

FAJ TOP TAX TIPS 2024

AIRBNB & UBER



ATO audit hot-spots The ATO have stated that the omission of income from tax returns in 2024 will be a focus area for audits. Therefore, it is imperative taxpayers earning income from the sharing economy are aware it is assessable and to report the income in their tax return. Currently, the ATO has in place data matching programs with sharing economy platforms and financial institutions with an aim to compare the activity details sourced from the platforms to the tax returns lodged with the ATO. 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. There are two methods to claim home office expenses – the revised fixed rate method and the actual cost method. Regardless of the method used, to be eligible you need to prove that you have incurred additional running expenses working from home. Under the revised fixed rate method, you can claim a deduction of 67 cents for each hour worked from home. The rate 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 you will need to provide a written record of every hour worked from home during the year.

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 Didi, renting out a room or property via Airbnb and Vrbo, 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.

Use your private hospital cover to reduce your tax surcharge As of 1 July 2024, if you earn more than \$97,000 per year personally or \$194,000 as a family and you do not have appropriate private health insurance, you will be liable to pay the Medicare Levy Surcharge. We can help you understand the tax saving you will receive as a result of taking out private health insurance.

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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