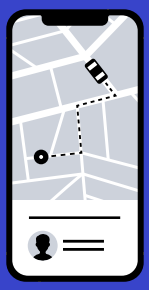
Australian Government
Australian Taxation Office

SIRAGUSA
ACCOUNTANTS & ADVISERS



Ride-sourcing drivers

If you provide ride-sourcing services, here's a handy summary of your tax obligations.

Income tax

Income tax applies to your ride-sourcing income.

You need to:

- lodge a tax return regardless of how much you earn from ride-sourcing because you are operating a business
- include what you earn (such as fares, tips and bonuses) as business income in your tax return
- only claim deductions to the extent that they directly relate to providing ride-sourcing services
- keep records of all your income
- and expenses.

You can use the myDeductions tool in the ATO app to keep track of your income and expenses.

GST

Goods and services tax (GST) applies to every dollar you earn as a ride-sourcing driver.

You need to:

- have an Australian business number (ABN)
- register for GST from the day you start, regardless of how much you earn
- pay GST on the full fare
- lodge business activity statements monthly or quarterly (you can't lodge annually)
- know how to issue a tax invoice (you need to provide one for fares over $82.50 if asked).

Calculate GST on the full fare

GST must be calculated on the full fare, not the net amount you receive after deducting any fees or commission.

Example

If a passenger pays $55 for a fare:

- the GST payable is $5 (1/11th of the fare)
- the digital platform takes out their fees or commission (for example, $11) and pays you $44
- if the digital platform fee of $11 includes GST, you may be entitled to claim a GST credit of $1 (1/11th of the fee).

GST credits

You may be able to claim GST credits for business purchases you make. You claim these when you lodge your BAS.

If you claim a GST credit for an expense, you can only claim the remaining amount (the total cost minus GST) as a deduction in your tax return.

You must have a tax invoice to claim a GST credit for purchases that cost more than $82.50 (including GST).

Expenses you can claim

You can claim deductions for expenses to the extent that they directly relate to providing ride-sourcing services.

Expenses **you may be able to claim** include:

- depreciation (decline in value) for assets you own, such as your car
- fees or commission charged by the digital platform
- fuel
- lease payments for a car
- parking fees
- bottled water, mints, tissues, and newspapers provided for the use of your passengers
- wipes, sanitisers and anti-bacterial spray provided for passengers and used to clean your vehicle
- tolls (if not paid for by the passenger)
- tax agent fees and payments for similar services
- state or territory **commercial** licences and approvals (such as driver accreditation, driver registration and application fees, medical tests and police checks).

When calculating your claim, you must apportion your expenses between business and private use, only claiming a deduction for the business portion.

Expenses you can't claim

There are some expenses you can't claim because they're personal expenses or not allowed under the law.

Expenses **you can't claim** include:

- the cost of getting and maintaining a **private** driver's licence
- fines – for example, speeding or parking fines
- fuel tax credits
- personal or private expenses such as meals you purchase while on a break, or private use of the car.

Calculating car expenses

There are 2 methods to work out car expenses for sole traders:

- cents per kilometre travelled
- keeping a logbook and applying the business use percentage to the amount of car expenses claimed.

These methods can only be used to claim expenses for a car you owned or leased. You are treated as the owner if you held the car under a hire purchase agreement.

If you use the cents per kilometre method, you're limited to claiming 5,000 business kilometres and you can't make a separate claim for the decline in value of the car's value or any of your other car expenses.

This is a general summary only.
For more information, go to ato.gov.au/ridesourcing or speak to a registered tax professional.

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