

**UBER** Section 22**TAX ARRANGEMENTS****TOP LINES:**

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- Businesses operating in the 'sharing economy' such as Uber and Section 22 should be subject to the same tax laws as other businesses in their industries.
- In relation to Uber, the ATO have confirmed that individuals who provide ride-sourcing services are providing 'taxi travel' under the GST law and need to charge GST.
- From 1 August 2015, drivers providing 'taxi travel' must register and charge GST, lodge business activity statements and report the income in their tax returns, regardless of their turnover.

**KEY FACTS AND FIGURES:**

- Uber is a non-resident operating outside Australia. The company uses a smartphone application to receive ride requests and sends these ride requests to their drivers. Customers use the smartphone application to request rides and track their reserved vehicle's location. Uber charges fees to the drivers for facilitating the transactions.
  - The service is available in 58 countries and more than 300 cities worldwide.  
*Source: Where is Uber available [www.uber.com](http://www.uber.com). Retrieved 30 July 2015.*

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Section 22 As such, depending on the business model used, services provided by UberSection 22 may not be subject to GST.

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*Taxation of Uber drivers* Section 22

- In general, business income earned by Australian residents is subject to Australian income tax. Income earned by Australian resident Uber drivers or Airbnb hosts 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 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.
- This means, that from 1 August 2015, affected drivers must now register for GST, charge GST on the full fare, lodge business activity statements and report the income in their tax returns, regardless of their turnover.

**KEY QUOTE:**

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