

# New South Wales Point to Point Financial Assistance Scheme for taxi licence owners

This Fact Sheet explains the tax implications for New South Wales (NSW) taxi licence owners who apply for a payment under the NSW Point to Point Financial Assistance Scheme (FAS) from the NSW Government under the *Point to Point Transport (Taxis and Hire Vehicles) Amendment Act 2022* (NSW).

FAS payments to taxi licence owners occur when an application is made during the transitional period and the nominated licence is cancelled. FAS payments are calculated depending on licence types, the location and the number of licences held.

This FAS payment is separate to the previous transitional assistance payment from the NSW Government under the *Point to Point Transport (Taxis and Hire Vehicles) Act 2016* (NSW).

## Is the payment ordinary income?

No. FAS payments are not ordinary income because they are made in consideration for the cancellation of the licence and compensate for the loss of value attaching to the taxi licence.

FAS payments should be included in the calculation of the capital gain or capital loss that is made by the licence owner on the cancellation of the taxi licence.

## How do I calculate capital gains tax?

In general, your capital gain or loss is the difference between what it cost you to acquire the taxi licence and the consideration you receive in relation to the cancellation of the licence (that is, the FAS payment). In most cases, the consideration you receive will be based on a specific amount per licence that you hold.

If you have received a capped amount due to holding more than 6 metropolitan Sydney licences, the ATO will accept an allocation of the FAS payments to individual licences on a reasonable basis.

You must have accurate records of when you acquired the licence and how much it cost you to acquire the licence.

## Does this impact my pay as you go instalments?

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

## Does goods and services tax apply?

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

## Further explanation

A full explanation of the tax consequences that arise in relation to financial assistance payments can be found in Taxation Ruling TR 2006/3 *Income tax: government payments to industry to assist entities (including individuals) to continue, commence or cease business*.

## More information

- ▶ Taxation Ruling [TR 2006/3](#) *Income tax: government payments to industry to assist entities (including individuals) to continue, commence or cease business*
- ▶ [Capital gains tax](#)
- ▶ Goods and Services Tax Ruling [GSTR 2012/2](#) *Goods and services tax: financial assistance payments*
- ▶ Seek further advice from a registered tax professional or call the ATO on **13 28 66**

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