting purposes. You report your GST by preparing a Business Activity Statement (BAS) to submit to the ATO. Depending on your annual GST turnover, you are required to lodge the BAS monthly, quarterly, or annually. We can help you meet your BAS reporting obligations.

What expenses can I claim as a deduction? As a content creator, you'll find you spend most of your work hours glued to a digital device, such as a computer, laptop, gaming device, mobile phone, or camera. Since the devices assist you in producing assessable income, you'll be eligible to claim the work-related portion for the depreciation and running costs of these assets as a deduction. Further, any expenses incurred to promote or advertise yourself to the public are also tax deductible. Other general business expenses such as the purchase of office equipment and stationery supplies are also deductible. Please be aware if you are a travel, food, or gym content creator, that expenses such as the cost of food, holidays, and gym memberships are generally considered private in nature and non-deductible. We can assist you in determining if your expenses are tax deductible or not.

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 or phone FAJ on 9335 5211.

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