

Perth metropolitan Voluntary Taxi Buyback Scheme payments

What are your tax obligations if you receive these payments?

This factsheet explains the tax implications for Perth metropolitan taxi plate owners who received a Voluntary Taxi Plate Buyback Scheme payment from the Western Australian State Government.

Current and former plate owners who receive a payment under the Scheme may hand in their taxi plates or choose to continue to display the taxi plates under the *Transport (Road Passenger Services) Act 2018*. However, the taxi plate itself will no longer provide the owner with an exclusive right to operate a taxi.

Is the payment ordinary income?

No. The payments are not ordinary income because the payments are made either as consideration for the disposal of the taxi plate, or as compensation for the loss of value attaching to the taxi plate.

Current owners who dispose of the plates

The payment should be included in the calculation of the capital gain or capital loss that is made by the plate owner on the disposal of the taxi plate.

Current owners who retain the plates

Plate owners who choose to retain the taxi plate should include the payment in the calculation of the capital gain or capital loss that is made from the rights which have been surrendered or cancelled under the Scheme.

Former owners of taxi plates

Plate owners who disposed of their taxi plate in an earlier income year would have already returned a capital gain or capital loss on the disposal. Plate owners in this situation will need to amend their income tax return for that year to include a payment received under

the Scheme as additional capital proceeds for the disposal.

How do I calculate capital gains tax?

In general, your capital gain or capital loss is the difference between what it cost you to acquire your taxi plate and the consideration you received in relation to the disposal of the plate or the rights which have been surrendered or cancelled (the buy-back amount).

As a payment under the Scheme was calculated based on each plate you held, you need to allocate the amount received to each plate in accordance with that payment.

You must maintain accurate records that show when you acquired the plate, the purchase price for each plate and any amount received under the scheme for the disposal, surrender or cancellation of the plate.

The CGT event happens on the date when the taxi plate is disposed of or when you receive an amount as compensation for the surrender or cancellation of rights attaching to the taxi plate.

At which label do I show the payment in my tax return?

While the payment does not give rise to ordinary income, taxi plate holders need to declare the capital gain or capital loss that arises upon disposal of their plate or the surrender or cancellation of some of the rights attaching to it.

For individuals the net capital gain should be included at Item 18 *Capital gains* on your return.

For plates held through companies, trusts or funds, refer to Part C of the *Guide to capital gains tax*, and the *Capital Gains Tax (CGT) Schedule* if applicable.

Does this impact on my pay as you go instalments?

No. As the payments do not give rise to ordinary income the payments do not have pay as you go instalment implications.

Does goods and services tax apply?

No. To be subject to goods and services tax (GST) you have to supply or do something in return for the payment. As you only have to meet eligibility criteria, the amount you receive is not subject to GST.

More information

For more information on these types of payments, see:

- Taxation Ruling [TR 2006/3](#) *Income tax: government payments to industry to assist entities (including individuals) to continue, commence or cease business*
- Class Ruling [CR 2017/15](#) *Income tax: assessability of payments from the Victorian Tax Reform Hardship Fund*
- Goods and Services Tax Ruling [GSTR 2012/2](#) *Goods and services tax: financial assistance payments*
- [CGT concessions](#)
- [Working out your capital gain](#)
- If you wish to discuss your circumstances, call us on 13 28 61.

ATO Siebel reference: 1-HJS0VER

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

If you make an honest mistake trying to follow our information in this publication and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest. If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

If you feel that this publication does not fully cover your circumstances, or you are unsure how it applies to you, you can seek further assistance from us.

This publication was current at July 2019.

© Australian Taxation Office for the Commonwealth of Australia.

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).

Published by:
Australian Taxation Office
Canberra



Australian Government
Australian Taxation Office