

# FACT SHEET

## BESPOKE LIFESTYLES LIMITED

Payments to Lifestyle Assistants - Version 1.1 Date of Issue 6 May 2013

This fact sheet takes a question and answers approach from the perspective of the lifestyle assistants who are providing services to families and individuals who self-direct their funding through Bespoke Lifestyles direct funding model 'your life your choice'.

The answers do not consider individual circumstances of each taxpayer, and professional advice should be sought when considering your own income tax obligations.

This fact sheet is merely a guide to consider when assessing your individual situation regarding the tax treatment of payments received and the requirement to hold and quote an ABN to the families in which you are providing services to.

### When providing services to families' and individuals, you as an assistant must either:

1. Complete the ATO Statement by a supplier form (then provide it) to the individual/ family if this work is of a private or domestic nature and is not an ongoing business proposition.  
This form (NAT 3346) is available at [www.ato.gov.au](http://www.ato.gov.au) and it should be noted that the individual/ family must retain this form for 5 years.  
or
2. Provide an Australian Business Number (ABN) if this work is your main source of income.

### When are you required to be registered for and provide an Australian Business Number (ABN) to the individual/ families you are providing services to?

You are required to hold an ABN if you are carrying on a business in Australia. Whether or not you are 'carrying on a business' is dependent on your circumstances. Below are a few points provided by the Australian Taxation Office, which are guidelines you may need to consider to determine whether or not the activity you conduct constitutes a business:

- Does your activity have a significant commercial purpose or character?
- Do you have more than just an intention to engage in business?
- Do you have a purpose of profit as well as a prospect of profit?
- Is there repetition and regularity to your activity?
- Is your activity carried on in a similar manner to other businesses in your industry?
- Is your activity planned, organised and carried on in a business-like manner?
- Does your activity have characteristics of size, scale and permanency?
- Would it be true to say your activity is really better described as a business, rather than a hobby or recreation?

As a separate decision, it must be considered whether the ABN holder registers for GST. If actual or projected annual turnover exceeds \$75,000, registration is mandatory.

#### **Are you required to provide a tax invoice to the families you are provided services to?**

If you are registered for an ABN and the services you have provided are in relation to your business, then yes you will have to provide a valid tax invoice to the families you have provided the services to. A valid tax invoice should include the following details:

- the supplier's identity and ABN;
- a brief description of what is sold or the services provided, including the quantity (if applicable) and the price of the goods or services;
- the extent to which each sale is a taxable sale - this can be shown separately or, if the GST to be paid is exactly one-eleventh of the total price, as a statement such as 'total price includes GST';
- the date the document is issued;
- the amount of GST (if any) payable for each sale; and
- that the document was intended to be a tax invoice.

#### **What are the obligations and or consequences of not providing an ABN?**

There are no obligations and or consequences for the families and assistants when no ABN is quoted. Where the families are not in the course of carrying on a business in relation to the services received by the assistant, there is no requirement for the assistant to quote an ABN. Although not mandatory, we do recommend you quote an ABN to aid the families' record keeping in relation to payments made for services you have rendered.

#### **Do you need to include the income received for services rendered to families in your income tax return?**

Whether or not a particular receipt is ordinary income for income tax purposes depends on its character in your hands. A receipt that, in a real sense, is a product of any employment of, or services rendered by you, or of any business or other income producing activity carried on, or compensation for the loss of other income will, generally, be ordinary income and should be included in your income tax return for the year in which the income was received.

Where the nature of support you are providing is private in nature and the receipts you receive are merely reimbursements for expenses incurred in relation to providing this support, then this may fall outside the definition of whether or not that income is assessable.

#### **Are you entitled to Superannuation Guarantee on payments made to you for services provided?**

Superannuation Guarantee is payable for assistants who meet the definition of an employee under the Superannuation Guarantee (Administration) Act 1992 (SGAA).

Where you are paid to do work that is of a domestic or private nature for no more than 30 hours per week you are not an employee in relation to that work.



A person who is paid to do work of this nature for more than 30 hours per week may or may not be an employee depending on whether they fall within the following scenario:

- You work under a contract that is wholly or principally for the labour of the person and
  - You are paid for your personal labour and skills;
  - You must perform the contractual work personally (there is no right of delegation); and
  - You not paid to achieve a result; rather you are paid for hours worked.

If you feel you, the assistant, or an assistant you have hired meet the characteristics of an employee we recommend seeking further advice as other income tax considerations need to be adhered to, such as PAYG Withholding from wages.

If you would like further clarification and are seeking assistance with regards to the content of this document please do not hesitate to contact either Russell Postle on (07) 3237 5746 or Tamara Delmege (07) 3237 5981.