

Section 22

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Friday, 20 November 2015 1:51 PM

Sharing Economy QTB - Uber  
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[DLM=For-Official-Use-Only]

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Hi

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As discussed this is the QTB on the sharing economy that covers Uber

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Cheers

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Base Erosion and Profit Shifting Unit  
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## Section 22

**TOP LINES:**

Section 22

- 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.

Section 22

**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 <sup>Section 22</sup> 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, 'taxi' businesses must register and charge GST, regardless of their turnover.
  - The ATO have confirmed that people who provide ride-sourcing services, such as Uber drivers, are providing 'taxi travel' under the GST law.

Section 22

Section 22

Section 22

Section 22

Section 22

Section 22

## **BACKGROUND:**

Section 22

- UberX (passenger transport services or ride-sourcing services) is an example of businesses operating in the ‘sharing economy’.<sup>Section 22</sup>
  - Every transaction may involve multiple supplies and each potentially has different tax consequences.
- 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.
- 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.
- Media reports have quoted the Commissioner of Taxation saying on 22 October that: "I find the statements of Uber quite odd, because we both know what actually happened," Mr Jordan said in Senate estimates. "We had entered into consultations with them some six or seven months prior to issuing guidance. We'd worked with them and their advisers over many meetings, many phone hook-ups, to try to come to a mutually agreeable position, [but] we could not [find one]," he said. "We provided them with our final draft guidance that [was] about to be published. [But] we couldn't get any meaningful co-operation around registration to facilitate their Uber-X drivers to register for an Australian Business Number.", Source: SMH website, <http://www.smh.com.au/federal-politics/political-news/uber-tax-commissioner-accuses-rideshare-service-of-making-false-public-statements-20151021-gkerjo.html#ixzz3pFP0oQc3>, retrieved 22 October 2015.

Section 22

Section 22

Section 22