

Flat-rate credits and income tax

Income tax information for drivers, deliverers and accommodation owners operating in the sharing economy



Online marketplaces must collect GST on sales of listed services. If you are not registered for GST, the online marketplace will pass on a flat-rate credit to you. Find out what you need to do in your income tax return.

The listed services rules

From 1 April 2024, online marketplaces (also known as digital platforms) must collect GST at the standard 15% rate on sales of listed services that are performed, provided or received in New Zealand. Listed services include:

- ride-sharing and ride-hailing
- food and beverage delivery
- short-stay and visitor accommodation.

From the 15% GST collected on sales of listed services, online marketplaces pass on 8.5% to you as a flat-rate credit if you are not registered for GST and pay the remaining 6.5% to us.

This flat-rate credit is for you to keep and recognises costs you incur when supplying these services.

Note:

If you use a listing intermediary (property manager or agent) to list short-stay and visitor accommodation on an online marketplace on your behalf, they will administer the flat-rate credit scheme instead of the marketplace.

Completing your income tax return

Your income tax return must include all of the income you earn and all your business expenses.

If you are GST-registered, account for income and expenses on a GST-exclusive basis.

If you are non-GST-registered, account for income on a GST-exclusive basis. How you account for expenses depends on whether you choose to treat the flat-rate credits as assessable income or excluded income.

Choosing to include flat-rate credits as assessable income

If you choose to include your flat-rate credits as assessable income, you deduct expenses that relate to the sale of your listed services on a GST-inclusive basis.

If you sell your listed services through an online marketplace and you also sell your listed services in other ways (for example, through your own website), you may want to choose this option to help reduce your compliance costs. This is because under this option you do not need to split your expenses between expenses that relate to online marketplace sales and expenses that relate to sales made in other ways.

You can only choose this option if you were not registered for GST when you received the flat-rate credits. This means if you registered for GST part way through the tax year, you can choose to include the flat-rate credits you received as assessable income in your income tax return up until the date you became GST-registered.

Note:

If you received any flat-rate credits while you were GST registered, you need to pay them to us in your GST return. For information about how to do this, refer to **Goods and services tax on listed services – AD277**.

Choosing to exclude flat-rate credits from income

If you choose to treat your flat-rate credits as excluded income, calculating your deductions may be more complicated.

Claim expenses related to income earned through an online marketplace on a **GST-exclusive basis**. This is because the flat-rate credits you got from the online marketplace recognise the GST on your costs to earn this income.

Claim expenses relating to income earned in other ways (for example, through your own website), on a **GST-inclusive basis**.

Expenses relating to income earned from the sale of listed services made through an online marketplace and in other ways, need to be split.

- Claim the part of the expenses relating to online marketplace sales on a **GST-exclusive basis**.
- Claim the part of the expenses relating to sales made in other ways on a **GST-inclusive basis**.

Note:

In most situations we consider the number of nights rented to be a fair and reasonable apportionment method for accommodation.

Keeping records

You must keep records to be able to calculate your income and expenses. These include:

- invoices and receipts
- statements from your online marketplace
- bank statements
- working papers for all calculations
- a list of assets including cost price and purchase date.

Keep the records in New Zealand and in English or te reo Māori. You must keep these records for at least 7 years from the end of the tax year. You do not need to send your records or working papers with your income tax return, but you must keep them in case we want to see them.

More information

This factsheet has given you a brief overview of how to treat flat-rate credits in your income tax return.

For more information about your income tax and GST obligations read our:

- **Goods and services tax on listed services – AD277** factsheet
- **Taxi, shuttle and ride-sharing – IR135** guide

Visit us at:

- ird.govt.nz/sharing-economy
- ird.govt.nz/short-stay-accommodation

Examples

The following examples have been simplified to illustrate how to treat flat-rate credits in your income tax return. You may also need to make an adjustment for any private use and consider whether other tax rules, such as the mixed-use assets rules, apply.

Example – Accommodation using number of nights rented as the apportionment method

Warren owns a property that he rents out for short-stay accommodation. There is no private use. He is not registered for GST or required to be registered. During the 2024-25 tax year, he receives the following income exclusive of GST:

Sales through online marketplace – rented 150 nights	\$20,000
Sales through his own website – rented or available to be rented 215 nights	\$8,000
Gross income	\$28,000

Warren receives flat-rate credits for his sales made through the online marketplace of \$1,700.

Warren incurs the following expenses, inclusive of GST:

Commissions charged by the online marketplace	\$540
Local council rates	\$3,500
House and contents insurance	\$1,200
Cleaning and other costs (relating to sales made through the online marketplace and his own website)	\$600
Total expenses for the year	\$5,840

The calculation - flat-rate credits included as assessable income

Warren chooses to include the flat-rate credits he received as income in his 2025 income tax return.

Warren can claim income tax deductions on the full GST-inclusive amounts of his expenses.

Sales	GST exclusive
Sales - online marketplace	\$20,000
Sales - own website	\$8,000
Flat-rate credits	\$1,700
Gross income	\$29,700
Expenses	GST inclusive
Commissions charged by the online marketplace	\$540
Local council rates	\$3,500
House and contents insurance	\$1,200
Cleaning and other costs	\$600
Deductible expenses	\$5,840
Warren's taxable income is:	
Gross income	\$29,700
Less deductible expenses	\$5,840
Taxable income	\$23,860

The calculation - flat-rate credits excluded from income

Warren chooses to exclude the flat-rate credits from income in his 2025 income tax return.

He needs to deduct expenses that relate to the online marketplace nights on a GST-exclusive basis and expenses that relate to non-online marketplace nights on a GST-inclusive basis. Expenses that relate to both marketplace and non-marketplace nights must be split.

Warren can deduct the full GST-exclusive amount of the commission charged by the online marketplace. However, the other expenses relate to online marketplace nights and non-online marketplace nights so must be split. The table below summarises how to do this.

Sales	GST exclusive			
Sales - online marketplace		\$20,000.00		
Sales - own website		\$8,000.00		
Gross income		\$28,000.00		
			GST exclusive portion for marketplace nights rented - 41% (150/365)	GST inclusive portion for non-marketplace nights rented - 59% (215/365)
Expenses	GST exclusive	GST inclusive		
Commissions charged by the online marketplace	\$469.57	\$540.00	\$469.57	
Local council rates	\$3,043.48	\$3,500.00	\$1,250.74	\$2,061.64
House and contents insurance	\$1,043.48	\$1,200.00	\$428.83	\$706.85
Cleaning and other costs	\$521.74	\$600.00	\$214.41	\$353.42
	\$5,078.26	\$5,840.00	\$2,363.55	\$3,121.92
Deductible expenses				\$5,485.47
Warren's taxable income is:				
Gross income	\$28,000.00			
Less deductible expenses	\$5,485.47			
Taxable income		\$22,514.53		

Example – Ride sharing using sales as the apportionment method

Emma provides ride-sharing services through an online marketplace. She also provides food delivery services directly to a local takeaway restaurant (not through an online marketplace). Emma is not registered for GST or required to be registered. During the 2024-25 tax year, she receives the following income exclusive of GST:

Ride-sharing services provided through online marketplace	\$2,000
Food delivery services not provided through an online marketplace	\$800
Gross income	\$2,800

Emma receives flat-rate credits for her services provided through the online marketplace of \$170.

Emma incurs the following expenses, inclusive of GST:

Commissions charged by the online marketplace	\$400
Petrol	\$350
Vehicle registration	\$120
Other costs (relating to sales made through the online marketplace and her own website)	\$60
Total expenses for the year	\$930

The calculation - flat-rate credits included as assessable income

Emma chooses to include the flat-rate credits she received as income in her 2025 income tax return.

Emma can claim income tax deductions on the full GST-inclusive amounts of her expenses.

Sales	GST exclusive
Ride sharing - online marketplace	\$2,000.00
Food delivery - not through online marketplace	\$800.00
Flat-rate credits	\$170.00
Gross income	\$2,970.00
Expenses	GST inclusive
Commissions charged by the online marketplace	\$400.00
Fuel	\$350.00
Vehicle registration	\$120.00
Other expenses	\$60.00
Deductible expenses	\$930.00
Emma's taxable income is:	
Gross income	\$2,970.00
Less deductible expenses	\$930.00
Taxable income	\$2,040.00

The calculation - flat-rate credits excluded from income

Emma chooses to exclude the flat-rate credits from income in her 2025 income tax return.

She needs to deduct expenses that relate to the online marketplace sales on a GST-exclusive basis and expenses that relate to non-online marketplace sales on a GST-inclusive basis. Expenses that relate to both marketplace and non-marketplace sales must be split.

Emma can deduct the full GST-exclusive amount of the commission charged by the online marketplace. However, the other expenses relate to online marketplace sales and non-online marketplace sales so must be split. The table below summarises how to do this.

The marketplace sales make up 71.4% (\$2,000 / \$2,800) of her sales and the non-marketplace sales make up 28.6% (\$800 / \$2,800).

Sales	GST exclusive			
Ride sharing - online marketplace	\$2,000.00		71.4%	
Food delivery - not through online marketplace	\$800.00		28.6%	
Gross income	\$2,800.00			
Expenses	GST exclusive	GST inclusive	GST exclusive portion for marketplace sales	GST inclusive portion for non-marketplace sales
Commissions charged by the online marketplace	\$347.83	\$400.00	\$347.83	
Fuel	\$304.35	\$350.00	\$217.39	\$100.00
Vehicle registration	\$104.35	\$120.00	\$74.53	\$34.29
Other expenses	\$52.17	\$60.00	\$37.27	\$17.14
	\$808.70	\$930.00	\$677.02	\$151.43
Deductible expenses				\$828.45
Emma's taxable income is:				
Gross income	\$2,800.00			
Less deductible expenses	\$828.45			
Taxable income	\$1,971.55			