

Private operators

This factsheet explains your tax responsibilities and entitlements if you're a self-employed private operator in the sex industry.

A private operator is anyone in the sex industry who receives payment for their services without tax being deducted from it. The definition includes people who work in massage parlours, escort agencies, on the street and privately.

Work out if you're self-employed (a private operator) or an employee (you work for someone else) by reading our guide **Self-employed or an employee? - IR336** or by contacting us - see overleaf.

If you're a private operator, you file an **Individual tax return - IR3** at the end of the income year. You show your total income and work out how much tax you have to pay. You'll also have to work out your ACC levies and student loan repayments if you're a borrower.

Everyone who earns money in New Zealand must pay their share of tax. Your taxes pay for services we all need, such as healthcare, education, social welfare and transport.

Taxes and how to pay them

Income tax

For most self-employed people, the income year starts on 1 April and ends on 31 March the following year. Your income tax returns are due on 7 July (although it can be later if you have a tax agent). In most cases, you must pay any tax by 7 February the following year.

If you expect your income tax bill to be \$5,000 (\$2,500 for the 2019-20 and earlier years) or more at the end of the year, you may need to pay your tax in instalments throughout the year. This system is called provisional tax. Our guide **Smart business - IR320** explains how you can plan for these payments.

Find out more about provisional tax at ird.govt.nz/provisional-tax

GST (goods and services tax)

You must register for GST if you earned gross income (including grants and subsidies) over \$60,000 in the last 12 months, or expect to earn that much in the next 12 months. You then pay 15% GST on what you buy, and collect it on what you sell. GST is payable on most goods and services in New Zealand, with a few exceptions.

Find out what these are and if you should be paying GST at ird.govt.nz/gst

You can reduce your end-of-year tax payment

Deduct your business expenses

Business expenses are products or services that you pay for and use in your work.

You can claim most business-related expenses in your tax return, eg, condoms, lubricants, work clothes and advertising fees. You can't claim personal or domestic expenses such as casual clothing, groceries, gym fees and childcare.

You can claim industry-specific medical expenses, eg, HIV and STD tests. You may also be able to claim for pregnancy tests and cosmetic surgery. But you can't claim private medical expenses.

Find out more about expenses at ird.govt.nz/business-expenses

Claim the costs of working from home

If you work from home, you can claim a percentage of your household expenses, eg, rent, electricity, house insurance and rates. You'll need to set aside a specific area, for example, a bedroom, hold on to all your receipts and keep a record of all the expenses you want to claim.

We tell you how to do this at ird.govt.nz/business-expenses

Work out depreciation for wear and tear

When business items wear out or become outdated, they lose value. This is called depreciation. You can claim for single items over \$500 or for a group of similar items with a combined value. Use our depreciation rates to work out the loss in value and deduct this amount in your tax return.

Find out more about the depreciation rules and rates at ird.govt.nz/depreciation or by reading our guide **Depreciation - a guide for businesses - IR260**.

Get extra help

Working for Families

If you have children aged 18 or under you may be entitled to Working for Families. There are different payment types you could qualify for, depending on your family's circumstances.

For details, go to ird.govt.nz/working-for-families or read our guide **Working and raising a family - IR201**.

Accommodation and childcare assistance

If you receive Working for Families you may also be entitled to extra help with housing and childcare costs from Work and Income.

Find out more at www.workandincome.govt.nz/products/a-z-benefits/working-for-families.html or by calling Work and Income on 0800 774 004.

Child support

Child support is money paid by a parent who doesn't live with their children. Inland Revenue assesses and collects child support and passes it on to the person who cares for the children.

For more details, go to ird.govt.nz/childsupport or read our guide **Helping you to understand child support - IR100**.

Independent earner tax credit (IETC)

If you earn between \$24,000 and \$48,000 you could be entitled to IETC. Find out more at ird.govt.nz/ietc

Be a smart operator

Make sure your paperwork is in good order. You'll need to:

- keep original documents, eg, tax invoices, receipts
- keep a record of the money you earn and spend
- register for the taxes you're required to, eg, GST
- enter all your income on the returns you file, and only claim the deductions you're entitled to
- file your returns and pay your taxes on time. Contact us as soon as possible if you can't. We'll discuss your circumstances and work out a filing and payment plan with you.

myIR

You can manage your tax and entitlements online with a myIR account.

In myIR you can:

- check if you're due a refund
- keep up-to-date with your student loan
- check and update your Working for Families details
- review your KiwiSaver contributions
- manage your child support payments
- file returns
- update your contact and bank account details.

myIR is available 24 hours a day, seven days a week. Find out more, and register, at ird.govt.nz/myir

Forgotten your user ID or password?

Request these online and we'll send them to the email address we hold for you.

How to get our forms and guides

You can get copies of our forms and guides at ird.govt.nz/forms-guides



ird.govt.nz

Go to our website for information and to use our services and tools.

- **Log in or register for myIR** - manage your tax and entitlements online.
- **Calculators and tools** - use our calculators, worksheets and tools, for example, to check your tax code, find filing and payment dates, calculate your student loan repayment.
- **Forms and guides** - download our forms and guides.

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Request these online from the myIR login screen and we'll send them to the email address we hold for you.

FREE ADVISORY SERVICE

Our community compliance officers run free tax seminars and workshops for new businesses and organisations. For more information or to register to attend one of these sessions go to ird.govt.nz/contact-us or phone 0800 377 774.



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