

SIDE HUSTLE, SERIOUS TAX?

What individuals should know about income from freelance, gig and online activities

AT A GLANCE

A "side hustle" is not a separate tax category. The Singapore tax treatment depends on the nature of the activity, the underlying facts and circumstances, and the character of the income earned.

Side hustles are becoming increasingly common

From freelance assignments and online selling to content creation, tutoring and platform work, individuals are increasingly earning income outside their main employment. A side hustle may start small, but it is important to understand when the income may have Singapore tax implications and what records should be maintained.

1. Your side hustle may have tax implications

Having a full-time job does not prevent an individual from also carrying on a separate income-generating activity. Income from a trade, business, profession or vocation is generally taxable in the individual's hands. Whether a particular receipt is taxable depends on the nature of the activity and the facts of the case.

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The fact that an activity is carried out part-time, occasionally, or to supplement employment income does not, by itself, mean that the income is not taxable.

2. What could be a side hustle?

Activity	Examples (non-exhaustive)
Freelance services	Consulting, graphic design, photography, writing, translation
Online activities	Online selling, content creation, sponsorships, digital products
Gig / platform work	Delivery services, private-hire car driving, other platform-based services
Other income-generating activities	Tutoring, coaching, home-based businesses, commission activities

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3. Hobby or business - does it matter?

Not every activity undertaken by an individual automatically constitutes a business. However, where an activity becomes organised, repeated or commercial in nature and is carried out in exchange for monetary or non-monetary benefits, the tax position may change.

Non-monetary benefits may include products, sponsorship arrangements, referral incentives or other benefits received in connection with the activity.

CASE STUDY

Aisha enjoys baking and initially makes cakes for friends and family. Over time, she starts taking regular orders through social media, advertises her services and receives payment from customers. She should consider whether the activity has developed into a business activity. Factors such as regularity, commercial intent and the way the activity is carried on may be relevant in determining the Singapore tax treatment.

4. I have a full-time job. How do I report my side-hustle income?

An individual can be both an employee and self-employed at the same time. Employment income and income from a trade, business, profession or vocation are reported under their respective categories, with the relevant income considered in determining the individual's overall Singapore income-tax position.

EXAMPLE

Daniel earns S$90,000 from full-time employment and S$20,000 from freelance IT consulting services. His employment income is reported as employment income, while his freelance income is reported as income from Trade, Business, Profession or Vocation.

5. Tax is generally based on profit - not simply the money received

For a business or self-employed activity, the starting point is gross revenue, followed by allowable business expenses. A simplified illustration is:

Illustration	S$
Revenue	20,000
Less: Allowable business expenses	(5,000)
Adjusted profit	**15,000**

Not every expense a side hustler incurs is automatically deductible. Business expenses generally need to satisfy the applicable deductibility requirements, including being wholly and exclusively incurred in the production of income, while private expenses are not deductible.

Examples of common mistakes:

- Mixed-use household telecommunications costs
- Private motor vehicle expenses
- Capital expenditure treated as an ordinary expense
- Personal purchases described as business expenses

BDO INSIGHT

Before claiming an expense, ask: "Can I demonstrate that this expense was incurred wholly and exclusively for the purpose of earning my business income?"

6. Platform workers

Platform workers providing ride-hail or delivery services under a platform work agreement are a distinct category for employment purposes. For tax purposes, however, Income earned from ride-hail and delivery activities is generally assessed under the rules applicable to self-employed persons rather than as employment income.

Using an app or online platform does not, by itself, change the underlying income-tax considerations.

Depending on the nature of the activity, individuals may also have CPF obligations. Separate CPF considerations may apply to self-employed persons and platform workers.

7. Pre-filled income - check before you file

For some self-employed individuals, income information may be transmitted to IRAS and pre-filled in the tax return. Pre-filled information should still be reviewed. Individuals remain responsible for ensuring that their tax return is complete and accurate, including income that has not been pre-filled.

Income earned through overseas platforms or digital channels should not be overlooked merely because it is not pre-filled in the tax return.

REMEMBER
Pre-filled information is a convenience — not a substitute for reviewing your tax return.

8. When do I need to file a tax return?

For self-employed individuals, IRAS states that an Income Tax Return is required if, in the preceding calendar year, total annual income exceeds S$22,000, or annual net self-employment income exceeds S$6,000. Individuals should also file where specifically required by IRAS, even if these thresholds are not met.

IMPORTANT
The filing thresholds above relate to filing responsibilities. They should not be interpreted as a general exemption from tax on side-hustle income.

9. Keep proper records

Good record-keeping makes it easier to identify income, support business expenses and prepare an accurate tax return. IRAS requires you to keep relevant records and supporting documents for at least five years.

- Income / Sales records
- Platform statements
- Receipts and invoices for business expenses
- Contracts or agreements
- Invoices issued
- Bank records
- Advertising expenses
- Records supporting businesss-related expenses

10. Five questions every side hustler should ask

Q1	**What exactly am I doing to earn the income?** Consider the nature of the activity and whether it amounts to trade, business, profession, vocation or platform work.
Q2	**Am I earning income regularly or habitually?** The frequency and circumstances of the activity can be relevant to the tax analysis.
Q3	**Have I declared all my income?** Do not assume that income received through an online platform or separate account is outside the tax net.
Q4	**Are my expenses genuinely business expenses?** Keep personal and business expenses separate and retain supporting records.
Q5	**Can I support my numbers?** Maintain proper records and supporting documents for at least five years.

A side hustle may be small - but your tax obligations may not be.

Whether you earn additional income from freelance work, online sales, content creation, tutoring or platform work, understanding the Singapore income tax treatment can help you meet your tax obligations and avoid unnecessary compliance issues.

THREE SIMPLE STEPS

1. Identify your income	2. Understand your deductions	3. Keep proper records

How BDO Singapore can help

BDO Singapore can assist individuals in reviewing the Singapore personal income tax implications of their income-generating activities, identifying relevant tax planning considerations, and providing guidance on reporting and compliance matters.

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