

AM I IN BUSINESS?

The ATO has taken a strong stance when considering whether direct selling activities such as Amyay IBO's are actually in business. Funny enough their view to the contrary is even more so in the early stages where you may be suffering tax losses.

While there is no single rule to determine whether you are in business for tax purposes, the ATO will take into account a number of factors in their consideration:

1. You have made a decision to commence operating a business and your actions will indicate such a decision for instance:

1. You have registered a business name
2. Obtained an ABN.
3. Commenced record keeping using a system such as Xero
4. Establish a legal entity such as a company or trust



2. Your intention in running your business is to make a profit or you genuinely believe you will make a profit from the activities you undertake, even if in the short term you may suffer some losses.

2.

3.

Your business activities are repetitive in nature.



4. The size or scale of your activity consistent with other businesses in your industry.

4.

5.

Your activity is planned, organised and carried on in a businesslike manner.



If you are running a business, you must include the income from your business in your income tax return. However, if they do not meet the business tests you have no obligation to report these activities in your return. It is important to note that income originating from your own personal purchases are not to be included in your income.

Generally, most people undertake direct selling activities as a business opportunity, however there may be some whose direct selling activities do not meet the criteria of a "business" for tax purposes and could be considered as a hobby.

 **What If I Am Making A Loss?**

Have a FREE 30 min online general meeting

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