

DLK ADVISORY

ATO CONTINUES ITS BLITZ ON THE SHARING ECONOMY



The sharing economy has become a big disrupter in the Australian market. It seems like everyone is getting in on the action of making a little extra money on the side whether it be renting out a spare room, driving for a ride sharing service, or even sharing their cars. It is no surprise then that the ATO is keeping a close eye on the participants in this sector.

In the latest round of salvos against people in the sharing economy that may be flouting tax laws, the ATO is turning its attention to car sharing platforms. This interest has been prompted by the growing popularity of third party services such as Car Next Door, Carhood and DriveMyCar. If you receive income from sharing your car, no matter how little, you need to include it in your tax return, and cannot avoid tax by calling it a hobby.

The flip-side is that you are entitled to claim deductions directly related to renting, hiring or sharing of your car. The deductions you can claim depends on the car sharing agreement you have. For example, different agreements require either the car borrower or car owner to bear the costs of refuelling the car. Therefore, you can only claim expenses if you actually paid for them. Another thing to keep in mind is keeping accurate records and retaining all your receipts to back up any expense claims should the ATO come knocking.



If you participate in car sharing arrangements you should also be aware that deductions for running expenses may differ depending on the vehicle that's being shared. Cars designed to carry a load of less than one tonne can use the cents-per-kilometre method or the logbook method, but motorbikes and vehicles designed to carry more than one tonne or more than 8 passengers cannot use the cents-per-kilometre method.

Other pitfalls of car sharing include situations where you jointly own a car, in which case, all income and deductions need to be apportioned based on your share of ownership. In addition, if your car sharing activities amount to more than occasionally renting out your own car (ie you're considered to have an "enterprise" of renting or hiring your car), you may be required to register for GST. In those instances, you will have to pay GST on the payments you receive, but will be able to claim GST credits provided you use them in carrying on your "enterprise".

This focus on car sharing comes on the back of an ongoing data-matching program on online accommodation platforms which will collect data to identify people providing accommodation through online platforms during the 2016-17 to 2019-20 income years. Contact us today if you would like more information on the ATO's blitz on car sharing, online accommodation or the sharing economy in general.

CONTACT

If you have any queries, please feel free to contact us.

Ben Melin
ben.melin@dlkadvisory.com.au

David Lilja
david.lilja@dlkadvisory.com.au

DLK Advisory
Level 6, 2 Russell Street
Melbourne VIC 3000
T: +61 3 9923 1222

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