

Table of Contents

1	Sharing Economy	3
1.1	Platform Providers	3
2	Transport-Related Activities	4
2.1	For an Individual	4
2.1.1	Taxi drivers using booking service operators	4
2.1.2	Providing Chauffeured Ride Services using a Private-Hire Car (“PHC”) ..	5
2.1.3	Hiring out cars	5
2.1.4	Car-sharing	6
2.1.5	Performing Delivery Services	6
2.1.6	Social Carpooling	7
2.2	For a Company	7
2.3	GST Implications	9
2.3.1	Operator of Platform	9
2.3.2	As a Principal	9
2.3.3	As an Agent	9
2.3.4	Car Owner/Driver	10
3	Crowdfunding-Related Activities	10
3.1	For an Individual	11
3.1.1	Borrower of Funds	11
3.1.2	Operator of Platform	12

3.1.3	Provider of Funds.....	12
3.2	For a Company.....	12
3.3	GST Implications	13
3.3.1	Operator of Platform	13
3.3.2	Borrower of Funds	13
3.3.3	Provider of Funds.....	14
4	Marketplace and Service-Related Activities	14
4.1	For an Individual.....	14
4.1.1	Selling or Renting of Goods/Products	15
4.1.2	Providing a Service	15
4.2	For a Company.....	16
4.3	GST Implications	16
4.3.1	Operator of Platform	16
4.3.2	As a Principal.....	17
4.3.3	As an Agent	17
4.3.4	Seller of Goods/Services	18
5	Filing Your Income Tax Returns	18
5.1	As an Individual	18
5.2	As a Company.....	18
5.3	As a GST-Registered Trader.....	19
6	Record Keeping.....	19

1 Sharing Economy

The sharing economy is commonly used to describe peer-to-peer or business-to-consumer (B2C) sales transactions that are facilitated by community-based online platforms. This means that if you have derived income from using one of the many online platforms to provide a car ride, offer delivery services, rent out a car, provide funds to businesses and start-ups or provide goods and services to others, you are likely to be involved in the sharing economy.

Generally, income derived from the sharing economy is subject to tax. This is so even if the activity is a sideline from which you derive part-time income. Correspondingly, expenses incurred to earn this income is deductible, subject to income tax rules.

To help taxpayers better understand their tax obligations, we have provided information on broad segments of activities that typically constitute the sharing economy.

1.1 Platform Providers

For platform providers i.e. companies which provide web portals that facilitate business transactions or activities related to the sharing economy, any income derived from the business operations carried on in Singapore is subject to tax. The company carrying out the activity will be regarded as carrying on a trade or business and the income derived from the operations (e.g. commissions, advertising fees, service fees, etc.) will be subject to [tax](#).

Business expenses that are incurred wholly and exclusively in the production of the company's income are generally deductible. For details on deductibility of business expenses, please refer to [Business Expenses](#).

Companies can claim capital allowances on qualifying fixed assets bought and used in its trade or business. For details on claiming capital allowances, please refer to [Capital Allowances](#).

Companies should comply with the arm's length principle in transactions involving related parties, where applicable. For details on the application of the arm's length principle, please refer to [Transfer Pricing](#).

2 Transport-Related Activities

2.1 For an Individual

Your income earned from carrying on transport-related activities is taxable and should be reported as income earned from carrying on a trade, business, profession or vocation. This is especially if any of the following factors are present when you provide the services:

- the activity is started with an intention of making a profit;
- the activity is conducted in a regular and repeated manner; or
- the activity is planned in a business-like or organised manner.

2.1.1 Taxi drivers using booking service operators

If you are a registered taxi driver and you also use your taxi to derive income through mobile applications/platforms operated by booking service operators ("BSOs"), you need to declare this income as part of your trade or business income as a self-employed person.

New! To simplify tax filing and ease the burden of record-keeping, with effect from Year of Assessment (YA) 2019 (i.e. income earned in 2018), you may opt to claim tax deduction for a deemed amount of expenses incurred calculated based on 60% of your driving income. This amount is deemed to be the sum of all expenses incurred (including taxi rental and diesel) while earning your driving income.

Alternatively, you may opt to claim tax deduction based on actual expenses incurred. These expenses may include taxi rental fee, diesel expenses, taxi maintenance

expenses; administrative charges and commission paid to BSOs; and proportion of expenses for mobile phones used in the course of providing the services.

For more information, please refer to [Essential Information for Taxi Drivers](#)

2.1.2 Providing Chauffeured Ride Services using a Private-Hire Car (“PHC”)

You may have derived income from providing chauffeured ride services with a PHC via mobile applications/platforms operated by booking service operators (“BSOs”). Income derived from providing such chauffeured ride services is subject to tax, even if you have carried on the activities on a part-time or casual basis.

With effect from Year of Assessment 2019 (i.e. for income earned in 2018), you may automatically enjoy tax deduction for a deemed amount of expenses incurred calculated based on 60% of your driving income. Alternatively, you may opt to claim tax deduction based on actual expenses incurred. These expenses may include car rental, fuel and parking fees.

For more information on deductible expenses for sole-proprietors/partners, please refer to [Car-related expenses incurred by the self-employed chauffeured private-hire car drivers](#)

2.1.3 Hiring out cars

If you are carrying on the business of hiring out cars and the cars are used by you principally for hiring, expenses incurred on the cars such as repair, maintenance, parking fees, petrol costs and car rental are deductible.

You must maintain the following records:

- The number of cars operated by your car hiring business;

- The operations of the business - manpower and roles, commercial presence (website, physical booth at airport, etc);

- Daily tracking sheets of the cars, which can include receipts of each trip;

- Total mileage for each day broken down into mileage for each trip;
- Receipts of car running/maintenance expenses, amount of which should be reasonable relative to the mileage from all the trips. In this regard, we may only allow a portion of the expenses that relate to the use of the car(s) for the provision of hiring;
- Number of days in a year that the car(s) was/were used for provision of hiring.

2.1.4 Car-sharing

If you are a car owner and you have rented out your car for a fee, you need to declare the rental income received in your income tax return.

You can deduct expenses from your income, including the following:

- commission paid to third-party operators; and
- administrative charges imposed by third-party operators.

However, expenses incurred in relation to the car such as interest expenses on the loan taken to finance the purchase of the car, repair, maintenance, parking fees and petrol costs are not deductible.

2.1.5 Performing Delivery Services

If you have performed delivery services for a fee, the income from providing this service is subject to tax as trade or business income.

You can deduct non-car related business expenses from your income, including the following:

- commission paid to third-party operators;
- administrative charges imposed by third-party operators; and

- compensation made for lost or damaged deliveries.

You may claim expenses incurred in using the motorcycles or commercial vehicles such as vans to provide the services. However, expenses incurred in relation to the car such as car rental, interest expenses on the loan taken to finance the purchase of the car, repair, maintenance, parking fees and petrol costs are not deductible.

For more information on deductible expenses for sole-proprietors/partners, please refer to [Deductions for Self-Employed Individuals](#)

2.1.6 Social Carpooling

If you are a private motor car driver and you provide car-pool trips on a non-commercial basis, the income derived from such carpooling would not be regarded as taxable income. A driver will be regarded as providing carpool trips on a non-commercial basis if he has adhered strictly to the conditions set out in the Road Traffic (Car Pools) Exemption Order. The conditions include making not more than 2 carpool trips a day. In addition, the amount collected for each carpool trip is solely for covering the costs incurred for making that trip.

Please note that this tax treatment does not apply to a driver carrying on transport related activities as a trade, business or vocation (e.g. taxi-drivers, drivers providing chauffeured ride services). The income derived from carpooling by these drivers will be subject to tax.

2.2 For a Company

For a company that owns or leases and operates private car(s) for hire and/or provision of chauffeured ride services, the company will be allowed to claim expenses in respect of the private hire car(s) if the car(s) is/are used by the company principally for the aforementioned purposes.

For the purpose of ascertaining whether the private hire car(s) is/are used principally for the provision of hiring and/or chauffeured ride services, the company should keep

proper records and produce them upon request by IRAS. Records and documentation should include:

- (i) The number of cars operated by the company;
- (ii) The operations of the business - manpower and roles, commercial presence (website, physical booth at airport, etc);
- (iii) Daily tracking sheets of the cars, which can include receipts of each trip (presumably can be printed from the metres which the car uses to bill passengers);
- (iv) Total mileage for each day broken down into mileage for each trip;
- (v) Receipts of car running/maintenance expenses, amounts of which should be reasonable relative to the mileage from all the trips. In this regard, we may only allow a portion of the expenses that relate to the use of the cars for the provision of hiring or chauffeured ride services;
- (vi) Number of days in a year that the car(s) was/were for provision of hiring and/or chauffeured ride services.

For more information on tax treatment of company carrying on a business of hiring out cars, please refer to [car rental companies](#).

However, if the company carries on its car hiring activities on a casual basis, it will only be allowed to claim certain business expenses against the income received from the car hiring activities.

Examples of allowable expenses include:

- commission paid to third-party operators;
- administrative charges imposed by third-party operators;and
- proportion of expenses for mobile phones used in the course of providing the services.

Expenses incurred in relation to the car (i.e. S-plated car) such as interest expenses on the loan taken to finance the purchase of the car, repair, maintenance, parking fees, petrol costs and car rental are not deductible.

2.3 GST Implications

2.3.1 Operator of Platform

As the platform operator, you need to determine whether you are facilitating car owners or drivers in offering their transportation services to customers (i.e. as an agent) or supplying transport services to customers in your own name (i.e. as a principal).

If you contract with the car owners or drivers and offer the transportation services to customers, you will be seen as a principal. Conversely, if you do not provide transportation services and only facilitate car owners or drivers in offering their services to customers, you will be seen as an agent. The terms of service indicated on your platform's website should indicate whether you are providing the transportation services in your name or acting as a facilitator in arranging for the transportation.

2.3.2 As a Principal

Local transportation services (including delivery or courier services) you provide to customers constitute taxable supplies that are standard-rated (i.e. subject to 7% GST). You have to account for GST on such services if you are registered for GST. If you [belong in Singapore](#) and are not registered for GST, you will be [liable to register](#) if the gross fees from the provision of your services and other taxable supplies for the past 12 months ending Mar, Jun, Sep or Dec (referred to as "quarter") is more than \$1 million; or you are making or intend to make taxable supplies and you can reasonably expect your taxable turnover in the next 12 months to be more than \$1 million.

2.3.3 As an Agent

The fee you charge to car owners or drivers for using your platform constitutes taxable supplies that are standard-rated. You have to account for GST on it if you are registered for GST. If you [belong in Singapore](#) and are not registered for GST, you will be [liable to register](#) if the commission you receive and other taxable supplies you make

for the past 12 months ending Mar, Jun, Sep or Dec (referred to as "quarter") is more than \$1 million; or you are making or intend to make taxable supplies and you can reasonably expect your taxable turnover in the next 12 months to be more than \$1 million.

2.3.4 Car Owner/Driver

The provision of local transportation services (to the platform operator or customers) carried on as a trade or vocation is taxable at standard rate if you are registered for GST. If you are not registered for GST, you will be [liable to register](#) if your supplies from the provision of your services together with other income derived from your trade, profession or vocation for the past 12 months ending Mar, Jun, Sep or Dec (referred to as "quarter") is more than \$1 million; or you are making or intend to make taxable supplies and you can reasonably expect your taxable turnover in the next 12 months to be more than \$1 million.

3 Crowdfunding-Related Activities

Crowdfunding involves the raising of funds from a large number of people for a specific project or venture.

There are various types of crowdfunding arrangements available. Some examples include:

- lending-based crowdfunding, which involves fund contributors making loans to project owners with promised interest returns.
- donation-based crowdfunding, which involves no returns as funds raised are in the form of donations.
- reward-based crowdfunding, which involves fund contributors or backers contribute typically small amounts of money in exchange for a reward which is often, but not always the items being produced by the promoters.

- equity-based crowdfunding, which involves the offer of securities to fund contributors.

You may be one of the following parties if you are involved in crowdfunding:

- promoters (i.e. the borrowers of funds);
- intermediaries (i.e. the operators of the crowdfunding platform);or
- fund contributors (i.e. the lenders or investors).

3.1 For an Individual

3.1.1 Borrower of Funds

If you are a promoter (i.e. the borrower) and you have received funds via a lending-based or equity-based crowdfunding arrangement, the funds you have received are generally not taxable.

If you have to make an interest payment to a foreigner/non-resident, withholding tax will apply unless exemption is available under the relevant tax treaty. For details on withholding tax obligations, please refer to [Withholding Tax](#).

If you have received funds through a donation-based crowdfunding arrangement, the funds are generally not taxable if they are unconditional gifts and there is no nexus between the payment and any of your employment, trade, business or profession. A gift is considered as unconditional if you are not required to do anything in exchange for the payment received.

Funds received by you as a promoter in the ordinary course of business through a reward-based crowdfunding arrangement are taxable trade income if you have:

- entered into a transaction with the intention of making a profit, and
- received the funds in exchange for goods or services.

3.1.2 Operator of Platform

If you are the intermediary or the operator of the crowdfunding platform, income derived from the operation of such platforms is taxable as trade or business income if you have operations conducted in Singapore.

3.1.3 Provider of Funds

If you have received interest income as a fund provider in a lending-based crowdfunding arrangement, your interest income is taxable and should be reported as interest income in your income tax return. You may claim commission expenses charged by the intermediary against the interest income you have earned for the use of the platform. If the commission is deducted upfront before the interest is paid to you, you should report the net amount as interest income. As a passive fund provider, any losses from irrecoverable principal amount are not deductible as the loss is capital in nature.

In a donation-based crowdfunding arrangement where the fund provider generally does not receive anything in return apart from a goodwill gesture in the form of a thank you note or acknowledgement, there will not be any tax implications.

Under the reward-based crowdfunding arrangement, the tax consequences for a fund provider will depend on his/her circumstances and the purpose for acquiring the goods or services. Generally, the funds provided are not deductible if the acquisition of goods or services are purely private in nature.

Where dividends are received by a fund provider via an equity-based crowdfunding arrangement, the dividend received by the individual is exempted from tax.

3.2 For a Company

Participants of such crowdfunding activities can be borrowers or investors. For investors, income such as interest or fee income received from participating in the fund raised will be subject to [tax](#). Where dividends are received via an equity-based

crowdfunding arrangement, it may be subject to tax. For details on tax treatment of dividends, please refer to [Dividends](#).

For borrowers, interest expense is generally deductible if it is incurred on capital employed to generate income subject to tax in Singapore. Payments of interest to non-resident investors are subject to withholding tax unless exemption is available under the relevant tax treaty. For details on withholding tax obligations, please refer to [Withholding Tax](#).

For platform providers, please click [HERE](#).

3.3 GST Implications

3.3.1 Operator of Platform

The commission you charge to the borrower or provider of funds for using your platform is taxable at standard rate (i.e. subject to 7% GST) unless the borrower or the provider of funds are overseas persons. You have to account for GST on commission charged if you are registered for GST. If you [belong in Singapore](#) and are not registered for GST, you will be [liable to register](#) if the commission you receive and other taxable supplies you make for the past 12 months ending Mar, Jun, Sep or Dec (referred to as "quarter") is more than \$1 million; or you are making or intend to make taxable supplies and you can reasonably expect your taxable turnover in the next 12 months to be more than \$1 million.

3.3.2 Borrower of Funds

If you are a GST-registered borrower and you issue notes or bonds to the provider of funds in return for your loan, your issue of notes is a regulation 33 exempt supply. Input tax incurred in issuing the notes will be claimable in full only if you do not make any other types of exempt supplies. If other types of exempt supplies are made, you will need to attribute and [apportion your input tax claims](#).

If you are not registered for GST, the issue of notes will not affect your liability to register for GST.

In the course of your crowdfunding activities, you may also offer various perks or benefits to fund providers. If the perks are in the form of goods, GST-registered borrowers giving away free goods may be required to [deem output tax](#). However, there are no GST implications if the perks are in the form of free services or money.

3.3.3 Provider of Funds

Interest received by you from loans provided to borrowers is an [exempt supply](#). If you are registered for GST and provide the loans in the course of your business, you have to report the interest income from loans provided to local borrowers as exempt supplies and attribute and [apportion your input tax claims](#).

If you are not registered for GST, the interest income from loans provided to borrowers will not affect your liability to register for GST.

4 Marketplace and Service-Related Activities

4.1 For an Individual

Generally, income derived by individuals who sell products or provide services through internet platforms are subject to tax. This is especially so if the following factors for the trading of goods and services are present:

- the activity is started with an intention of making a profit;
- the activity is conducted in a regular and repeated manner; and
- the activity is planned in a business-like or organised manner.

4.1.1 Selling or Renting of Goods/Products

If you are selling or renting goods and products for a profit on an online marketing platform, you need to declare the income derived from this activity as trade or business income in your income tax return.

You may claim expenses against the income you earned from the trading of goods and products if the expenses are incurred wholly and exclusively in the production of your trade or business income. It must also not be an expense that is specifically disallowed under the tax law.

Examples of allowable expenses include:

- cost of your purchases;
- commission paid to third-party operators; and
- administrative charges imposed by third-party operators.

For more information on deductible expenses for sole-proprietors/partners, please refer to [Deductions for Self-Employed Individuals](#).

However, if you are only disposing your own used products or secondhand goods via the online platform, the proceeds from the disposal of the products are not subject to tax if the products were acquired primarily for personal enjoyment and not for the purpose of making a profit.

4.1.2 Providing a Service

Generally, all income including tips, bonuses and additional payments derived from the performance of services are taxable as income if the services are performed for the purpose of making profit. For example, the income derived by a freelance beauty artist from the provision of beauty or make-up services is subject to tax.

You may claim expenses against the income you earned from the performance of services if the expenses are incurred wholly and exclusively in the production of your

trade or business income. It must also not be an expense that is specifically disallowed under the tax law.

Examples of allowable expenses include:

- cost of products used to provide the service;
- commission paid to third-party operators;
- administrative charges imposed by third-party operators;
- public transport expenses for travelling to designated premises to provide the service;and
- proportion of the expenses for mobile phones used for work purposes.

For more information on deductible expenses for sole-proprietors/partners, please refer to [Deductions for Self-Employed Individuals](#)

4.2 For a Company

The income derived for participating in online marketplace and related activities (e.g., rental or gain from renting/sale of goods or fees from providing a service) is taxable. If the activities constitute a trade or business carried on by the company, it may claim deductions on allowable expenses and capital allowances on fixed assets incurred for the trade or business. For details on what constitute a trade, please refer to [Determining the Existence of A Trade.](#)

4.3 GST Implications

4.3.1 Operator of Platform

As a platform operator, you need to determine whether you are merely providing a platform for sellers to advertise their goods/services to reach out to potential buyers

(i.e. as an agent) or supplying goods/services to the buyers in your own name (i.e. as a principal).

If you contract with the sellers to sell the goods/services to the buyers in your own name, you will be seen as a principal. Conversely, if you do not supply the goods/services to the buyers, and only facilitate the sellers to advertise their goods/services using your platform, you will be seen as an agent. The terms of service indicated on your platform's website should indicate whether you are selling the goods/services to the buyers in your name, or acting as a facilitator to allow the sellers to advertise their goods/services on your platform.

4.3.2 As a Principal

Local sales of goods/services to the buyers constitute taxable supplies that are standard-rated (i.e. subject to 7% GST) unless they qualify to be treated as zero-rated supplies (e.g. export of goods) or exempt supplies (e.g. provision of financial services). You have to account for GST on your standard-rated supplies if you are GST-registered. If you [belong in Singapore](#) and are not registered for GST, you will be [liable to register](#) if the taxable supplies you make for the past 12 months ending Mar, Jun, Sep or Dec (referred to as "quarter") is more than \$1 million; or you are making or intend to make taxable supplies and you can reasonably expect your taxable turnover in the next 12 months to be more than \$1 million.

4.3.3 As an Agent

The commission you charge to the sellers for using your platform constitutes taxable supplies that are standard-rated (i.e. subject to 7% GST). You have to account for GST on it if you are registered for GST. If you [belong in Singapore](#) and are not registered for GST, you will be [liable to register](#) if the taxable supplies you make (including the commission you receive) for the past 12 months ending Mar, Jun, Sep or Dec (referred to as "quarter") is more than \$1 million; or you are making or intend to make taxable

supplies and you can reasonably expect your taxable turnover in the next 12 months to be more than \$1 million.

4.3.4 Seller of Goods/Services

If you are selling goods/services (to the platform operator or buyers) in the course of carrying on a business (including trade, profession or vocation) and you are registered for GST, your sale of goods/services is taxable at standard rate unless it qualifies for zero-rating or exemption from GST. If you are not registered for GST, you will be liable to register if the taxable supplies you make for the past 12 months ending Mar, Jun, Sep or Dec (referred to as "quarter") is more than \$1 million; or you are making or intend to make taxable supplies and you can reasonably expect your taxable turnover in the next 12 months to be more than \$1 million.

5 Filing Your Income Tax Returns

5.1 As an Individual

After you have ascertained that you are carrying on a trade or business, or you have derived rental income or interest income by taking part in activities under the sharing economy, you need to file a personal income tax return by 18 April every year.

Please refer to [How to File Taxes](#) for more information on your individual tax filing obligations.

5.2 As a Company

Please refer to [Companies](#) for more information on your corporate tax filing obligations.

5.3 As a GST-Registered Trader

A GST-registered business' responsibilities include filing accurate GST returns and paying the tax due in a timely manner.

All GST returns **must be submitted via e-Filing ([myTax Portal](#)) within one month from the end of each accounting period.**

If there is no transaction, you are still required to submit a "NIL" GST return.

For more information, please refer to our webpage on [Responsibilities of GST-Registered Businesses](#).

6 Record Keeping

As a business owner, you need to ensure that you keep proper accounting records for a period of 5 years.

Please refer to [Keeping Proper Records and Accounts](#) for more information on your record keeping obligations.