

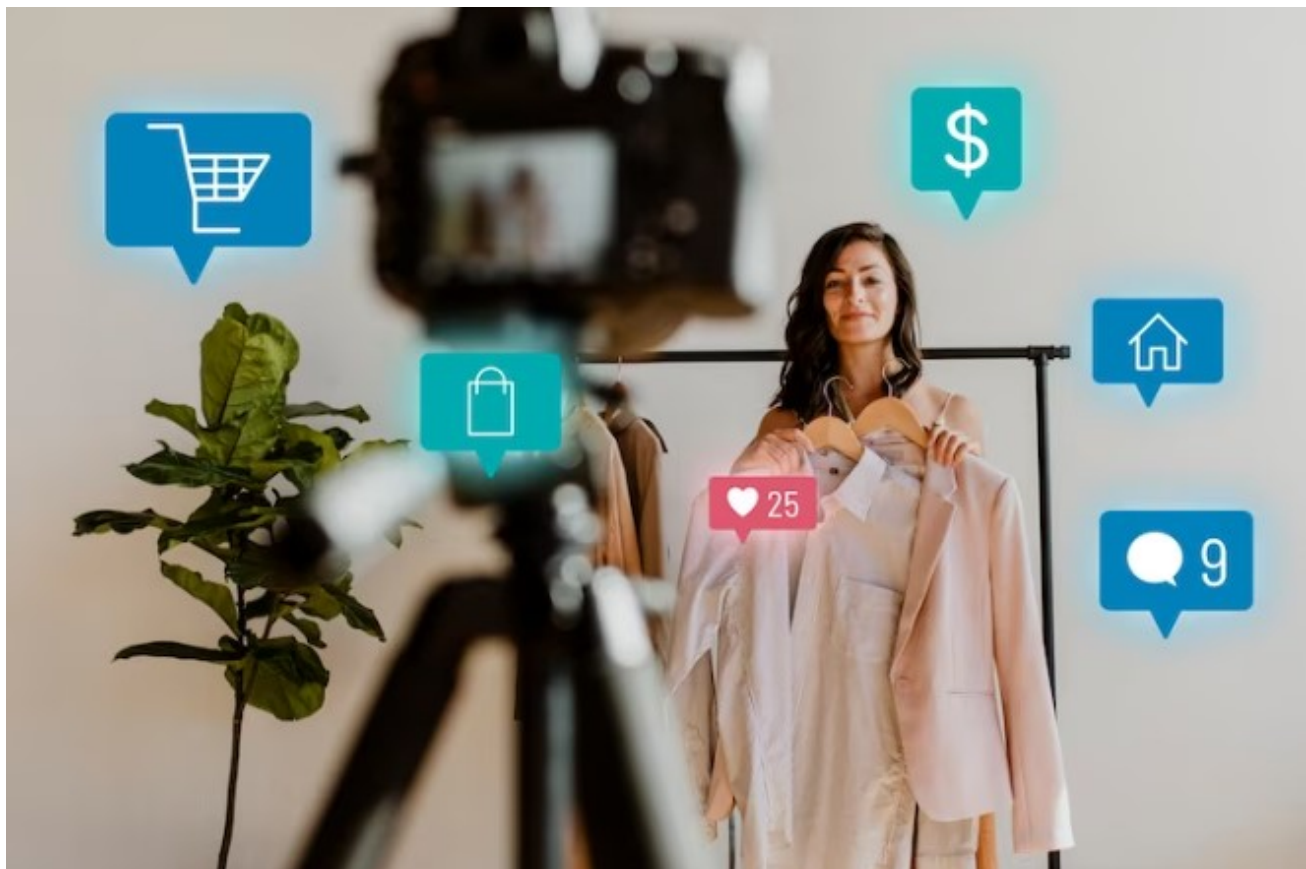
Empowering Success through Financial Savvy

[investax.com.au/knowledge-base/a-tax-guide-for-social-media-influencers-streamers-and-bloggers](https://www.investax.com.au/knowledge-base/a-tax-guide-for-social-media-influencers-streamers-and-bloggers)

Tax Guide for Social Media Influencers: Every year, an increasing number of Australians earn money through social media platforms such as Instagram and other streaming platforms. Although lifestyle blogging is a new profession to all of us, it can be quite a lucrative way to earn millions of dollars. The online gig economy is here to stay, whether as a side hustle, a lucrative hobby, or a way of life.

However, not everyone is aware that this money is taxable income. Because the Australian Taxation Office (ATO) has stated that they will be tracking down these platforms. If you are a social media influencer, blogger, or streamer and regularly earn money from these online platforms, you are prone to taxes. You need to be aware of the existing tax laws that are applied to influencers, streamers, or bloggers.

There is a list of things you can claim and a list of things you certainly cannot claim. It doesn't matter if you are a steamer, blogger, or social media influencer, you should treat it as a business rather than just a hobby, as you are earning money through it. You can earn money either from sponsorships or in the form of direct fees. The good news is you are allowed to claim deductions.



Tax Guide for Social Media Influencers: Registering your blog or social media accounts as a business is necessary?

Blogging, streaming, and using social media are simply some creative outlets for some people, a way for them to journal or share their experiences with others. Only businesses that are in the process of making money are required to register and pay taxes. This is true whether they are online, on Instagram, on YouTube, or in a physical store. However, if your blog is merely a hobby, you will not be required to register. If you're making money, getting paid, or planning to start promoting, you're probably a business.

There are no definite factors that can determine if you are running a business or not. If you are confused about whether your blogging or streaming is a business according to Australian Government, you should consider answering the following questions

- Do you participate in activities that are done for commercial purposes?
- Are you willing to make a profit, or do you believe you can make a profit from the activities you do online?
- Are your actions organized, planned, and executed like a business?
- Are you an active participant in social media activities, blogging, or streaming, that will draw money?

If you get positive answers to these questions, you are running a business and you must report your activities as a business entity and pay your taxes accordingly.

The 'Instagram Tax' is Very Real, So You Should Start Keeping Track of Your Spending.

While the name may make you raise an eyebrow at first, the Instagram Tax refers to a very real piece of legislation introduced by the Australian Taxation Office (ATO) in 2019. It is no longer considered a hobby if you earn more than \$1000 per year from social media, blogging, or streaming. You must pay income tax on your earnings. If your earnings are consistent, you may even require an ABN. Those earning more than \$75,000 per year must register for GST and BAS statements.

A social media influencer is someone who uses their reputation and influence to market products and services on social media. Influencers typically make money through a variety of means, including sponsored posts, downloadable digital products, podcasts, and affiliate marketing. Despite its name, the Instagram Tax applies to any income earned through any social media platform. This includes things like blogging, streaming, endorsements, sponsorships, and even non-cash rewards.

Among the other options, the non-cash option is the most critical because successful influencers frequently receive a large number of free products from the brands they promote. While you are not required to declare a single gift, a steady stream of untaxed freebies will raise red flags with the ATO. This is why it's critical to keep detailed records of every dollar you earn and every product you receive so that your tax preparer or accountant has a clear picture of your income.

Influencers in Australia are required to pay income tax on any non-cash incentives received in exchange for their services, such as endorsements or physical appearances. While minor irregular gifts are not considered income, the Australian Taxation Office (ATO) will require you to report and pay tax on the market value of the item or benefit received if you receive them. The lesson is to be cautious of what you are paid and to put aside any prospective tax on these advantages.

What Constitutes Taxable Income as a Blogger, Streamer, or Influencer?

When it comes to taxes, all types of income are usually considered taxable income. You may accept gifts or products as a blogger or Influencer in exchange for writing about them or sharing them on social media. You must include these types of transactions in your taxable income and value each one at market value. Other sources of income include

- Advertising
- Affiliate marketing
- Guest blogging
- Subscription services

Tax Breaks for Streamers, Bloggers, and Influencers

When you're self-employed, claiming allowable business expenses is the simplest way to reduce your tax bill. Most business expenses, including those for bloggers, streamers, and influencers, are tax deductible, including

- Website design and development
- Laptop
- Web hosting
- Licenses, software, and subscriptions
- SEO costs
- PPC
- Photographers
- Make-up for shoots
- Camera and equipment

Consultants or freelancers you may hire

- Agent fees
- Training and courses
- Home office use
- Insurance
- Travel and mileage
- Legal fees
- Accountants fees
- Bank charges for a business bank account

Make Wise Tax Deductions

Tax deductions are the most effective way to legally reduce your taxable income. And there's a lot you can deduce as a blogger, streamer, or influencer. This includes the following

- Office & Equipment Computers, desks, desk chairs, stationery, and so on are examples of furniture.
- Ongoing operational expenses such as internet, phone, and electricity bills
- Costs associated with advertising and promotion, such as domain name rental, advertising, and search engine optimization (SEO) services
- Expenses for financial administration, such as monthly Xero subscriptions, etc. You can even deduct the cost of visiting your tax advisor

There may be other things you can claim depending on your niche. Because deductions can be difficult to get right when doing it yourself, it's best to consult a registered tax agent.

According to the golden rule of deductions, it must be a business expense. Unfortunately, this means that you cannot generally claim expenses related to the topic of your post. Even if you earn money by sharing your experience with something, the ATO considers those experiences private or domestic.

A health blogger, for example, cannot claim their gym membership, and a travel blogger cannot claim their plane flights. You could earn thousands of dollars per week by reviewing different frozen pizzas on a popular YouTube channel. Unfortunately, you are still unable to claim any pizza.

So feel free to declare your earnings and enjoy the advantages to the fullest.

Accurate Tax Returns for Bloggers and Social Media Influencers

Your tax return should always be completed correctly. Managing taxes is difficult for most people, and it becomes even more difficult when you are an influencer. You cannot afford to make any mistakes on your tax return, which is why you require assistance. Incorrectly completed tax returns can have serious consequences. You should always correct any errors or inaccuracies as soon as possible. You can correct the situation by contacting the ATO.

The penalty for making false or misleading statements in your tax return can be significant. The Australian Taxation Office (ATO) has the power to charge administrative penalties for a range of situations, including failing to take reasonable care in preparing your tax return, providing false or misleading information, or making a statement that is not reasonably based on facts. The amount of the penalty will depend on the seriousness of the breach and other factors, such as whether you have a history of non-compliance.

The penalty can be up to 75% of the tax shortfall that arises from the false or misleading statement. In addition to the penalty, the ATO may also charge interest on the tax shortfall, which can further increase the overall cost of the breach.

It's important to note that the ATO takes compliance with tax laws very seriously, and penalties are designed to deter taxpayers from engaging in fraudulent or negligent behavior. It's always best to be honest and accurate when preparing your tax return and to seek professional advice if you're unsure about any aspect of your tax obligations.

Popular Streaming Platforms Will Soon Share Data with the ATO Directly

Streaming through platforms is one of the most popular ways to earn money online. Individuals use these platforms to deliver original content to subscribers, who pay a monthly fee for the privilege. The streaming services then take a small percentage of these earnings as a hosting fee, though the amount varies depending on the platform. In this regard, it is very similar to how other sharing economy apps such as Uber operate.

You may have heard that these companies, such as Airbnb, have been targeted by The ATO's data-matching program, which uses third-party data to catch tax evaders. These companies may soon be required to provide data directly, making it nearly impossible for users to conceal any income generated by these platforms.

BOOK YOUR COMPLIMENTARY CONSULTATION NOW – We offer a 15-minute free consultation to discuss your tax, property investment and business needs.

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