TR 94/D2 - Income tax: taxi industry: guidelines for the recording of taxi fares

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This document has been finalised by TR 96/11.

Draft Taxation Ruling
Income tax: taxi industry: guidelines for the recording of taxi fares

other Rulings on this topic

IT 2349

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Draft Taxation Rulings (DTRs) represent the preliminary, though considered, views of the Australian Taxation Office.

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What this Ruling is about

1. This Ruling sets out a standard of records which the Commissioner considers will satisfy the requirements of Section 262A of the *Income Tax Assessment Act 1936* (the Act) in recording income from taxi fares by persons within the taxi industry.

2. The Ruling applies to the owners of taxi plates, lessees of taxi plates and others acting on the authorisation or behalf of taxi owners or lessees (e.g., management companies, co-operatives, etc.). The Ruling does not apply to taxi drivers who are neither taxi owners nor lessees.

3. If the management of the taxi/taxi plate is passed on to another person or entity, that party may maintain those records on behalf of the taxi owner/lessee. However, generally the responsibility for ensuring the maintenance of those records shall rest with the taxi owner/lessee who maintains operational control of the vehicle.

Ruling

4. A person carrying on a business must keep records that record and explain all transactions and other acts engaged in by the person that are relevant for any purpose of the Act. The records that must be kept include any documents that are relevant for the purpose of ascertaining the income and expenditure of the business.

5. The records must be kept in writing in the English language or so as to enable the records to be readily accessible and convertible into writing in the English language. Also, they must be kept in such a

manner as to enable the person's liability to tax under the Act to be readily determined.

6. The records must generally be kept for five (5) years after they were prepared or obtained, or five (5) years after the completion of the transaction or acts to which they relate (whichever is the later).

7. Where records are not kept, or are kept incorrectly, substantial administrative penalties may be applied, or prosecution action may be taken with resultant fines and/or imprisonment.

8. The Australian Taxation Office has released guidelines detailing minimum standards of general business record keeping requirements entitled "*A Guide To Keeping Your Business Records"* (ref: Nat: 2068.5.93). In accordance with these guidelines, a taxi owner/lessee should record all of their business transactions and keep source documents that explain all of those transactions.

9. However, because of the special circumstances that exist in the taxi industry, the types of source documents outlined in those guidelines in relation to sales income are not generally appropriate to the recording of income from taxi fares.

10. The Commissioner considers that retention of the following information is necessary, as a minimum, to properly explain the transactions involved in operating a taxi cab:-

(a) full identity details of all persons who derive income driving each taxi (name, address, taxi driver licence number);

(b) details of each operational taxi shift (date, identity of driver, distance travelled, shift hours, total fares received for each shift);

(c) details of the distribution of shift takings between taxi owner/lessee and driver;

(d) retention of pay-in slips or envelopes as provided by drivers at the end of each shift;

(e) any other record that is created in gaining fare income.

Explanations

11. Attached is an example of a *'weekly running sheet'* which has been prepared by this office in consultation with taxi industry associations which could be used in the recording of information as outlined in paragraph 10.

12. The *'weekly running sheet'* is only intended as a guide. Persons operating a taxi may choose to maintain this information in alternative formats appropriate to their particular business arrangements.

Date of effect

13. This Ruling applies as from the date of issue of this Ruling. However, any record created prior to this date must be kept for the period as required by the Act.

Definitions

14. For the purposes of the Ruling:

'fares' includes passenger hire fees, tips/gratuities and income arising from courier services.

'taxi lessee' is a person or persons who lease a taxi plate from a taxi owner and assumes total responsibility for the taxi operation, the maintenance of all or most of the equipment and total risk of the business operation. The leases would generally be of a long-term nature and be approved/registered by the relevant State or Territory Transport Licensing Authorities.

'taxi owner' is the legally licensed owner and holder of a taxi plate.

'taxi plate' (licence plate) is an authority granted by a State or Territory to operate a taxi cab.

Examples

15. Taxi Owner (A) engages Taxi Driver (B) to drive taxi shifts for a commission share of the shift takings.

(A) is required to keep records as outlined.

16. Taxi Owner (A) leases taxi to Taxi Lessee (C) for exclusive use of vehicle for one year. Lease is registered with the relevant State Transport authority.

(C) is required to keep records as outlined.

17. Taxi Owner (A) enters into an arrangement with Taxi Driver (B) to use the taxi on specified periodic taxi shifts for which the owner receives a set amount. The agreement is not registered with the relevant State Transport authority.

(A) is required to keep records as outlined.

18. Taxi Owner (A) enters into an arrangement with Taxi Driver/Manager (D) to oversee operation of the taxi on their behalf. (D) engages Taxi Driver (B) to drive specific taxi shifts.

(D) is responsible only where total control for all aspects of the operation of the vehicle passes from (A) Where control does not pass, (A) is responsible.

19. Taxi Owner (A) enters into an arrangement with (E), the local Taxi Co-operative, to totally manage the taxi on their behalf. (E) engages various drivers to drive taxi shifts.

(E) is required to keep records as outlined.

Commissioner of Taxation

6 January 1994

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- Income Tax Assessment Act - s262A
- Taxation Administration Act - s8L, 8M, 8Q, 8R, 8T, 8U 8V, 8W

WEEKLY RUNNING SHEET FOR TAXI NUMBER _____ ODOMETER READINGS: @ Week Start..... @ Week End .....

DAY & DATE	SHIFT No.	SHIFT HRS	TOTAL KLMS	DRIVER'S NAME [PLEASE PRINT]	DRIVER'S LICENCE No.	TAKINGS			INCOME DISTRIBUTION		
						CASH	CREDIT	TOTAL	DRIVER	OWNER	TOTAL
SUNDAY / / 199	1										
	2										
	3										
	4										
MONDAY / / 199	1										
	2										
	3										
	4										
TUESDAY / / 199	1										
	2										
	3										
	4										
WEDNESDAY / / 199	1										
	2										
	3										
	4										
THURSDAY / / 199	1										
	2										
	3										
	4										
FRIDAY / / 199	1										
	2										
	3										
	4										
SATURDAY / / 199	1										
	2										
	3										
	4										