

Tax Guide For  
Food Delivery  
Partners

# Airtax

Effortless tax





# Airtax guide for food delivery partners

At Airtax, we understand tax is complicated. We service thousands of food delivery partners every year and understand tax combined with food delivery can be even more complicated. In an effort to make things a little bit easier for you, we have pulled together this guide to getting started, tax compliance and hints and tips as a food delivery partner.

## **Find out how to get started with tax**

Whether food delivery is a just a side-hustle, or you're a full-time food delivery partner, in this guide we'll cover the basics to get you started so you know what your tax obligations are.

## **Been doing tax for a while?**

Great! Read on to find tips and tricks to make your tax a breeze, and understand what you can and can't claim as a food delivery partner.

We love making tax simple, and it's never been easier to do your tax with Airtax.

Whether you're in between jobs or needing to earn some extra cash in your spare time, working as a food delivery partner is an exciting venture in the world of sole trading. The flexibility of working for yourself means you're truly in control of how much or how little you earn. As you enter the world of sole tradership (working for yourself), there are a few important things you need to set up and maintain.

The goal of this guide is to walk you through the things you need to do in order to commence work as a food delivery partner. We'll also touch on what your tax reporting obligations are as a sole trader, and introduce you to some techniques that can help make tax time super simple and stress-free.

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# Airtax offer

Receive a

**\$49**

Airtax credit when you connect your account to Uber.

This credit can go towards your first lodgement.

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# To get set-up as a sole trader, you need to:

## 1 Apply for your Australian Business Number (ABN)

As a food delivery partner, you are operating as a sole trader and the food delivery companies are paying you to deliver food for them - as though you are a contractor. As a result of this arrangement, you need your own Australian Business Number (ABN) in order to sign up to work for these companies and begin operating.

NOTE: This does not apply to you if you are employed by a specific restaurant, and deliver food as part of your employment agreement with them.

Airtax is proud to offer a super simple ABN application process. Simply complete and submit our form, make payment and receive your ABN 1-2 business days after that.

## 2 Understand whether you need to be Goods & Services Tax (GST) registered

If you choose to begin as a food delivery partner, you will not be required to register for GST purposes unless you are earning \$75,000 from this activity annually. This \$75,000 threshold does not include things like salary and wages, or any other income sources that are not earned under your sole trader ABN.

Register for GST through Airtax for just \$19. Just be sure to list your business activity as "Food Delivery Partner" on your ABN/GST application, and we will ensure we don't register your ABN for GST.

	Earning under \$75k	Earning over \$75k
Food delivery only	<b>GST registration not required</b>	Required to be GST-registered
Food delivery and rideshare driving	Required to be GST-registered	Required to be GST-registered

A common situation we see is when a food delivery driver starts rideshare driving as well (e.g. through Uber, Ola etc.). Rideshare drivers are required to have their ABN registered for GST no matter how much income they anticipate earning.

In this situation, you are required to collect GST on all your food delivery income as well as your rideshare driving income that is earned through your ABN. It's at this point when you will need to prepare quarterly Business Activity Statements (BAS).

The Business Activity Statement (BAS) tracks the GST you have collected from your business sales (e.g UberEats + UberX income), and the GST credits you are entitled to through your business expenses (fuel, for example) over a given reporting period. It takes a couple of minutes to complete your BAS on Airtax, and if you haven't earned any income during a period, we waive the usual \$49 lodgement fee. When you sign up with Airtax, we'll also send you reminders when your BAS is due so you can be sure you're always up-to-date. Lodging through Airtax usually also gets you a

## 3 Complete an annual income tax return

The income tax return is lodged annually by Australian individuals, and is used to determine your income tax liability for the financial year (1 July – 30 June). Information that is relevant for your tax return includes:

- Your personal details
- Income amounts, including salary & wages, sole trading income (includes your rideshare income), rental property income, etc
- Deductions – any expense amounts you incurred to earn your income
- Family and private health insurance information

The normal deadline date for lodging your tax return will be 31 October each year. However, as a registered tax agent with the ATO, Airtax is usually able to grant access to the extended deadline (31 March or 15 May of the following year) for our users who are registered under our Tax Agent Number. To be added to our Tax Agent Number, simply start an Airtax Tax Return.

Completing your income tax return on Airtax is simple, and can be done at your own pace for just \$179 (with the option to have an Accountant call). We have connection to ATO, tailored forms and great feedback from customers who say they love the Airtax tax return.

# Income Tax Returns

Most working Australians need to lodge an annual income tax return. As a sole trader, you must lodge an income tax return for each financial year even if your income is less than the tax-free threshold, or if your circumstances would typically exclude you from needing to lodge if you weren't a sole trader.

## Important tax tip:



You should also consider putting aside some cash for your end of year income tax bill, as unlike a typical employment, no one is withholding tax on the income you earn from your Food Delivery activity. Without a tax withholding arrangement, like PAYG, you could end up in a large tax payable position after the end of the financial year. The ATO will only ever add you to the PAYG instalments system to progressively collect tax after your first year of operating as a sole trader. Therefore, it is especially important to put some of the income made in your first year as a Food Delivery partner aside to assist in settling your tax liability.

## Sole Trader/Business Income

Your sole trader business' overall position for the financial year is worked out as the gross income less any deductible expenses incurred as part of the business. This overall business position is income to you as a sole trading business owner and is included as part of your taxable income in your annual personal tax return.

## What amounts do I need to input in this sole trader section?

- As a food delivery partner, you need to list income and expense amounts in your sole trader section of your income tax return. This will be done for you if you have lodged your BAS through Airtax.
- If you are GST-registered you need to record GST-exclusive amounts for your deductions.

## Where is the sole trader section on the Airtax tax return?

The sole trader section is found on the Income page of the Airtax Tax Return. Follow the prompts to attach a sole trader business, and you will be taken to a new page to enter your business information.

**NOTE:** If you already lodge your BAS through Airtax, the sole trader section of your Airtax tax return will already be prefilled with all the business income and expense information in BAS submitted through Airtax - leaving you with less to complete yourself!

**REMEMBER:** Any deductions you list in the sole trader section on the income page should not be listed again on the Deductions page of the Airtax Income Tax Return. The Deductions page is reserved only for expenses that relate to your employment activity, if any. Listing your sole trader expenses again on this page would result in a double-counting of your expenses.

# Income Tax Returns

## If you're also an employee

It's fairly common for sole traders to operate as a food delivery partner alongside their usual employment. If this situation applies to you, it's important to remember that both of these activities are relevant for your income tax return – they just need to be reported separately. Your employment income will be classified as salary & wages, and you can include any allowable deductions relating to this employment on the Deductions page of the Airtax tax return.

## Deductions

### What potential deductions can I claim on my tax return?

The following are examples of expenses which you might be able to claim an income tax deduction. If you have claimed GST back on these expenses as a food delivery partner partner earning income from rideshare activities your deduction is the expense excluding GST:

- license or service fees paid to your food delivery platform
- motor vehicle expenses - based on a specified amount per business kilometre or a business use percentage of vehicle running and maintenance costs
- medical checks, police checks and application fees if incurred after becoming a food delivery partner
- equipment and accessories: dash cam, seat covers, mobile phone holder
- safety equipment
- bank and interest fees\*
- mobile phone bill
- tax agent fees

If you have any questions about your sole trader information, or about any other aspect of your tax return, you can book a Tax Assist call and speak with a qualified Vialto Partners tax accountant about your lodgement.

\*GST not applicable

**NOTE:** Each deduction is subject to its own set of rules. You may only claim these expenses if they are necessary for work. If they are used for personal and work-related purposes, you may claim the portion that is related to work.



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# The simple way to do your tax

## Stress-free tax

Designed by certified accountants at Vialto Partners, Airtax lodgement questionnaires are simple, easy-to-understand, and compliant with tax reporting requirements - so you can be confident that your tax is being handled correctly.

## How Airtax makes tax easy

- Airtax connects with the ATO to prefill your tax return with your income and private health insurance – so you don't need to record this yourself
- Complete your income tax returns through a platform that is backed by the trusted, leading global mobility firm in Australia
- Our easy-to-use forms list a number of income and expense fields that may be relevant for your specific circumstances. By breaking up your income and expenses into more specific categories, we can help ensure you don't miss anything.
- Over 100 free articles are available on our Help Centre to assist you with any questions you may have along the way
- In-built occupation comparison tools to see how your deductions compared to other people
- Ability to speak with a tax specialist about your return through either our Tax Assist or Tax Professional phone support services.
- Trusted by thousands, your data is secure with Airtax



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# FAQs

## 1 Do I need an ABN?

Yes, as a rideshare driver you will require an ABN in order to operate.

## 2 How does an ABN change my tax obligations?

**Income tax:** You are responsible for managing PAYG instalment payments on your earnings

**GST:** As a food delivery partner, you may be required to register for GST and report BAS. As noted, you may need to register for GST and report BAS if your food delivery income exceeds \$75,000 or you are also a rideshare driver.

## 3 What percentage of earnings should I put aside for tax purposes?

The percentage of tax payable on your sole trader earnings is dependent on your level of income. You may find the ATO individual tax estimate calculator helpful for determining your tax liability.

## 4 What is the difference between submitting a tax return as a sole trader compared to an employee?

As a sole trader, you will need to report all your business and non-business income in your individual tax return. Your business income and expenses will be reported in the Sole Trader Business Schedule under your ABN.

Unlike an employee, you will be responsible for your own tax instalments in the event that you have a tax liability at year end.

## 5 Do I have to pay tax quarterly?

If you have a gross business income of \$4,000 or more and a tax payable of \$1,000 or more on your latest tax notice of assessment, it is likely that you will have to pay PAYG instalments. The ATO will calculate this based on your last lodged tax return or you can voluntarily elect to pay PAYG instalments.





## 6 What kind of records do I need to keep?

- payment summaries (or for payments from employers now reporting through Single Touch Payroll (STP), an STP income statement) from your employer (if applicable) and the Department of Human Services
- statements from your bank and other financial institutions
- statements for your investment properties
- dividend statements
- annual tax statements from managed investment funds
- receipts and invoices from asset purchases and sales
- receipts and invoices from expense claims
- private health insurance statement
- fees related to lodging the previous year's tax return
- education debt
- If your total work-related expenses exceed \$300 for the year, you must have records to substantiate these claims.

## 7 How do I keep track of receipts/expenses?

You should keep receipts to prove your business expenses for five years from when you lodge your tax return, in case of an audit.

### 1. From ATO

<https://www.ato.gov.au/individuals/income-and-deductions/deductions-you-can-claim/home-office-expenses/>

## 8 Do I need receipts for everything I claim as a deduction on my tax return?

Yes, it is recommended that you keep payment summaries, receipts, invoices and contracts for five years from when you lodge your tax return.

## 9 What can be claimed for car usage?

If you are paying for the running expenses of your car, you may be able to claim expenses for work-related travel. This does not include travel between home and a regular place of work.

You may be able to claim car usage using the cents per km method (for up to 5,000 business kilometres per car) or the logbook method. The logbook method allows you to claim a percentage of each car expense you incur, however, you will need to keep a logbook record of your car's work versus private usage. .

## 10 What if I work from home<sup>1</sup>?

If you work from home as part of your business you may be able to claim deductions for expenses relating to that work including, in some cases, expenses that relate to the area of your home that you use. As a food delivery partners, your home would not be deemed to be your primary workplace, however you may be able to claim deductions for certain home office expenses depending on whether or not you have a dedicated area that is used exclusively for your work activities (eg study or spare room).

See the table below for information on the deductions you may be able to claim if your home is not your primary place of business.

Deductions you may be able to claim	You do have a dedicated work area	You don't have a dedicated work area
Costs of using a room's utilities such as gas and electricity	Yes	No
Work-related phone and internet costs	Yes	Yes
Decline in value (depreciation) of office plant and equipment such as desks, chairs and computers	Yes	Yes
Decline in value (depreciation) of curtains, carpets and light fittings	Yes	No
Occupancy expenses such as rent, mortgage interest, insurance and rates	No	No

# Find out more

Head to Airtax to find out more and sign up for free.

<https://airtax.com.au/>

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