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Section 22

**From:**

**Sent:** Friday, 20 November 2015 5:09 PM

**To:** Section 22

**Cc:**

**Subject:** Sharing Economy Section 22 [SEC=UNCLASSIFIED]

**Attachments:** Section 22

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The Assistant Minister's office asked us if we could provide any more information on Uber tax arrangements after their appearance at the Corporate Tax Avoidance Senate Inquiry on Wednesday.  
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 Cheers  
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## THE SHARING ECONOMY AND TAXATION

### 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.

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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.

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## Section 22

: Therefore, for a \$100 fare, Uber Netherlands would generally retain \$25 (not subject to Australian tax) and the driver \$75 (likely to be subject to Australian tax). Uber Australia is separately paid for their costs plus 8.5 per cent (costs are determined by Uber Netherlands).

- 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.

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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.
- 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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