

Providing taxi travel services through ride-sourcing and your tax obligations

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Ride-sourcing services (also known as ride-sharing, ride-booking, taxi or ride-hailing services) are increasingly being used to provide taxi travel and have tax implications for those involved. If you are a driver providing this type of service you may need to register for GST..

The views in this product relate to the meaning of the word 'taxi' as it appears in the GST law. For GST purposes, the word taxi takes on its broad ordinary meaning of a car made available for public hire that is used to transport passengers for fares.

State and Territory laws that regulate the transportation of passengers contain specific definitions of the term 'taxi'. As such, it is possible that a vehicle may be a taxi for GST purposes, but not for State and Territory regulatory purposes.

The ATO expresses no view about whether ride-sourcing vehicles are taxis within the State and Territory specific definitions. More generally, the ATO expresses no view on the legality of ride-sourcing arrangements. The sole purpose of this document is to clarify how the tax laws administered by the ATO apply to ride-sourcing.

What is ride-sourcing?

Ride-sourcing is an ongoing arrangement where:

- you (a driver) make a car available for public hire
- a passenger uses, for example, a website or smart phone app provided by a third party (facilitator) to request a ride, and
- you use the car to transport the passenger for payment (a fare) with a view to profit.

Ride-sourcing arrangements can be enabled by a technology platform maintained by a third party (a facilitator). Typically, a website or mobile device application is used to facilitate a transaction between a driver and a passenger.

This guidance does not apply in these situations.

This guidance does not apply to:

- car-pooling arrangements where passengers contribute 'petrol money' (or other arrangements where there is no view to profit)
- car sharing arrangements where multiple users have access to a car which they use to drive themselves from one location to another
- arrangements that use vehicles other than cars, for example motorised tricycles
- arrangements where a car is used only to transport passengers for a particular purpose (for example, a wedding or a funeral procession) and which is not made available more generally to transport members of the public from one place to another.

GST consequences in providing ride-sourcing services

If you provide ride-sourcing services, you are providing 'taxi travel' services. This is because you make a car available for public hire and use it to transport passengers for a fare.

Under the GST law, if you carry on an enterprise and you provide taxi travel services in that enterprise you are required to be registered for GST regardless of your turnover.

Am I carrying on an enterprise?

Broadly, an enterprise is an activity done in the form of a business.

If you provide ride-sourcing services to the public you are likely to be carrying on an enterprise. This is particularly the case if you operate in a business-like manner where, for example, invoices are provided to your customers. However, if you operate infrequently or your activities are otherwise non-commercial, you may not be carrying on an enterprise.

For a list of relevant indicators, please see: [Are you operating a business?](#)

When you are registered or required to be registered, GST must be calculated on the full fare, not the net amount you receive after deducting any fees or commissions. For example, if a passenger pays \$55 and the facilitator pays you \$44 (after deducting an \$11 commission), the GST payable is \$5 (not \$4).

GST credits on your business purchases can be claimed, but must be apportioned between business and private use.

For example, if you use your car 10% for ride-sourcing and 90% for private purposes, and you:

- buy a new car to use for your ride-sourcing activity for \$33,000 (including \$3,000 GST), you may claim a GST credit of \$300

- pay \$110 for fuel (including \$10 GST), you may claim a GST credit of \$1,
- pay \$220 for a service (including \$20 GST), you may claim a GST credit of \$2

You may be able to claim a proportion of GST credits for other business purchases you make.

Find out more

[GST and purchases for private use](#)

What you need to do

If you do not have an ABN and are not registered for GST, you must get an ABN and register for GST by 1 August 2015. You can get an ABN and register for GST at the same time if you register online. You will receive your ABN immediately if you provide all information the ATO asks for – find out [what you need](#). We will notify you in writing of your GST registration details, including the date your registration is effective.

Next steps

[Get your ABN and register for GST online now](#)

[Register for GST if you already have an ABN](#)

You must advise your facilitator that you are registered for GST.

You **must provide your passengers a tax invoice** if they request one for fares over \$82.50 (including GST). A facilitator can do this on your behalf.

You are required to lodge business activity statements (BAS) and pay any GST by the due date.

Find out more

[Business activity statements \(BAS\)](#)

You may be subject to penalties if you do not comply with any of the above requirements.

Income tax consequences in providing ride-sourcing services

The income you earn or have earned from your ride-sourcing business is assessable income and must be reported in your income tax return.

Expenses incurred in running the ride-sourcing business will also be deductible. This may include expenses that relate to holding, maintaining or operating any assets that are used to provide the ride-sourcing services. If the assets are also used for private purposes, deductions have to be calculated by apportioning your expenses, including depreciation. Apportionment is generally based on the percentage of total use that relates to the derivation of assessable income.

In the example above where the facilitator takes an \$11 commission on a \$55 fare, the commission of \$11 is a deductible expense against the income from ride-sourcing activities.

Ride-sourcing is one example of collaborative consumption in the sharing economy. More information about the income tax treatment of payments received and expenses incurred from providing ride-sourcing services is provided in *The sharing economy and tax*.

Further information

The ATO recognises that some taxpayers will need time to make the arrangements necessary to meet their tax obligations. We do not intend to apply compliance resources regarding GST obligations for drivers prior to 1 August 2015 except if there is evidence of fraud, or other significant matters.

You will however need to report the income from your current activities on your income tax return.

The information is guidance only. If you rely on this guidance and it is later found to be incorrect, you will have to pay any shortfall, but you will be protected from penalty and interest charges.

Find out more

[The sharing economy and tax](#)