

# Essential Tax Information for Gig Workers

The gig economy is an environment in which organisations engage independent workers on short-term or on-demand basis. It is a way of working that is based on individuals doing separate pieces of work, each paid separately, rather than working for an employer. They function as a freelancer, own account worker, independent contractor or service provider and are hired for their specific skills only as and when required.

## **Employee or Self-employed**

You are an employee if you perform work under a contract of service where you work under the control of your employer. You take instructions from your employer who directs you as to how, when and where the work is to be carried out and you are normally not in the position to realise a business profit or loss. The income earned as an employee is assessable to tax as employment income.

You are self-employed when you perform work (e.g. provide a service) under a contract for service. You do not have anyone overseeing you and you work for yourself where you are free to carry out the work on your own. A contract for service is an agreement between an independent contractor engaged for a fee to carry out an assignment or project. Given that the jobs taken up by a gig worker is mostly short-term, in piecemeal and on an independent basis, gig workers are generally self-employed persons engaged on a contract for service and not contract of service. The income earned from providing the gig work is assessable to tax as gains or profits from a trade, business, profession or vocation.

For more information on determining whether you are an employee or self-employed person, please refer to [Am I a self-employed person](#).

## **Reporting Gig Income**

Income derived from performing gig work is subject to tax as gains or profits from a trade, business, profession or vocation under section 10(1)(a) of the Income Tax Act (ITA). The income is taxable even if you carried on the activities on a part-time or casual basis or intermittently and the receipts are used to supplement your other sources of income.

Payments in exchange for the work done can take the form of money, goods or services and all these monetary and non-monetary payments / benefits-in-kind are taxable income. You are required to declare the income by providing a 2-line or 4-line statement under "Trade, Business, Profession or Vocation" of your individual income tax form:

### 2-line statement

Revenue

Adjusted Profit/Loss (Gross Profit less Allowable Business Expenses)

### 4-line statement

Revenue

Gross Profit/Loss

Allowable Business Expenses

Adjusted Profit/Loss (Gross Profit less Allowable Business Expenses)

If you are providing a service to earn the income, your Gross Profit is equal to the Revenue as your business does not involve the sale of goods.

If your annual Revenue is not more than \$100,000 (From YA 2021, the revenue threshold is increased to \$200,000), you are only required to provide a 2-line statement (i.e. Revenue and Adjusted Profit/Loss). Correspondingly, expenses incurred to earn this income is deductible, subject to income tax rules.

For more information on reporting your gig income, please refer to [Calculating business income](#).

### **Tax Filing Obligation**

You must report your income from gig work in your annual individual income tax form if you receive a Form B/B1 or notification from IRAS to file tax. If you do not receive any income tax form or notification from IRAS but your annual net trade income exceeds \$6,000 or if your total income from all sources (e.g. trade, employment, rent) exceeds \$22,000 in a year, please login to [myTax Portal](#) to e-file your return. If you are filing your taxes for the first time, [email us](#) to activate your myTax Portal account. You can also [check your filing requirements](#) to know your obligation to file. For details, please refer to [Understanding my income Tax filing](#).

Income from gig work have to be reported by you unless you have participated in the pre-filing of income scheme, and your income information is transmitted by your income paying intermediary. Participation in the pre-filing of income scheme is currently limited to certain private hire car operators and [commission-paying organisations](#).

### **Claiming Business Expenses**

Allowable business expenses are expenses that you can claim as deduction against your gig income to reduce the amount of tax you have to pay.

The expenses must be related to the performance of your gig work. Expenses that are incurred wholly and exclusively in the production of your gig income and are not prohibited under the law are generally deductible. However, expenses that are personal, domestic or capital in nature are not deductible as expenses. Where expenses relate both to income earning activities and other purposes (for example, utilities and internet services procured for income earning and for private purposes), only the portion relating to income earning activities may be deducted. Typically this proportion is calculated with reference to the extent that the expense is incurred to produce income, as compared to being used privately.

Capital allowances for capital expenditure incurred in the provision of fixed assets such as machinery and equipment for the purpose of the gig economy business can also be claimed. For more details on deductibility of business expenses and capital allowances, please refer to [Business expenses and deductions](#) and [Capital allowances](#).

## **Commission Agents and Private Hire Car (PHC) / Taxi Drivers**

Commission agents and PHC/taxi drivers can elect to deduct a deemed amount of expenses based on a prescribed percentage of the gross income earned.

Commission agents can claim 25% of the gross commission as deductible business expenses if the annual commission income does not exceed \$50,000. The amount of business expense is deemed to be the sum of all deductible business expenses incurred (including expenses on entertainment, transport, gifts and telecommunications) in earning the commission income.

PHC/taxi drivers, on the other hand, can claim 60% of the gross driving income as deductible business expenses. The amount is deemed to be the sum of all deductible business expenses incurred (including car rental, repairs, maintenance, fuel, parking fees, service fees paid to booking service operators) in earning the driving income. As a PHC driver, you can claim tax deduction on car-related expenses incurred such as car rental, repairs, maintenance, fuel and parking fees against their driving income. However, PHC drivers will not be allowed to deduct the purchase costs or claim capital allowances on private hire cars from their driving income.

For more information on deemed expenses for commission agents and PHC/taxi drivers, please refer to [Fixed Expense Deduction Ratio \(FEDR\) for self-employed persons](#).

## **Record Keeping**

Gig workers should keep proper records and accounts so that their income earned and business expenses claimed can be readily determined. They must be able to support their records and accounts with invoices, receipts, vouchers and other supporting documents as they may be called by IRAS for verification. Accordingly, they should keep a detailed log of the engagements that they undertake and the business expenses incurred, along with supporting documentation in order to avoid misreporting and penalties.

Gig workers with an annual revenue of less than \$100,000 (from YA 2021, the revenue threshold is increased to \$200,000) and meet the qualifying conditions can adopt the Simplified Record Keeping Requirements, where they will only need to keep business records (e.g. registers, listings) and not source documents such as receipts and invoices. IRAS may still request the original business records for verification purposes.

For more details on record keeping, please refer to [Keeping proper records and accounts](#).

## Frequently Asked Questions

Q1 Who are gig workers?

A1 Gig workers are individuals who market their skills and provide their services under a contract for service to earn an income. For example, independent consultants, coaches, online graphic designers, freelance delivery riders, private hire car drivers, home tutors, baby sitters and home bakers.

Q2 Are the payments received by gig workers taxable?

A2 All payments paid for services or work performed by gig workers constitute income and are taxable. The payments received for services or work performed by gig workers include both monetary and non-monetary benefits such as incentives, referral bonus, tips, insurance premiums borne by the platform operators to provide insurance coverage (e.g. daily cash benefit for hospitalization).

The gig income is part of the individual's total income (e.g. income from employment, rented property, sole-proprietorship, partnership) which is taxed at individual income tax rates.

Q3 I have a main source of income but also provided some freelance service on part-time and/or ad hoc basis. Are the fees I received from my irregular freelance service taxable since they are not my main source of income?

A3 Income derived from providing services is subject to tax, even if you have carried on the activities on a part-time or casual basis or as a side-line. You will need to report your accumulated income derived from all your freelance gig work for the calendar year as your self-employed income in your individual income tax return for the following Year of Assessment (e.g. income for the whole year 2020 in YA 2021).

For more information on reporting your business income, please refer to [Calculating business income](#).

Q4 I am a consultant and I took on ad hoc jobs through an online platform. Although I did my work in Singapore, I served customers from various parts of the world, including Singapore and the fees were paid from overseas into my Singapore bank account. Are my fees subject to tax in Singapore since they were paid by overseas customers?

A4 As your services were performed in Singapore, the income is a Singapore source income and is subject to tax in Singapore. This is regardless that the payment was made overseas or paid by overseas customers. You will need to report your income derived from the gig services provided in Singapore.

For more information on whether overseas receipts are taxable income, please refer to [Income received from overseas](#).

Q5	I started to be a food delivery rider last year. I have incurred expenses on mobile phone bills and charges (e.g. fee, commission) by my platform operator. Can I deduct these expenses against my income from the deliveries?
A5	You can only claim for expenses that are wholly and exclusively incurred in the production of your gig income.
	The following expenses that you incurred in the production of your income will be deductible:
	<ul style="list-style-type: none"> <li>a) If the mobile phone is used for both business and private purpose, you can claim the portion of phone bill/subscription charges that are attributable to business usage.</li> <li>b) Fees or commission charged by the platform operator for facilitating the arrangements with the customers and providing the payment mechanism for the transactions.</li> </ul>
Q6	Do I need to contribute Medisave on the revenue from gig work?
A6	As a gig worker, you are generally considered as a self-employed person and will need to make compulsory contributions to your Medisave Account if your annual Net Trade Income (NTI) (ie. gross receipts minus all allowable business expenses, capital allowances and trade losses) exceeds \$6,000. The Medisave contribution amount is a percentage of your total NTI subject to a maximum cap. A Notice of Contribution showing your Medisave liability will be sent to you after you have been assessed on your NTI which is reflected in your Notice of Assessment (tax bill) as Trade income. For more information on the rates of Medisave contribution, please refer to <a href="#">Medisave contribution rates.</a>
	You will also be eligible to claim tax relief on the Medisave contributions paid in the current year, in the following Year of Assessment (e.g. CPF relief for YA 2021 based on Medisave contributed in year 2020) subject to certain conditions. For more information, please refer to <a href="#">Central Provident Fund (CPF) relief for self-employed.</a>
Q7	I am taking on gigs as a hobby/out of passion and I do not receive much income from them. Furthermore, I only performed the gigs occasionally when I have time. Am I considered to be carrying on a trade or business?
A7	Income earned from carrying on a business is assessable to tax whereas occasional receipts incidental to hobby, pastime or recreational activities are not income for tax purposes. However, if the activities are performed repeatedly or habitually in exchange for monetary and non-monetary benefits such that the annual net business income is more than \$6,000 or your total income including those from other sources is more \$22,000, the income from your gigs should be declared as self-employed income.
	Some indicators that can help you self-assess if you are considered to be carrying on a trade or business are:
	<ul style="list-style-type: none"> <li>- Activities are planned and organised</li> <li>- Keep records and account books</li> <li>- Have a separate business bank account</li> </ul>

- Operate from business premises
- Have a license or qualification to perform the gig work
- Have a registered business name
- Look to generate income or profit from the activities
- Use commercial platforms (and paying platform fees) to access customers

The above indicators serve only as a guide and is not exhaustive. The absence of any of above listed indicators does not necessarily mean that you are not carrying on a trade or business as a gig worker.