

## ***Income and benefits received from activities performed on social media platforms are taxable***

All payments and benefits derived from the carrying on of blogging, advertising and any other activity performed on social media platforms as a trade or business constitute gains or profits from a trade or a business under section 10(1)(a) of the Income Tax Act 1947 (ITA).

Payments in exchange for services performed by bloggers/ social media influencers can take the form of money, goods or services. All monetary and non-monetary payments/ benefits-in-kind are taxable if they are received in return for services rendered or to be rendered by bloggers/ social media influencers. Any benefit whether monetary or in-kind provided to the families and friends of bloggers/social media influencers will be taxable on the bloggers/ social media influencers.

From IRAS' engagement with the blogger/ social media management companies and blogging community, bloggers/ social media influencers have given feedback on the complexities associated with the tracking and accounting for multiple, low-value non-monetary benefits received by them.

In this regard, bloggers/ social media influencers will not be required to declare non-monetary benefits if the following two conditions are met:

- (a) The product/ service is given to them on an ad-hoc basis for one-off consumption or testing; and
- (b) The value of each product/ service received does not exceed \$100.

If the value of the product/ service exceeds \$100, the full value of the benefit should be declared and be subjected to tax.

The \$100 threshold does not apply to non-monetary benefits received by bloggers/ social media influencers if it is a recurring supply provided over a period of time.

Bloggers/ social media influencers can claim certain expenses, provided the expenses are incurred wholly and exclusively in the production of the income under section 14 of the ITA and not prohibited under section 15 of the ITA. Capital allowances for capital expenditure incurred in the provision of fixed assets such as machinery and office equipment for the purpose of blogging trade or business can also be claimed. More information can be found in our IRAS' website on [Capital Allowances](#).

## **Frequently Asked Questions**

### **Tax Filing Requirements for the Self-employed**

- a) I am writing out of passion/ as a hobby and do not receive much income from it. However, I receive sponsorship products occasionally. Am I considered to be carrying on a trade or business?

***Answer:** In general, blogging as a hobby is not considered a business. However if blogging activities are performed repeatedly or habitually in exchange for monetary and non-monetary benefits such that the annual net business income earned is more than \$6,000, this income should be declared as self-employment income.*

- b) If I work full-time as a salaried employee and part-time as a blogger/ youtuber, will the income earned on part-time basis be subject to tax?

***Answer:** Yes. The income you have received from blogging/ advertising will be assessed as self-employment income if you are carrying on a trade or business as a blogger or YouTuber.*

- c) Do blogging and blogging-related activities refer only to the updating of posts or marketing products or services on my website or blog?

***Answer:** No, such activities include more than the above. Any income received from activities performed on social media platforms such as Instagram, Twitter, Facebook, YouTube, placing of advertising banners on blogs, etc. are also included and any monetary or non-monetary benefit from such activities should be declared as self-employment income.*

- d) How do I declare my sponsorships?

***Answer:** The value of the sponsorships together with income derived from your blogging activities should be declared as 'Revenue' under trade. As a self-employed person, you are advised to maintain proper records for all income (including sponsorship income) and expenses so as to facilitate the annual income tax filing.*

- e) I did not sign any contract prior to reviewing/ promoting a product or service. Are the monetary/ non-monetary payments received by me still taxable?

***Answer:** Yes. As long as the payments received are in relation to your blogging business/ activities, such payments are taxable regardless of whether they were made under contract.*

- f) I did not receive payments directly from the advertisers. Are these payments taxable?

***Answer:** Yes. The payments are taxable regardless of whether they were received directly from the advertisers, or indirectly through a blogger/ social media management company.*

- g) How do I value the non-monetary benefits received?

***Answer:** Generally, the taxable value of the products/services will be the market retail price of the products/ services received. In the event that the market retail price is not readily available for products/ services that have not been launched or sold in the open*

market, the market retail price of similar products/ services available in the market can be used as a proxy. If the product/ service is a niche item that cannot be found in the open market, the recipients may obtain the value of the item from the providers.

### **Applying the \$100 Threshold**

- h) I received a blogging fee as well as sample products/ services for my review. Are these sample products/ services received taxable?

**Answer:** Yes. However, you are not required to declare the benefit if the sample product/ service was provided to you on an ad-hoc basis for one-off consumption or testing; and its value does not exceed \$100. Where the value exceeds \$100, the full value should be declared.

Some examples of sample products/ services and the tax treatment that applies, as follows:

|                                  | <b>Complimentary items received by a blogger/ social media influencer for product/ service review</b>                | <b>Tax treatment</b>                                                                           |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| <b>Individual Items</b>          |                                                                                                                      |                                                                                                |
| 1                                | A lipstick with market value of \$49                                                                                 | Do not need to declare as its value does not exceed \$100.                                     |
| 2                                | A camera with market value of \$250                                                                                  | Need to declare as its value exceeds \$100.                                                    |
| 3                                | Media pass worth \$70 to events/ places                                                                              | Do not need to declare as its value does not exceed \$100.                                     |
| 4                                | A plate of fried noodles priced at \$9                                                                               | Do not need to declare as its value does not exceed \$100.                                     |
| 5                                | Sponsored transportation (e.g. airfare/ coach fare) valued at \$100                                                  | Do not need to declare as its value does not exceed \$100.                                     |
| <b>Bundle/ packaged products</b> |                                                                                                                      |                                                                                                |
| 6                                | A total of 10 face masks given upfront, each with market value of \$10                                               | Do not need to declare as the total value does not exceed \$100 and is not a recurring supply. |
| 7                                | A box of 4 different or same flavoured mooncakes and the market value of the whole box of mooncakes worth \$80       | Do not need to declare as its value does not exceed \$100.                                     |
| 8                                | A set of facial products with market value of \$200                                                                  | Need to declare as its value exceeds \$100.                                                    |
| 9                                | A 5-course meal provided by a restaurant for tasting and the bill adds up to \$156                                   | Need to declare as its value exceeds \$100.                                                    |
| 10                               | All-inclusive sponsored trip including airfare, transport/ transfer cost, accommodation, meals, etc. valued at \$300 | Need to declare as the total market value of the travel package exceeds \$100.                 |

| <b>Recurring supply of products/ services provided over time</b> |                                                                              |                                                          |
|------------------------------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------------------|
| 11                                                               | 6-month magazine subscription, each with market value of \$10                | Need to declare as it is provided over a period of time. |
| 12                                                               | 5 sessions of eyebrow threading worth \$98                                   | Need to declare as it is provided over a period of time. |
| 13                                                               | 4 sessions of body massage worth \$200                                       | Need to declare as it is provided over a period of time. |
| 14                                                               | One year supply of complimentary meals at the same or different food outlets | Need to declare as it is provided over a period of time. |

- i) After reviewing a perfume, I was rewarded with a handbag worth \$98. Do I have to declare the \$98?

**Answer:** All monetary payments and non-monetary benefits are taxable if they are given to you in return for services rendered. In this case, you have to declare the \$98 as the bag is not for one-off consumption or testing.

- j) I often receive complimentary items/ gifts/ products. However, there is no obligation for me to write a review on the items received. Do I need to declare these items?

**Answer:** You are not required to declare the complimentary item/ gift/ product if it is given to you on an ad-hoc basis and the value of the gift/ product does not exceed \$100.

Below are some examples and their corresponding tax treatment:

|   | <b>Items received for blogger/ social media influencer's review</b>                                          | <b>Tax treatment</b>                                       |
|---|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| 1 | Door gift worth \$120 received during product launch event                                                   | Need to declare as its value exceeds \$100.                |
| 2 | Unsolicited gift worth \$20 received in the mailbox or through your blogger/ social media management company | Do not need to declare as its value does not exceed \$100. |

- k) As a food blogger, I was invited to a meal together with three friends for food tasting. The total bill is \$95. Do I have to declare the value of the meal?

**Answer:** You are not required to declare the value of the meal if it is provided to you on an ad-hoc basis and the total bill does not exceed \$100.

## **Deductibility of Expenses**

- l) What expenses are claimable?

*Answer: Only expenses that are wholly and exclusively incurred in the production of income are claimable as tax-deductible expenses – examples are the cost of maintaining a website, Internet subscription fees and payment to freelance writers for writing the blog posts. Private expenses on the other hand, including private car expenses even if used for business, are not claimable.*

- m) I am paid a blogging fee to write a food review. Can the expenses incurred on purchasing items for food tasting/ sampling to write reviews be allowed deduction?

*Answer: Only expenses that are wholly and exclusively incurred in the production of income are eligible for tax deduction. As the expenses for food tasting/ sampling are incurred for writing the food review to earn the blogging fee, these expenses are deductible against the fee.*

- n) I purchased items/ food for review on my blog but I am not paid any blogging fee. Can the expenses incurred on purchasing items for food tasting/ sampling to write reviews be allowed deduction?

*Answer: Only expenses that are wholly and exclusively incurred in the production of income are eligible for tax deduction. Generally, expenses incurred on food are private in nature and not deductible unless you have derived income from providing the review on the food tasted.*

**Note:** The scenarios listed on IRAS' website are non-exhaustive. Hence, the same tax treatment would apply to any other income received, or expenditure incurred for blogging-related activities if IRAS has ascertained that you are carrying on a trade or business from blogging.

Bloggers/ social media influencers who have earlier declared their returns, or do not have all their income/ deduction details by the filing due date of 18 Apr are encouraged to file their returns by 18 Apr based on their best knowledge. They can supplement any additional information by writing to IRAS via logging into [myTaxPortal](#) within the grace period of one year from the filing due date.