

FACT SHEET

Interpretation Statement for Content Creators

IS 21/08 FS 1

This Fact Sheet accompanies Interpretation Statement [IS 21/08](#).

What is the Interpretation Statement about?

The statement is to help content creators get their tax obligations right from the start.

Content creation is a dynamic and evolving industry, and content-creation customers may be unsure whether they need to pay tax.

Who are content creators?

Content creators are online gamers, streamers, bloggers, influencers and other creators of online content.

Income

Income can come from a wide variety of sources, including:

- payments from platforms based on the number of times content is viewed;
- subscriptions;
- payments for promoting products or brands in a content creator's online content;
- payments for advertisements embedded in the online content;
- commissions earned from affiliate marketing and links;
- sales of merchandise;

- donations or gifts (including non-monetary gifts); and
- prize money (for example, from e-sports competitions).

In deciding whether you have income, labels such as “hobby” or “side hustle” are unhelpful. Rather it’s important to consider your activity in its entirety, including the regularity of payments, the relationship between you and payers, and the reason for the payments. If you monetise content and receive regular amounts from subscribers or platforms, then this suggests the amounts are income and taxable.

However, not everything received is income for tax purposes. If you receive one-off or occasional payments, then you are less likely to have income.

The statement discusses other factors you should consider such as whether what you receive can be relied on to help pay for living expenses and whether what you receive normally covers the cost of the activity (although this doesn’t mean an activity must always make a profit for the revenue to be income).

Are there exceptions?

The statement explains the special rules that mean young people still at school and people earning very low amounts may not have to pay tax.

Gifts or donations

Payments received through online payment or donation platforms, often described as “gifts” or “donations”, can also be income. In most cases, a payment a viewer makes to a content creator will be a product of the content creator’s activity. These payments will normally arise because the content creator has included a link to a payment platform in the description of their post and the payer has viewed the content and used the link to make a payment.

Deductions

If you have an income-earning activity, you may be able to claim deductions for expenses and depreciation losses. These deductions will reduce your taxable income. Whether deductions are allowed depends on the tests discussed in the statement.

Some expenses will not be deductible because they are private or domestic in nature (for example, most clothing expenses). Private and domestic expenses are essentially living costs and costs associated with the home or family.

For expenses that relate to an income-earning activity but also have a private component (for example, household costs where a person has a home office) you must do an apportionment calculation.

Expenses on capital assets (for example, a car) are also not deductible. However, you may be allowed a deduction for depreciation losses on some capital assets, if the assets are used in your business or income-earning activity.

What activity expenditure may be deductible?

- Home office, phone and internet expenses.
- Depreciation losses on equipment and other assets.
- Certain vehicle or travel expenses.
- Fees for professional and creative services.
- Subscriptions for online content or apps used in content-creation activity.

Non-monetary items or “contra”

Content creator customers are sometimes confused about the tax rules for non-monetary items or “contra”. Not all non-monetary items will be considered income, but where they are, then the value of the items should be included in your tax return. This applies where non-monetary items are received in addition to or instead of monetary payment. Therefore, if you receive both money and products then both might be taxable.

Whether non-monetary items are income

In considering whether a non-monetary item is income, the principles are similar to those for monetary amounts discussed above. The answer depends on your particular circumstances. For example, if you like fashion and post online in your spare time, and from time to time you receive unsolicited samples and giveaways, then they are unlikely to be income. But if you are an established fashion content creator working to promote brands and you regularly accept unsolicited products, then they will be income.

An additional consideration in the case of non-monetary items is whether the item is convertible into money – can the item be sold? Generally, where items cannot be on-sold they will not be income. This might be the case where there is no market for the item or resale is prohibited.

In summary, the general rule is that if an item received as a product of your income-earning activity can be sold, then you will have income. Where a non-monetary item is received in exchange for services, then it is valued at the realisable value, that is what the item can be on-sold for (for example, on marketplace websites). Where the item is a gift, then the law deems the transaction (the gifting) to happen at market value (for example, what the item is sold for at retail in shops or online).

Subsequent use of non-monetary items

The point of taxation is when the item is received. Where you accept an item and then give it to friends or to charity, it will still be taxable because you accepted the item (and then chose to give it away). If you do not want to be taxed, do not accept the item.

Although you are taxed on receipt of an item, there may be further tax consequences depending on what you do with the item. Where you on-sell items, you may receive an amount of income, from which you can deduct an amount for the cost of the item. For example, you could have two amounts of income where you received an item valued at \$100 and subsequently sold it for \$100. In this case, you can deduct \$100, being the cost of the item, from the \$200 received in total. This effectively means you are not taxed twice on the same item.

It may also be possible to claim a deduction where non-monetary items are used in the content-creation activity. Where this happens, the deduction effectively cancels out the income.

The following table is a quick reference guide and is not intended to be an exhaustive list. The table indicates the most likely tax treatment of different forms of payment, but individual situations may vary. Please refer to the Interpretation Statement for more comprehensive information and examples.

Table: Guide to likely income tax treatment of different forms of payment or benefit

Scenario	Likely income tax treatment of payment/benefit		Value	IS 21/08 example
	When received	Subsequently		
Monetary payment				
Gift from family member to support activity	Not taxable	N/A	N/A	7
Irregular amounts that do not meet the cost of the activity	Not taxable	N/A	N/A	1, 2
Regular payments (eg, subscriptions) received through platforms	Taxable	N/A	N/A	4, 5, 7, 15
Payments from brands/PR companies for promoting products	Taxable	N/A	N/A	20
Platform-based currency payment				
Platform-based currency that is "donated" to content creators and can be exchanged for money	Taxable – donations and convertible currency/tokens can be income if they meet the tests in the statement	N/A	N/A	20
Non-monetary benefit				
One-off or occasional gifts	Not taxable	N/A	N/A	-
Items received and not re-sellable	Not taxable – to be taxable, items usually need to be able to be on-sold	N/A	N/A	11, 12
Items received in exchange for promoting products and used privately or given to family/friends	Taxable - if it is income and can be on-sold	No deduction	Realisable value	9, 11, 13

Scenario	Likely income tax treatment of payment/benefit		Value	IS 21/08 example
	When received	Subsequently		
Items received in exchange for promoting products and used in content-creation activity, (eg, given to followers)	Taxable - if it is income and can be on-sold	Deductible to the extent the item is used in the content-creation business or to derive income	Realisable value	14
Items received in exchange for promoting products – and subsequently sold	Taxable - if it is income and can be on-sold	Taxable – income from sale is taxable Deductible – the item’s value is deductible as a cost when sold	Realisable value	10
Gifts received through content creation activity and retained by content creator or given to family or friends	Taxable - if it is income and can be on-sold	No deduction	Market value	14
Gifts that are a product of content-creation activity and used in content-creation activity	Taxable – if it is income and can be on-sold	Deductible if item used in content creation business or to derive income	Market value	14
Gifts that are a product of content-creation activity and are “re-gifted” to charity	Taxable – gifts that are income and capable of being on-sold are taxable on receipt regardless of whether they are subsequently re-gifted to charity	No deduction - as item unlikely to be connected with business or deriving income	Market value	-
Items received in exchange for promoting products – and used in activity as a capital asset	Taxable – if it is income and can be on-sold	Depreciable – to the extent item is used in the content-creation activity	Realisable value	-

Other matters

The Interpretation Statement will also be of interest to content creators wanting to know more about:

- Being paid in crypto-assets;
- Registering for GST;
- Earning money from overseas;
- Implications of withholding taxes; and
- Record-keeping obligations.

Where can I find out more?

This Fact Sheet is intended to be a quick reference guide and provides general guidance only. Individual circumstances are inevitably different. Inland Revenue suggests that anyone earning significant amounts may wish to obtain advice from a tax advisor.

Find out more in the statement: [IS 21/08: Content Creators – tax issues](#) (Inland Revenue 2021).

We've also published a related Question We've Been Asked: [QB 17/05: Income Tax – whether YouTube receipts are taxable](#) (Inland Revenue, 2017).