

Doing business in the gig economy

This guide provides general information to those who work as independent contractors in the gig economy to assist them in understanding their rights and responsibilities and what to consider when starting and operating a business.



What is the gig economy?

Participants in the gig economy provide services to consumers for a fee via digital platforms or marketplaces. The gig economy is also known as the platform or app economy, the sharing economy or the on-demand workforce. It covers a wide range of services including food delivery, household tasks, ridesharing and courier services.

Participants offering services in the gig economy are often individuals. However, sometimes more established businesses use these same platforms to find and connect with customers (such as an electrician looking for supplementary electrical work).



Employee or independent contractor?

Individuals participating in the gig economy may have different rights and responsibilities depending on whether they are considered an independent contractor or an employee.

It is common for gig economy platforms to regard participants as independent contractors, though whether a worker is an independent contractor or an employee is determined by the nature of the relationship, not what the arrangement is called.

For further information on the difference between an independent contractor and an employee visit Business.gov.au: business.gov.au/people/contractors/employee-or-contractor

The Fair Work Ombudsman also provides information on protections at work for independent contractors: fairwork.gov.au/tools-and-resources/fact-sheets/rights-and-obligations/protections-at-work. For general advice: fairwork.gov.au/find-help-for/independent-contractors



Understanding your tax obligations

Participants in the gig economy should understand their tax obligations. There are different requirements for independent contractors and employees. When getting started, independent contractors should:

- obtain an Australian business number (ABN)
- consider whether registration for Goods and Services Tax (GST) is required (for example, registration for GST must be completed if you are providing ridesharing services or have a turnover of more than \$75,000 a year)
- report and pay GST on an activity statement if registered for GST and an independent contractor
- keep records of income and expenses for both GST and income tax purposes (GST credits for work related expenses can be claimed).

The Australian Taxation Office (ATO) has further information to assist gig economy participants with their obligations: ato.gov.au/General/Sharing-economy-and-tax/

To compare employee and contractor tax and super obligations: ato.gov.au/business/employee-or-contractor/

To register for an ABN: abr.gov.au/business-super-funds-charities/applying-abn

For more information about GST requirements for ridesharing services: ato.gov.au/general/sharing-economy-and-tax/ride-sourcing/

For more information about when and how to register for GST: ato.gov.au/Business/GST/Registering-for-GST/

The ATO is conducting free webinars to support gig economy participants providing ride-sharing services: ato.gov.au/Business/Starting-your-own-business/Small-business-webinars-and-workshops/ for further information.



Contractor rights and protections

Independent contractors have different rights and protections in the workplace to employees. Information on protections at work, unfair contracts, sham contracting, workplace health and safety relating to independent contractors and associated support options is available at: business.gov.au/people/contractors/contractor-rights-and-protections



Entitlements and workers compensation

Independent contractors do not receive entitlements, such as paid leave and notice of termination, unless they are included in their contract. As an independent contractor in the gig economy, you may not be entitled to paid leave if you're unable to work due to injury or illness.

If involved in a workplace accident, independent contractors may not be entitled to workers compensation payments.

The NSW State Insurance Regulatory Authority (SIRA) conducted consultations in 2021 on injury insurance arrangements for gig economy food delivery riders. For more information: sira.nsw.gov.au/consultations/injury-insurance-arrangements-for-food-delivery-riders-in-the-gig-economy



Managing risk and insurance

Participants in the gig economy should consider how they might be affected if unable to work if injured while performing work.

While insurance is not mandatory, common insurance policies obtained by gig economy participants include income protection, liability insurance and asset and revenue insurance. For further general information on business insurance: business.gov.au/risk-management/insurance/business-insurance. Some gig economy platforms may require certain types of insurance as a condition of use.

There are resources available to help you find insurance cover online. It may also help to talk to an insurance broker to discuss your business risks and understand your options. Resources include:

- Understand Insurance – understandinsurance.com.au
- Insurance Council of Australia – findaninsurer.com.au
- National Insurance Brokers Association – needabroker.com.au or 1300 531 073



Superannuation

Superannuation or "super" is money put aside as savings for an individual's retirement. As independent contractors, gig economy participants may not be entitled to superannuation payments by an employer and may need to make their own contributions.

The ATO provides advice for independent contractors relating to superannuation: ato.gov.au/Individuals/Super/Getting-your-super-started/Contractors/



Licencing

Some types of gig economy participants may require special registrations or licences. Check the Australian Business Licence and Information Service (ABLIS) website: ablis.business.gov.au for licencing and other requirements for the type of business you are planning to operate and for your local council area.



Managing financial commitments

Gig economy participants may make new financial commitments to support their work in the gig economy. For example, leasing a vehicle to provide ridesharing services.

It should be factored in that gig economy platforms do not generally guarantee ongoing work, and other unanticipated events may also impact on work levels and the ability of gig economy participants to meet any financial obligations.

Before making significant financial commitments, consideration should be given to how to meet these financial obligations if unable to earn enough income.

For more tips and guidance on making financial decisions: moneysmart.gov.au/