



## Section 22

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For ride-sourcing services, where someone uses a car to take a passenger for a fee with a view to a profit, we could see that not everyone realised that these drivers were providing 'taxi travel' under the GST law, so we have provided extra guidance on this. We also wanted to provide this guidance now, so that drivers had a couple of months to get registered for GST for the next quarterly activity statement period. We want them to register by 1 August 2015.

## Ride Sourcing

<Company> says the drivers using their app are not taxi drivers so why are you taxing them like taxi drivers?

The ATO has a role to interpret the taxation law and to provide advice to the community. The ATO interpretation of the law is that drivers providing ride-sourcing services are providing 'taxi travel' in terms of the GST legislation and, as a result, need to be registered for GST.

The ATO guidance also advises that some similar activities, like car-pooling or drivers involved in just providing services for weddings or funerals are not providing ride-sourcing services.

The ATO says these drivers are taxi drivers, but some States say they are not. Who is right? The ATO view is just about the taxation laws and whether a particular activity is 'taxi travel' for GST purposes. Different States and Territories have different laws about what is a taxi for their own regulatory purposes. The ATO view on the tax law does not change the proper interpretation of what is a taxi for State regulation purposes or even for other Commonwealth law purposes.

Is this a grab for revenue?

The ATO is just providing advice to the community about the interpretation of a law that has existed since GST was introduced.

How much revenue do you expect to raise from this?

This is not about raising revenue; it is about the ATO providing advice to the community about the interpretation of a law that has existed since GST was introduced.

When was this new law passed?

There is no new law. The ATO advice is about how the existing tax law applies to new business models and new technology.

Doesn't the ATO have advice about rickshaws, motorised tricycles and other things not being taxis? How is this different?

The ATO does have some ATO Interpretative Decisions dealing with other forms of transport and whether or not 'taxi travel' is being provided. In summary, rickshaws and motorised tricycles are not 'cars' which is a part of the understanding of 'taxi' in 'taxi travel'. We consider that wedding and funeral cars can be distinguished from taxis. These vehicles are not considered to be providing taxi travel because they are not available for public hire for general transportation from point A to B. Instead, while a wedding or funeral car is booked by a member of the public, it is available only for special occasions, and is not on stand-by to be hailed or pre-booked by the public for general transportation.

In some instances, these other businesses will have turnover of at least \$75,000 and so they are required to be registered for GST, but they are just not required to be registered as a result of providing 'taxi travel'.

- > ATO ID 2004/523: Motorised Tricycles
- > ATO ID 2004/478: Cycle rickshaws
- > ATO ID 2002/23: Wedding Cars

Will you be prosecuting drivers that haven't registered for GST? Is this retrospective?

The ATO recognises that many drivers under ride-sourcing arrangements may not have realised they were required to be registered for GST because the technology and business model is new. The ATO also recognises that now that we have provided clear advice, drivers may need a bit of time to get registered to be ready for the next quarterly BAS cycle.

For this reason the ATO is allowing existing or new drivers until 1 July 2015 to become registered for GST.

Even though the interpretation of the law is relevant for earlier periods, the ATO does not plan to apply any compliance resources to periods before 1 July 2015 on this issue, unless there is evidence of fraud or other very serious matters.

From 1 July 2015 we would expect that all drivers involved in providing ride-sourcing services will be registered for GST and meeting their GST and income tax obligations like any other taxpayer.

What are you doing about <Company> having to pay tax?

The ATO can't discuss the details of any particular taxpayer but we are working with the facilitators of various collaborative consumption apps to make sure they understand their tax obligations as well.

Typically the facilitator gets some kind of fee or commission for connecting the customer and the supplier and this commission is part of the income of the facilitator. The tax might be paid in Australia or overseas, depending upon where the facilitator is based.

So does the driver have to send GST to the ATO on the full fare, or just what they get paid after the facilitator takes a commission?

The driver will be charging GST on the full fare to the passenger and so this GST on the full fare will need to be remitted to the ATO. Where the facilitator takes a commission this may be a business expense for the driver and a deduction can be claimed.

Is it OK for the facilitator to issue the tax invoice to the passenger on behalf of the driver? If there are proper arrangements in place between the driver and facilitator it can be OK for the facilitator to issue a tax invoice to the passenger on behalf of the driver.

The ATO will be working with any facilitators that want to put this in place.

<Company> is telling their drivers they don't have to charge GST, but your advice says different, what will you do about <company>?

The ATO can't discuss the details of any particular taxpayer but we realise that not everyone understood how the existing law applies.

Now that the ATO has provided advice about how the law operates we expect that facilitators will let their drivers know about the ATO advice.

How will you enforce your view about ride sourcing if you don't know who the drivers are? There are a number of ways by which we can already identify drivers providing ride-sourcing services including through third party data, by working with the States and Territories and through advice we receive from the public.

We anticipate that facilitators will also be willing to work with us to make sure that the experience for drivers is as seamless and simple as possible.

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