

## Section 22

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**TOP LINES:**

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- On 20 May 2015, the ATO issued guidance on the tax law consequences for the 'sharing economy', including 'ride sharing'. Ride sharing is a form of 'sharing economy'.
- The ATO gave 'ride-sharing' drivers until 1 August 2015 to register and charge for GST, regardless of their turnover. This rule currently applies to traditional taxi drivers.
- Uber has challenged the ATO's view in the Federal Court.

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**KEY FACTS AND FIGURES**

- In general, business income earned by Australian residents is subject to Australian income tax. Income earned by Australian resident, for example 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, while 'taxi' businesses must register and charge GST, they are not subject to the regardless of their turnover threshold.
  - The ATO have confirmed that people who provide ride-sourcing services, such as Uber drivers, are providing 'taxi travel' under the GST law.

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**BACKGROUND:**

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- UberX (passenger transport services or ride-sourcing services) is an example of businesses operating in the 'sharing economy'. **Section 22**  
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- The ATO recently issued broad guidance on the sharing economy and specific guidance on ride sourcing – essentially that the 'sharing economy' is subject to the same tax laws as 'traditional economy'.
  - The ATO concludes that the GST law applies to ride sharing services in the same way as it applies to taxis and taxi services.
  - The application of the GST law in respect of 'taxi travel' is a separate issue to whether ride-sharing vehicles are 'taxis' for state and territory regulatory purposes.

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Contact Officer:

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- The ATO consulted extensively with key industry stakeholders as well as state and territory regulatory bodies in forming its view. The ATO has also been engaged in ongoing consultation with a major ride-sharing facilitator, seeking to provide a compliance solution to commercial realities whilst publishing the ATO view of the tax law for the general public.
- The ATO categorically refutes the claims made by the facilitator and remains committed to continued consultation with the industry, including drivers and the ride-sharing facilitator, to ensure compliance with the law.

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