

UBER AND ^{Section 22} TAX ARRANGEMENTS

TOP LINES:

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- Businesses operating in the 'sharing economy' such as Uber and ^{Section 22} should be subject to the same tax laws as other businesses in their industries.
- The ATO has released advice confirming that people who provide ride-sourcing services are providing 'taxi travel' under the GST law, and therefore need to charge GST.
- From 1 August 2015, drivers will now be required to register and charge GST, lodge business activity statements and report the income in their tax returns, regardless of their turnover.
- The GST obligations of Uber drivers are the same as those that are in place for other taxi drivers.

KEY FACTS AND FIGURES:

- Uber is a non-resident operating outside Australia. The company uses a smartphone application to receive ride requests and sends these ride requests to their drivers. Customers use the smartphone application to request rides and track their reserved vehicle's location. Uber charges fees to the drivers for facilitating the transactions.
 - The service is available in 58 countries and more than 300 cities worldwide.
Source: Where is Uber available www.uber.com Retrieved 20 May 2015.

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- Every transaction may involve multiple supplies and each potentially has different tax consequences.

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: “Sharing economy” platform operators such as Uber Section 22 may not be residents of Australia and therefore not subject to Australian tax on their business income.

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- Additionally, non-resident businesses are not required to register and charge GST on services imported into Australia. As such, depending on the business model used, services provided by Uber Section 22 may not be subject to GST.

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Taxation of Uber drivers Section 22

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Income earned by Australian resident Uber drivers Section 22 is likely to be subject to Australian income tax, if they are considered to be operating a business.

- Australian resident businesses must register and charge GST whenever their turnover is above \$75,000 per annum.
- However, special tax rules apply to ‘taxi’ businesses. ‘Taxi’ businesses are required to register for GST and are not subject to the turnover threshold.
- On 20 May 2015, the ATO released advice confirming that people who provide ride-sourcing services, such as Uber drivers, are providing ‘taxi travel’ under the GST law.
- This means, that from 1 August 2015, affected drivers now must register for GST, charge GST on the full fare, lodge business activity statements and report the income in their tax returns, regardless of their turnover.

KEY QUOTE:

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BACKGROUND:

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economy'.

Uber Section 22 are two examples of businesses in the 'sharing

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