

Ultimate Tax Essentials for Uber/Taxi and Delivery Drivers

In New Zealand



A STEP-BY-STEP GUIDE
Based on current NZ Tax regulations for
2024/2025

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Introduction

Are you new to Uber/UberEats etc and confused about your tax obligations? We are here to help with this simple guide telling you everything you need to know.

Note: this tax guide assumes you use a Tax Agent. For some compelling reasons to use a tax agent see further below 😊

Your New Zealand Tax Obligations

1. SELF-EMPLOYED STATUS

- Uber drivers are classified as self-employed business owners. This means you will need to pay income tax on your yearly profits (income minus allowable expenses)
- Tax rates in New Zealand depend on income levels and range from 10.5% to 39%.

2. TAX RATES BASED ON YOUR INCOME

- If Rideshare/Taxi or food delivery is your only income source and your net profit (income minus expenses) is \$15,000, you will only pay 10.5% tax (\$1,575).
- If you have a salary of \$55,000 from your main job and also earn a net profit (Income minus expenses) of \$5,000 from Rideshare or Food Delivery, you will pay a 30% tax on those profits (\$1,500) as you've already paid the lower tax rates on the part of your salary.



The NZ tax obligations are compulsory for all self-employed drivers and must be adhered to under NZ law.

Tax Types and Important Dates

1. ANNUAL INCOME TAX

- The tax year runs from 1 April to 31 March.
- After 31st March each year, you will need to submit an IR3 tax return.
- The standard due date to file your taxes is 7th July but if using a tax agent you will get an extension of time until 31st March the next year.

2. GOODS AND SERVICES TAX (GST)

- If your self-employed income/turnover is over or expected to be over \$60,000 in any 12-month period, you will need to register for GST.
- For UberX drivers, income/turnover is calculated based on customer fares (not what you receive in your bank). For UberEats and most other drivers, it is based on what you receive.

- GST returns can be filed monthly, two-monthly or six monthly. GST is a complex area so please contact us with further questions.
- Note: The \$60,000 does not include salary/wages from other jobs.

3. PROVISIONAL TAX

- If your tax bill comes to over \$5,000, you will need to pay the next year's tax in advance via instalments.
- Most drivers, even full timers will have a tax bill less than \$5,000
- If your tax bill turns out to be lower than expected, you will get some of the provisional tax refunded.



Most Uber drivers will not be affected by provisional tax. Most have minimal tax bills or even a refund

Uber and IRD Information Sharing

1. UBER TAX SUMMARIES

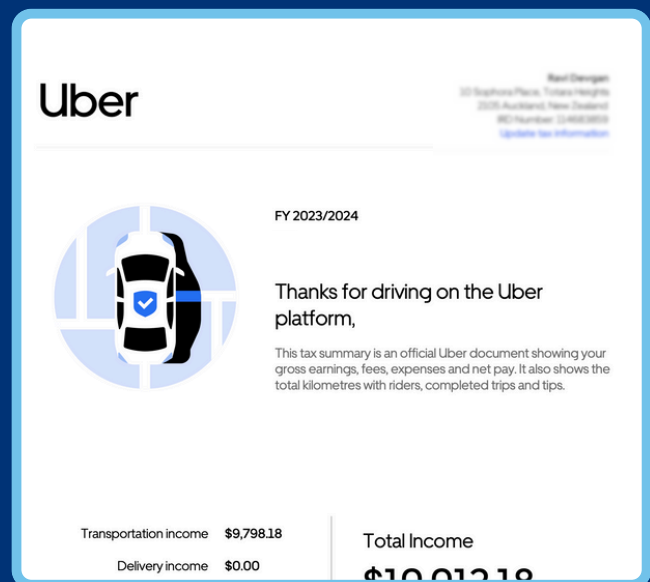
- Uber issues annual tax summaries after 31 March, which show your gross earnings, Uber fees, etc.
- For UberX drivers the income shown, will not match your bank account as Uber service fees etc also need to be claimed as an expense

2. EARNINGS SHARED WITH IRD

- Due to recent government legislation, Uber now shares your earnings directly with IRD.
- Previously, many drivers got away with not paying taxes, but this is now changing.
- We have noticed a much more strict approach from IRD, with increased checks and audits since National came into power.



Example of an UBER
TAX SUMMARY for
2023



PART FOUR

Business Structure

1. SOLE TRADER VS. LIMITED COMPANY

- It's generally best to operate as a Sole Trader (select "Individual" in the Uber app), where you use your own IRD number.
- Setting up a limited company is not recommended due to higher costs and complexity.
- NZBN (New Zealand Business Number) is optional and offers no significant benefit for self-employed drivers.



Claimable Expenses

1. WHAT CAN YOU CLAIM?

- Any money you spend to help you earn your driving income is potentially claimable. You can show your expenses to your tax agent, who will advise if it can be claimed and how much.
- Common expenses include all vehicle expenses, licensing costs, phone bills and more

2. LOGBOOKS AND MILEAGE

- One of the best ways for drivers to reduce their tax bills is to track vehicle business mileage. This can be done using Logmate or a paper logbook.
- Delivery drivers can use an Excel sheet or a notebook. We encourage you to use our free mileage recording web-app
- Note: Mileage figures on the Uber tax summary are often incorrect, as they don't include driving for pickups, driving to busier areas, etc.

3. HOME OFFICE CLAIMS

- Drivers may also make a home office claim, especially if they store their car in an internal garage. Various factors are considered to maximize the amount claimed.



ACC LEVIES

1. ACC LEVIES

- All self-employed individuals must pay ACC levies.
- ACC provides coverage for 80% of your income if you're injured, and also helps cover treatment costs.

2. HOW TO MANAGE ACC

- ACC will send you an invoice once your income tax return is submitted to IRD.
- Hot Tip: If you work less than 30 hours per week across all income sources, make sure your ACC account is set to "Part Time".
- It's a good idea to create an online ACC account to check settings and ensure contact details are correct.

3. ACC FEES

ACC fees range from a few hundred dollars per year to over \$1,000 for full-time drivers.



**He Kaupare. He Manaaki.
He Whakaora.**
[prevention.care.recovery.](http://prevention.care.recovery)

Kiwi Saver Contributions

1. CONTRIBUTING TO KIWISAVER

- If Uber is your only income source, consider contributing to your Kiwisaver account manually.
- If you contribute \$1,042.86 before 30th June, you will receive the maximum government contribution of \$521.43.



New GST Rules for the Platform Economy

1. NEW PLATFORM ECONOMY GST RULES

- For full details on the new GST rules, refer to the official government website [LINK](#)..

2. GST STATUS IN THE UBER APP

- It's essential to correctly advise Uber about your GST status in the app.
- There are different commission rates and tax credits depending on whether you are GST registered or not.



Record Keeping Essentials

1. SEPARATE BANK ACCOUNT

- Open a separate bank account for your Uber income and expenses. This helps keep your business and personal affairs separate.
- As a sole trader, this can simply be a normal cheque account – it doesn't have to be a "business" account.

2. RECEIPT MANAGEMENT

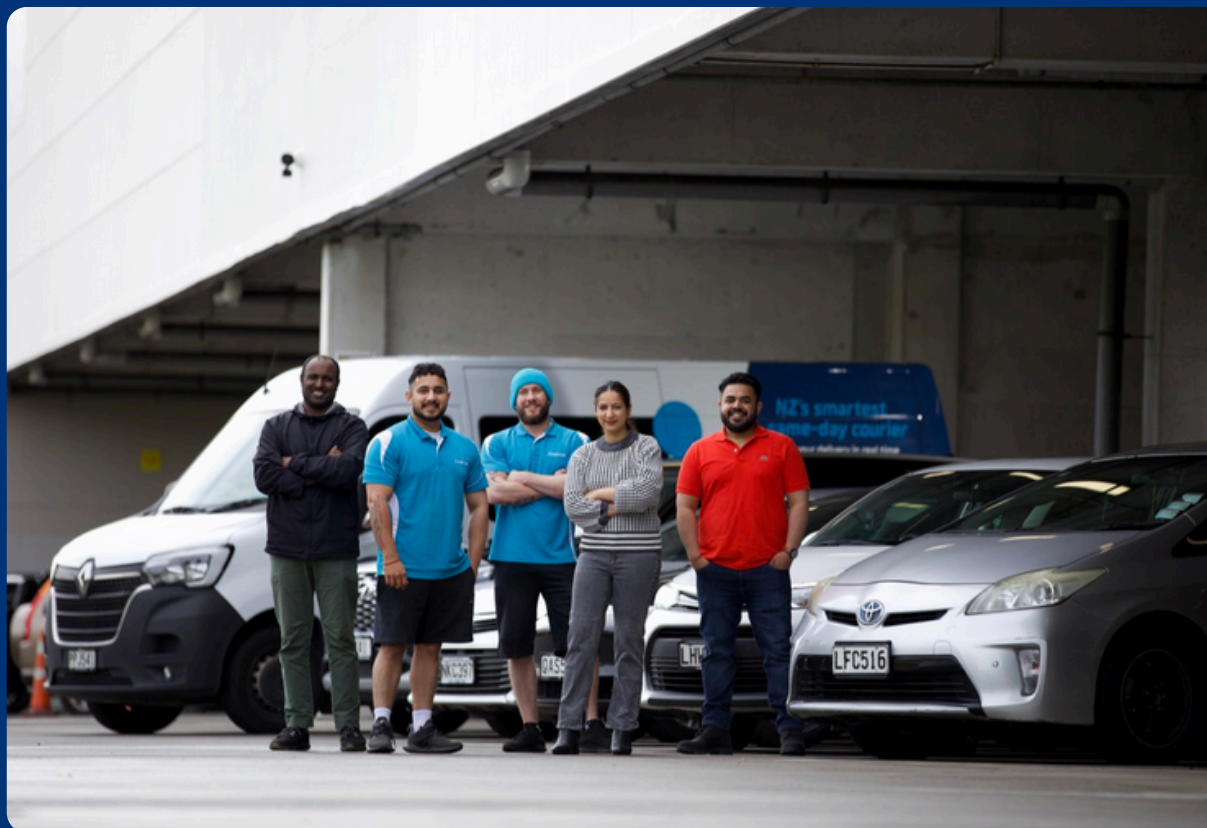
- Keep copies of all receipts and invoices related to your driving income. Clients can upload these to our free new and improved app.

3. TRACKING KILOMETERS

- It's crucial to track your kilometers. This is the number one way to reduce your tax bill.
- We recommend using Logmate or another tracking tool to record your mileage accurately.

4. SAVING FOR TAX

- We recommend saving 10-15% of your gross income (before expenses) in a separate account to cover income tax at year-end.
- With help from a tax agent, your tax bill is likely to be lower than expected.
- Consider adopting a business mindset by saving for taxes, instead of paying with each paycheck.



Why Use a Tax Agent?

1. ADVANTAGES OF USING A TAX AGENT

- **Confidence in Accuracy:** Tax agents ensure your tax return is completed correctly. We stay up to date with all IRD and rideshare-related changes.
- **Minimised Tax Bill:** We help ensure your tax bill is minimised to the greatest extent possible.
- **Access to IRD:** As an IRD-registered agent, we can access your tax details directly with IRD (we never ask for your IRD password).
- **Financial Reports:** If you apply for a mortgage or vehicle finance, you'll need a financial report from an independent tax agent.
- **Expertise:** We are proven experts in self-employment tax, especially for drivers in the rideshare and delivery industries.

PART ELEVEN

Why Choose Rideshare Consultants?

- **Official IRD Tax Agent:** We've been a registered Tax Agent since 2017.
- **Proven Track Record:** Over 1,200 clients nationwide.
- **Personalised Service:** We work online with clients across New Zealand and offer in-person meetings in Auckland, Mount Maunganui, and Christchurch - for a small additional fee.
- **Honesty & Integrity:** We follow government guidelines and work in the best interests of our clients.

Want more insights like this?

[BOOK A DISCOVERY CALL](#)

Affordable Tax Services

GST RETURNS

\$150.00

6 monthly GST returns

- Usually Results in a refund
- Drivers with over 60k income

PART TIME

\$215.00

Yearly tax returns for part time drivers

- Must be lodged after 31 March
- includes exclusive free access to our expense recording web-app

FULL TIME

\$285.00

Yearly tax returns for full time drivers

- Must be lodged after 31 March
- includes exclusive free access to our expense recording web-app

RIDESHARE CONSULTANTS

'The trusted tax service provider for over 1,200 drivers throughout New Zealand'

Contact Information

For more real-world Uber driving advice, visit our website or contact us at:

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THANK YOU FOR READING! FEEL FREE TO REACH OUT TO US ANYTIME.

