



Joined the bustle of a side hustle?

The ATO is reminding taxpayers to consider if they're 'in business' and to declare all income when lodging their return.

Last updated 19 May 2023

With new and emerging ways to make money, the Australian Taxation Office (ATO) is reminding taxpayers to consider if they are 'in business' and to declare all income when lodging their tax return this year.

Record numbers of taxpayers are now working multiple jobs or supplementing their income with 'side hustles' or 'gig' economy activities, and it's important everyone pays the right amount of tax.

ATO Assistant Commissioner Tim Loh said if you earn money through continuous and repeated activities for the purpose of making a profit, then it's likely you're running a business.

'While there are always new and different ways to make money, the tax obligations remain the same. Don't fall into the trap of forgetting to include all your income thinking the ATO won't notice,' Mr Loh says.

'You also need to declare any additional income earned through that side hustle', Mr Loh said.

Businesses have a range of obligations depending on their structure and turnover, including registering for an Australian business number, keeping the right records and lodging the right type of tax return. They may also have to register for goods and services tax (GST).

The ATO is running an advertising campaign to remind taxpayers about their obligations if their side hustle is generating income.

'With tax time just around the corner, if you are bolstering your income with new activities, make sure all your records are up-to-scratch. This

could be anything from animal breeding to earning income through digital platforms, such as ride share or food delivery, or even online content creation, like social media influencers,' he said.

'If your home has become more like a warehouse and is stocked to the hilt with goods to sell, then you may in fact be running a business'

'If you're running bootcamp sessions, in addition to your 9–5 job, well this is a side hustle and you need to declare this income to the ATO'

'If you're an online content creator earning money or receiving gifts, you're also likely to be running a business and there are tax obligations you need to comply with.'

Mr Loh acknowledged 'sometimes it's hard to tell if you're 'in business' and we recognise not everything you do to make money is considered a business. The ATO won't consider activities as 'in business' when they are a one-off transaction (unless it is the first step in carrying on a business or intended to be repeated) or an activity from which you don't seek to make a profit.'

The ATO has sophisticated data-matching and analytical tools to identify taxpayers that under-report their income. From 1 July 2023, the Sharing Economy Reporting Regime will commence and the ATO will receive data from more electronic distribution platforms. The ATO will match this information with the information taxpayers provide on their tax return or activity statement to identify income that has not been included.

'It doesn't matter whether you are carrying on a business or simply earning additional income through a digital platform, such as a website or even an app, you must keep accurate records of your income and include it in your tax return,' Mr Loh said.

'Every dollar dodged is a dollar that can't be used for vital services like health and education'

'The ATO needs to ensure there is a level playing field for everyone, with no unfair advantages,' Mr Loh said.

If you are finding your feet in business, the ATO is here to support you. The ATO has **new to business** resources, webinars and tools to help you kick-off on the right foot. You can also talk to a registered tax professional.

Case study: Hayley heads off-track for fun, but on-the right-track for business

Hayley works in hospitality at night and spends most days fishing or four-wheel driving. She decides to start developing 'how-to' YouTube videos when fishing and four-wheel driving. Hayley's online following is rapidly increasing, and she's now earning money from her videos.

With the growing online interest, Hayley cuts back her hospitality work and starts to invest more effort into her videos. Hayley sets up a production schedule that sets out the type of content she will produce on a weekly basis, buys equipment to improve her production quality, completes an online video editing course to improve her editing skills and records all expenses from her content creation activity.

Hayley wants to know if her side hustle activities are a business. She looks at all her activities together and determines she is running a business because she:

- intends to make a profit to supplement her salary and wage income
- set up a regular schedule for these activities
- operates in a business-like way (she has a plan and system for making a profit).

Case study: Byron's bolstering biceps becomes a business

Byron works an office job Monday to Friday and runs a bootcamp on the weekend. It started as a free weekly fitness session Byron organised because he loves exercise. Byron invited friends and members of his local community to meet each Saturday morning and do weights and cardio together. No payment was expected, but there was an optional donation into a kitty. Byron would generally buy equipment for the group with the money from the kitty. Byron isn't a qualified personal trainer (PT), but due to the growing interest in his sessions, he has decided to start studying PT. At this stage, Byron's activities are considered a hobby because he:

- doesn't complete the activities with the intention to make a profit
- isn't qualified
- isn't running the activities in a business-like manner.

However, once Byron becomes a licensed PT, he starts running more sessions and charging customers a set rate for the sessions. He also buys an insurance policy and arranges marketing activities to promote his sessions. Byron has now changed the intention of his activities and he is now considered to be running a business.

Notes to journalists

- The ATO has a range of information available for new businesses at ato.gov.au/Newtobusiness
- [Business.gov.au](https://business.gov.au) [↗](#) also has many resources available to help.
- Before applying for an [ABN](#) [↗](#), check you're [entitled](#) [↗](#).
- ATO file footage is available for use in news bulletins from our media centre.
- Imagery from the ATO advertising campaign is available for download from our media centre.
- A high-resolution headshot of Assistant Commissioner Tim Loh is available for download from our media centre.

QC 72647

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

Copyright notice

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).