



UBER TAX ISSUES: A TAX GUIDE FOR UBER DRIVERS

Uber has taken Australia by storm as a new way of earning additional income. But there may be serious Uber tax problems ahead unless you do it right.

Uber is a unique, flexible opportunity to earn a side income for almost anyone with a good car. But there are important things to consider regarding how you manage your taxes. If you start to drive for Uber without some good tax planning, you could soon find yourself in a difficult situation with the ATO.

It is important to get an understanding of the tax and GST obligations associated with Uber driving to ensure you are

Uber tax and GST — the basics

When you drive for Uber you are not an employee. You're a contractor. Here's why that is important: When you're not an employee, you have to be careful that your tax affairs are managed correctly. That's why we recommend Uber drivers use a tax agent to lodge their tax returns.

From Uber themselves:

“All Uber partners are independent contractors, so we do not withhold any taxes and partners are entirely responsible for their own tax obligations.”

The ATO's Uber tax implications are straight-forward at a basic level:

1. Any money you make driving for Uber counts as income and it must be declared on your Tax Return.
2. Even if you earn less than the \$75,000 GST income threshold, as an Uber driver you need to register for GST.

Do Uber drivers pay GST?

From August 2015, the ATO confirmed all Uber drivers are required to register for GST. This means you submit the GST portion of your Uber fares to the ATO. This is in addition to the tax you need to pay for income you earn as a driver.

Uber drivers should register for GST then start to lodge quarterly a BAS statement and pay GST obligations.

If you don't do this from the beginning, the ATO will backdate your GST registration to when you started Uber driving and you will have to pay the GST obligation for that period.

How do I pay the ATO's Uber tax?

If you're an Uber driver, you'll need to declare the income you've generated in the financial year on your tax return.

It's very important that you don't spend all your income!

Especially if Uber is considered a second job, it's important to save a good portion of your Uber earnings.

Why? Because as your income from Uber increases, so too does your tax bill. If you don't save for that as you go, it can be difficult to get it paid off. During your first year driving for Uber, you should put aside at least 30, even 40 per cent of what you earn. When in doubt, save a bit extra; it's much nicer to get a tax refund than to find you owe money to the ATO.

You'll also be required to lodge a business activity statement (BAS) each quarter to record and pay your GST.



The tax benefits of being an Uber driver

There are a range of tax deductions you can claim as an Uber driver. Here are just a few work-related expenses that become tax-deductible when you drive for Uber:

- Fuel
- Registration
- Insurance
- Repairs & Services
- Tyres
- Car Maintenance
- Car Cleaning

You can also claim additional costs that are directly related to becoming and operating as an Uber driver, such as:

- Registration costs (police check, application fees etc.)
- Parking (keep receipts or claim up to \$200 a year for charges less than \$10 each)
- Mints and water for passengers
- Mobile phone costs
- Subscription fees (Spotify, Pandora, Apple etc.)
- Stationery

GST on Uber Commissions

Prior to 1 December 2017, Uber traded through a foreign company. Since they were not an Australian company, they were not registered for GST. This meant they did not charge you GST on their 25% service fee, which in turn meant there was no GST for you to claim back as you didn't pay any in the first place.

Effective from 1 December 2017 Uber changed to an Australian GST-registered company. This means they now charge GST on top of their 25% service fee. You can then claim this GST back on your BAS. So from your perspective there is no difference to your out of pocket cost, your net fee after claiming back the GST is still 25%, just as before.

Keep a record of all expenses

In order to claim any deductions, you'll need to keep receipts just like any other work related deduction would require.

In order to claim a % of your car expenses, you will need to keep a logbook. The logbook needs to be kept for 12 continuous weeks. That 12 week period needs to be representative of your travel throughout the year.

Don't try to hide any of your Uber income

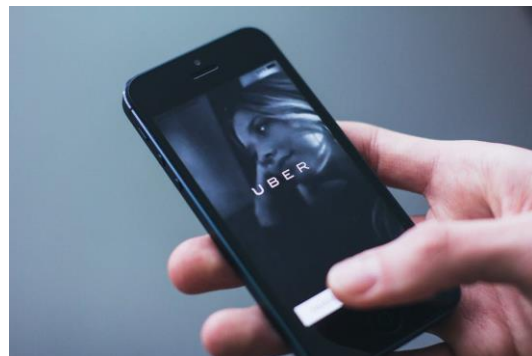
Income sources like Ebay, Airbnb and Uber make some people wonder;

"Can I hide income from the ATO?"

No! There are many ways for the ATO to see your Uber income. Your name and plate number are shown on the Uber app, the ATO can see your bank accounts where the Uber income is being deposited and they can also request information directly from Uber if they wish.

It will be simple for the ATO to find Uber drivers who don't declare (or who under-report) their income. The likely consequences for people who hide their Uber income include big tax repayments, fines and interest charges.

Be honest and transparent with the ATO.



Stay on top of the rule changes

As Uber is new in Australia, make sure you follow the ever-changing tax issues that apply to Uber drivers.

If you are thinking about driving for Uber as a side business, we'd say go for it.

Consult a tax agent for personalised tax advice and be sure you follow the right steps to make it easier to complete your tax return at the end of the financial year.

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