

## ***GIR/taxi-industry-ch5 -***



This cover sheet is provided for information only. It does not form part of *GIR/taxi-industry-ch5 -*



## Taxi industry – issues register

This issues register, originally published on our main website, provides guidance on issues identified during past consultation with industry participants.

Issues in this register that are a public ruling can now be found in the *Public Rulings* section of this Legal Database.

Issues in this register that have not been labelled as public rulings, constitute written guidance. 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 on these issues 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 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 the guidance in this issues register does not fully cover your circumstances, or you are unsure how it applies to you, you can seek further assistance from us.

## Registration for ABN, GST and fuel tax credits

Updated	Issue	ATO decision
22/03/00	<b>Do taxi drivers have to register for GST?</b>  Non-interpretative - straight application of the law.	<p>Yes. If you drive a taxi, and carry on an enterprise, then you must register for goods and services tax (GST) irrespective of your turnover.</p> <p>If you providing taxi services you are likely to be carrying on an enterprise. This is particularly the case if you operate in a business-like manner where, for example, invoices are provided to your customers.</p> <p>To find out more about the characteristics of a business see <a href="#">Are you operating a business?</a></p> <p>If the driver is an employee, then the driver must not register for GST. The driver is an employee when the driver is not entitled to keep any of the takings and is paid a set amount to drive the taxi. In these limited circumstances, the employer is considered to be the person providing taxi travel and must register for GST.</p>
01/07/08	<b>Why do drivers have to register for the GST irrespective of turnover?</b>  Non-interpretative - straight application of the law.	<p>For other businesses, the GST registration turnover threshold is \$75,000. For taxi drivers, including chauffeur driven limousines and hire cars, there is no registration turnover threshold. This means that anyone who carries on an enterprise of driving a taxi, chauffeur driven limousine or hire car, must register for GST, unless they are an employee for pay as you go withholding (PAYG withholding) purposes. The government chose to apply compulsory registration of taxi drivers for several reasons including:</p> <ul style="list-style-type: none"><li>• to avoid the confusion that would be created if some taxis had to charge GST and others did not</li><li>• avoiding the added problem that would arise if a passenger was using a taxi for a business trip</li></ul>

Updated	Issue	ATO decision
		<p>(creditable acquisition). In this instance, the passenger would want to be able to claim an input tax credit for the GST included in the fare</p> <ul style="list-style-type: none"> <li>meter rates are set by each state authority and after 1 July 2000 all meters were adjusted to reflect the GST. If some drivers were registered and others were not, all would be collecting the higher rate. This would disadvantage drivers who had to be registered if the ordinary registration turnover threshold applied.</li> </ul>
01/07/08	<p><b>Do owners have to register?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>Owners who also drive some shifts and are carrying on an enterprise, are also required to register for GST regardless of their turnover. Owners who do not drive shifts and just lease out the license and cab are not supplying taxi travel and have the choice of whether or not to register if their turnover is under \$75,000. Like all other businesses, owners who carry on an enterprise must register if their turnover exceeds \$75,000.</p>
27/10/03	<p><b>What forms have to be completed?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>Taxi drivers have to complete an Australian business number (ABN)/GST registration form. New drivers who commence after 1 July 2000 must register within 21 days of commencing a business as a taxi driver.</p> <p>You also have to complete an activity statement for each quarterly or monthly tax period. A tax period is every three months for most drivers, but is every month for businesses with a turnover in excess of \$20 million. Drivers that are eligible for quarterly tax periods can also elect to use monthly tax periods. The activity statement asks for information required to determine your PAYG and GST obligations.</p>
27/10/03	<p><b>When is a driver an employee or under a bailment arrangement?</b></p>	<p>Most drivers are under a bailment arrangement. This means that you make a payment of some kind that allows you to use the taxi to drive. The payment could be in the form of lease payments or an amount that is paid in at the end of each shift. It does not matter whether the amount is a set amount or a percentage of the shift takings.</p> <p>In unusual cases, a person may be an employee in the taxi industry. An employee works for the owner or leaseholder of a cab and is paid an hourly rate or weekly wage that is independent of the cab's actual takings. Employees are subject to PAYG withholding on their earnings. That is, amounts of tax are withheld by their employer and sent to us. The amounts withheld will be credited against the employee's income tax liability when they lodge their income tax return after the end of the financial year. Employees will not have to account for GST. Records of expenditure will still needed to be provided to your employer. The employer is considered to be the person providing taxi travel.</p>
27/10/03	<p><b>What is the definition of a limousine?</b></p>	<p>The content for this issue is a public ruling for the purposes of the <i>Taxation Administration Act 1953</i> and can be found <a href="#">here</a>.</p>
17/12/03	<p><b>What happens if I do not register for GST?</b></p>	<p>If you are a taxi driver, you are required to register for GST. If you do not, the Commissioner can register you</p>

Updated	Issue	ATO decision
	Non-interpretative - straight application of the law.	and backdate your registration. You can also be subject to an administrative penalty for Failure to Register. The Commissioner is also able to make an assessment of your net GST amount for a tax period.
01/07/08	<p><b>If I am a taxi driver and I also have another business, do I have to register both businesses?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>In this situation, you as the entity, have two enterprises. You will only require one ABN and will only register once for GST. You will account for GST on both businesses in your activity statement. It does not matter if the other business has a turnover of less than \$75,000 because, as a taxi driver, you are required to register irrespective of turnover. Accordingly, all your enterprises are included in the registration.</p> <p>If enterprises are run by separate entities, each entity will be entitled to register independently. An example of this could occur if you as an entity carry on an enterprise of taxi travel and another business is conducted by a registered company. In this situation, you as an entity still must register your taxi driving enterprise but the company can choose not to register if its turnover is less than \$75,000. If you are not registered, you do not remit GST to us, but cannot claim input tax credits for the GST included in the cost of your business acquisitions.</p>
01/07/06	<p><b>Do bailors who do not drive have to register for GST?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>A bailor who does not drive is not providing 'taxi travel' and is not required to register for GST if his or her turnover is less than \$75,000. If you are not required to register for GST, you should still consider applying for an ABN. If you do not have an ABN, your drivers will be required to withhold 46.5% of their pay-ins under the 'No ABN Withholding' rules and pay those amounts to us. You may register for GST even if you are not required to. Registering for GST is the only way you can claim the input tax credits you accrue during the course of your enterprise.</p>
04/05/09	<p><b>Should I register for fuel tax credits?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>No. If you drive a light vehicle which travels on a public road, such as a taxi, car or small van you are not entitled to claim fuel tax credits.</p>
04/05/09	<p><b>What should I do if I have registered for fuel tax credits?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>You can cancel your registration by either:</p> <ul style="list-style-type: none"> <li>• accessing the <a href="#">Business Portal</a> (if you are registered to deal with us electronically)</li> <li>• completing the form <a href="#">Application to cancel registration</a> (NAT 2955)</li> <li>• phoning <b>13 28 66</b> between 8.00am and 6.00pm, Monday to Friday.</li> </ul>

## Pricing issues

Updated	Issue	ATO decision
20/12/00	<p><b>Did fares go up by exactly 10% from 1 July 2000?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>The GST-inclusive tariffs were determined by the state and territory regulators. The regulators were required to take into account savings made as a result of the removal of various indirect taxes. From 1 July 2000 the GST included in taxi fares will always be one-eleventh of the total fare despite the fact that fares may not have increased by 10%.</p>
20/12/00	<p><b>Who ultimately has to pay the GST?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>The passenger ultimately pays the GST. The GST amount is incorporated into the price paid by the passenger as shown on the metered fare.</p>
27/10/03	<p><b>Is the GST included on the meter or added to the price shown on the meter after the journey?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>After 1 July, all prices include GST. For taxis, this means the fare shown on the meter includes GST. Per kilometre rates and taxi meters were changed from 1 July 2000.</p>
27/10/03	<p><b>Does GST affect a driver's take home earnings?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>The GST is a tax borne ultimately by consumers of goods and services. The GST was introduced as one element of numerous changes to the tax system. These changes included the removal of many indirect taxes. This meant that while some prices may have risen, others fell once the GST commenced on 1 July 2000. Businesses had to set their prices from 1 July 2000 to take into account all of the changes to the taxation system, not just the introduction of GST.</p> <p>In the case of taxis, the various state and territory government regulatory bodies were responsible for ascertaining the fare increase in each state or territory.</p>

# Accounting and payment of GST

Updated	Issue	ATO decision
17/12/03	<b>Who has to account for GST?</b>  Non-interpretative - straight application of the law.	All taxi drivers, who are not employees, are required to be registered. Fares paid to taxi drivers by passengers include GST. Each driver is personally responsible for accounting for GST on supplies and paying their net GST amount to us each tax period. The net GST amount is the GST amount included in all fares taken by the driver, less any input tax credits for the GST included in the purchase price of business purchases, including bailment payments.
27/10/03	<b>When and how is GST remitted to the ATO?</b>  Non-interpretative - straight application of the law.	Taxi drivers are required to lodge an activity statement every three months. Drivers can also choose to lodge an activity statement every month if they wish. The activity statement will identify all business turnover (taxable supplies made) and all GST included in the price of business acquisitions, for example, bailments, fuel, repairs. The business (driver) will pay the net GST amount and lodge the activity statement no later than the due date for each tax period. The due dates are 28 October, 28 February, 28 April and 28 July for quarterly lodgers and the 21st day of the following month for monthly lodgers.
27/10/03	<b>How are tolls and extras treated?</b>  For source of ATO view, refer to <a href="#">GSTR 2000/37</a> - <i>Goods and services tax: agency relationships and the application of the law</i> .	<p>Tolls are subject to GST. A toll is a charge by a roadway operator for a vehicle to use a specified roadway. It is a service provided by the roadway operator to the taxi driver. It is understood that it is normal industry practice for the toll to be passed onto the passenger.</p> <p>In regards to tolls, the driver must record the tolls paid to the tollway operator and is able to claim an input tax credit on the GST included in the price of the toll. The price of the toll is still passed onto the passenger and included in the total cost of the taxi travel supplied. The passenger, if registered for GST, is able to claim an input tax credit on the GST included in the total price of the taxi travel.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>• A driver transports a passenger and pays a toll of \$2.20 including .20c GST.</li> <li>• The driver claims an input tax credit of .20c.</li> <li>• The metered fare is, say, \$22 including \$2 GST. The total charge including tolls is \$24.20.</li> <li>• The driver's GST liability on the fare is \$2.20.</li> <li>• The passenger, if registered, can claim an input tax credit of \$2.20 being one-eleventh of \$24.20.</li> </ul> <p>Extras are also subject to GST. An extra is paid for extra services like baggage handling, driving at night, or additional hiring fee. These payments form part of the service provided by the driver to the passenger. Therefore, the driver must record the extras received and remit the GST included in the price.</p>
27/10/03	<b>Which government taxes, fees and charges are subject to GST?</b>	The Treasurer has determined that there is no GST on many government taxes, charges and fees. Refer to <a href="#">Appendix A</a> for a list of some of the taxes and charges that

	Non-interpretative - straight application of the law.	have been included in the Treasurer's Determination and therefore will not be subject to GST.
22/03/00	<b>Are traffic and parking fines subject to GST?</b>	A statutory fine or penalty is not subject to GST as there is no supply made in relation to the payment.
22/03/00	<b>What are the GST implications if a passenger fails to pay a fare ("does a runner")?</b>  Non-interpretative - straight application of the law.	If a passenger fails to pay a fare, we consider that this is not a taxable supply as there is no consideration received by the taxi driver. Under these circumstances there is no GST payable.
20/12/00	<b>How are subsidies treated?</b>  For source of ATO view, refer to <a href="#">GSTR 2006/9</a> - <i>Goods and services tax: supplies</i> .	Subsidies are often given by a regulatory authority to a driver for providing travel which is beneficial to the community. An example is the transport of wheelchair passengers whereby the regulatory authority contributes part of the fare. The driver must remit the GST being one-eleventh of the amount of payment received by the regulatory authority.  Depending on their circumstances, the regulatory authority may be able to claim an input tax credit for the amount of GST included in the payment.
22/12/03	<b>How is the factoring charge treated for GST when a Cabcharge docket is negotiated for a cash amount?</b>  For source of ATO view, refer to <a href="#">GSTR 2002/2</a> - <i>Goods and services tax: GST treatment of financial supplies and related supplies and acquisitions</i> .	Cabcharge dockets are sometimes exchanged for a cash payment at a taxi depot with a discount or premium charged (often 2%) on the face value. The transaction involves the making of a financial supply by the driver. Therefore, there is no liability for the GST on the amount paid to the driver by the depot for the acquisition (that is, of the Cabcharge docket).  The driver is not entitled to an input tax credit in relation to the discount or premium factor.

27/10/03	<p><b>Are taxi driver training courses GST-Free?</b></p> <p>For source of ATO view, refer to paragraphs 9 to 11 of <a href="#">GSTD 2000/11</a> - <i>Goods and services tax: is the supply of commercial pilot training GST-free as an education course</i> under section 38-85 of the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (GST Act)?</p>	<p>In general, supplies of professional or trade courses are GST-free provided the following conditions are met:</p> <p>It is a course that leads to a qualification that is an <b>essential prerequisite</b>:</p> <ul style="list-style-type: none"> <li>(a) for entry to a particular profession or trade in Australia, or</li> <li>(b) to commence the practice of (but not to maintain the practice of) a profession or trade in Australia.</li> </ul> <p>The qualification is an <b>essential prerequisite</b> in relation to the entry to, or the commencement of the practice of, a particular profession or trade if the qualification is imposed by way of an industrial instrument such as a government law. If no industrial instrument exists, then it must be a requirement of a professional or trade association that has national uniform requirements relating to the entry to the profession or trade concerned.</p> <p>Therefore, if a driving course leads to a qualification which is necessary before commencing as a taxi driver because of certain government laws, then that driving course is GST-free. Note that general driver safety courses are not GST-free as it is understood that these are optional courses and are not a government requirement for taxi drivers.</p>
27/10/03	<p><b>How does GST affect the general insurances on my taxi business?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>General insurance policies are policies which insure against loss, damage, injury or risk. The supply of most types of general insurance including motor vehicle, third party property, fire, theft and loss of income, are subject to GST.</p> <p>As a business, you can claim an input tax credit for the GST included in the price you pay for your insurance policy. One exception however is compulsory third party motor vehicle insurance. No input tax credits are allowable for premiums paid on a compulsory third party scheme prior to 1 July 2003. After 1 July 2003, you may only claim an input tax credit on your compulsory third party premium if the period of insurance for which you are paying commences after 1 July 2003. In other words, you cannot claim an input tax credit for a period spanning the 1 July 2003 transition date.</p> <p>It is advisable that you notify the insurer if you are able to claim a partial or full input tax credit prior to making a claim. This is so that the insurer is able to correctly account for any GST liability or adjustments in the event of a claim. As long as you have given your insurer this information, you are not required to pay GST to us when you receive a settlement.</p>
27/10/03	<p><b>How are insurance claims treated for GST?</b></p> <p>For source of ATO view, refer to the general application of the principles in <a href="#">GSTR 2006/10</a> - <i>Goods and services tax: insurance settlements and</i></p>	<p>This depends on how the claim is settled and whether or not you advised the insurer of your entitlement to an input tax credit.</p> <ul style="list-style-type: none"> <li>(i) If you are not entitled to an input tax credit (because it is a private policy or you are not registered) the insurer will have a decreasing adjustment equal to one-eleventh of the amount paid in settlement of the claim.</li> </ul>



	<i>entitlement to input tax credits.</i>	<p>(ii) If your claim is settled and you have previously notified your insurer of your entitlement to an input tax credit, the settlement is not subject to GST.</p> <p>(iii) Where you have not notified your insurer of your entitlement to an input tax credit, or understated it, a pro-rata amount of GST is payable to that extent on settlement.</p> <p>This is the case regardless of whether the claim is settled in cash or by repairing or replacing the insured goods.</p>
20/08/01	<p><b>What are the GST consequences if a driver is robbed?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>We have previously explained that a driver who suffers a fare evader or 'runner' is not liable to account for GST on the evaded fare as there was no consideration for the supply. A driver, who is robbed however, has made taxable supplies and must account for the GST on those supplies. As detailed above, an insurance settlement would normally reimburse the driver for the loss of takings. If you previously notified your insurer of your entitlement to an input tax credit, such a settlement is not subject to GST.</p>
27/10/03	<p><b>Can a bailor introduce procedures or systems to assist his or her drivers with their GST management?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>Yes. There is nothing in the GST law that stops a third party from providing assistance. You can provide shift and or monthly accounting information for drivers to transpose into their individual activity statements. You should note however that your provision of such assistance does not remove a driver's responsibilities under the GST law. The driver still needs to be registered and complete a monthly or quarterly activity statement in their own name. It is also the driver who is responsible for the accuracy of the information and any GST liability incurred as a result.</p>
27/10/03	<p><b>Can a bailor collect GST and hold it on behalf of the driver, and later pay the driver who then remits it to the ATO at the end of each tax period?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>While the GST law does not address this issue it is open to any parties to reach agreement on how to handle practical administration and assistance of this kind.</p> <p>As this is not covered by GST law people entering these arrangements should do so on a purely voluntary basis as there may be risks associated with arrangements of this kind. For example, if a bailor who is holding GST funds on behalf of drivers is entered into bankruptcy, dies or simply disappears, the driver is still liable for GST on his or her turnover.</p>
27/10/03	<p><b>What is the GST treatment of taxi bailment fees for a shift that starts before midnight on 30 June 2000 and ends on 1 July 2000?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>In an earlier edition of this publication, we explained that GST did not apply to fares for journeys completed before midnight on 30 June 2000, nor did it apply to journeys started before midnight but completed after. All fares for journeys that commenced after midnight on 1 July 2000 are subject to GST.</p> <p>The bailment fee or pay-in for a shift that started on 30 June 2000 and ended on 1 July 2000 is subject to GST, apportioned on a time basis for that proportion of the shift that occurs after midnight. For example, if a driver commences a shift on 30 June 2000 at 6.00pm and finishes on 1 July 2000 at 6.00am, then 50% of the bailment fee or pay-in is subject to GST. The operator (bailor) in this example is liable for GST of one-eleventh of 50% of the pay in. The driver is entitled to an input tax credit for that amount of GST.</p>

		As the GST on the bailment fee is calculated on a time basis, it does not matter what proportion of the fares for that shift were subject to GST.
27/10/03	<p><b>How do I account for the GST when clients pay by credit cards?</b></p> <p>For source of ATO view, refer to:</p> <p>paragraphs 30 and 31 of <a href="#">GSTR 2003/12</a> - <i>Goods and services tax: when consideration is provided and received for various payment instruments and other methods of payment</i></p> <p>paragraphs 14 and 32 of <a href="#">GSTR 2000/29</a> - <i>Goods and services tax: attributing GST payable, input tax credits and adjustments</i> and particular attribution rules made under section 29-25.</p>	<p>You account for the GST on these transactions in the tax period in which you receive payment from the passenger. A business that accounts on a cash basis will account for GST on the supplies it makes, in this case taxi travel, in the tax period in which it receives payment for those supplies. A passenger that uses a credit card to pay his or her fare has made a payment at the time that the signed and completed docket is handed to the driver, or the passenger signs the authority printed by the taxi cab's EFTPOS terminal.</p>
27/10/03	<p><b>How do drivers account for tips received from passengers?</b></p> <p>For source of ATO view, refer to paragraphs 104 to 111 of <a href="#">GSTR 2006/9</a> - <i>Goods and services tax: supplies</i>.</p>	<p>A tip that is paid to a taxi driver, who is not an employee, either as a cash payment, or by adding it to a credit card or EFTPOS payment, forms part of the driver's turnover for the relevant tax period, and is therefore subject to GST.</p> <p>This is because the taxi driver is conducting an enterprise that is required to register for GST. The payment of the tip is consideration for services supplied by the driver in the course of their enterprise.</p>
20/12/00	<p><b>Is a taxi driver (bailee) in NSW liable to pay GST on leave payments made under the NSW Taxi Industry (Contract Drivers) Contract Determination?</b></p> <p>For source of ATO view, refer to paragraphs 71 to 73 of <a href="#">GSTR 2006/9</a> - <i>Goods and services tax: supplies</i>.</p>	<p>No. A leave payment made to a taxi driver who is a bailee under a bailment arrangement is not consideration for a supply made by the driver and GST is not payable. The operator making the payment does not make it in connection with, in response to or for the inducement of a supply, but to comply with the Determination.</p>

# Input tax credits

Updated	Issue	ATO decision
20/12/00	<p><b>What are the GST implications for LPG and petrol?</b></p> <p><b>Non-interpretative - straight application of the law.</b></p>	<p>LPG and petrol are subject to GST from 1 July 2000. The actual impact on pump prices was influenced by the government's planned reductions in the current fuel excises. Taxi drivers are able to claim an input tax credit for the GST included in the price paid for fuel.</p>
27/10/03	<p><b>Are there other costs to drivers that include GST?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>Most business expenses paid by taxi drivers include GST after 1 July 2000. In most cases, the driver is able to claim an input tax credit for the GST included in the price of those expenses. If a driver makes a purchase that is partly for business and partly for private use, he or she is entitled to a proportionate input tax credit. For example, a driver who decides to buy a computer for \$2,200 (including \$200 GST) to keep track of his shift takings and business acquisitions is entitled to claim a full input tax credit of \$200 if the computer is used solely for business purposes. If the computer is used 60% for business purposes and 40% for private purposes, the claim for the input tax credit is reduced to \$120 which is 60% of \$200. An input tax credit cannot be claimed if no GST was included in the price of the business acquisition. The Treasurer has determined that there is no GST on many Australian taxes, charges, fees and levies including driver's licenses, vehicle registrations, levies on compulsory third party insurances, taxi plates and traffic infringement fines.</p> <p>As a rule, a taxi driver can claim as an input tax credit, the GST included in any business expense excluding expenses of a private or domestic nature. This excludes a taxi driver from claiming an input tax credit for the GST included in the price of a prepared meal consumed during a shift, for example.</p>
01/07/08	<p><b>If I purchase a taxi cab, am I entitled to full input tax credits?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>The car depreciation and luxury car tax limit was \$57,180 for the 2009-10 financial year.</p> <p>For the 2010-11 financial year, the car depreciation and luxury car tax limit increased to \$57,466.</p> <p>For example, if you purchased a new vehicle on 1 September 2009 for an amount in excess of the car depreciation and luxury car tax limit, (say for \$66,000 - excluding luxury car tax), you can only claim an input tax credit of \$5,198 (one-eleventh of \$57,180) rather than the \$6,000 input tax credit available under the normal rules.</p> <p>If you purchase a second-hand taxi cab, then you are entitled to input tax credits only if you bought the cab from an entity which is registered for GST.</p> <p>The fuel efficient car limit is \$75,000 for the 2009-10 financial year. A fuel efficient car is a car that has a fuel consumption not exceeding 7 litres per 100 kilometres. Luxury car tax does not apply to fuel</p>

		<p>efficient cars under the fuel efficient car limit. It should be noted that the maximum input tax credits able to be claimed does not change because of the fuel efficient car limit, and therefore is also capped at a maximum amount of \$5,198 as explained above.</p>
27/10/03	<p><b>If I am not entitled to claim input tax credits on a purchase, can the full amount of the purchase still be claimed as an income tax deduction?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>Normally, a taxi driver is entitled to input tax credits for purchases that they make for their business. If you are entitled to claim an income tax deduction for the purchase under the normal income tax rules, you cannot claim an income tax deduction for the GST included in the price of an acquisition. The deduction is limited restricted to the GST-exclusive price.</p> <p>However, there may be limited circumstances where you are not entitled to input tax credits for the GST included in the price. In these circumstances, you are allowed an income tax deduction for the GST-inclusive price provided that you are allowed to deduct the expense under normal income tax rules.</p>
01/07/08	<p><b>When am I required to give a tax invoice?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>You are only required to give a passenger a tax invoice if you are requested to do so and the fare, including GST, exceeds \$82.50. The GST Act allows you 28 days to supply a tax invoice if it is requested. In the taxi industry, it is most practical if you issue a tax invoice at the conclusion of the journey for which it is required. It will only generally be a registered business who requests a tax invoice and you are not be required to issue a tax invoice unless the GST inclusive fare exceeds \$82.50.</p>
27/10/03	<p><b>Is there a penalty for failing to give a tax invoice when required to do so?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>If you do not issue a tax invoice when required you are liable for a penalty.</p>
01/07/08	<p><b>If I do not give a tax invoice immediately, will the 'No ABN Withholding' apply to the fare?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>Under the new PAYG system, if an enterprise supplies goods or services to another enterprise and does not quote an ABN, the enterprise that receives the goods or service is required to withhold tax from the payment to the supplier.</p> <p>As mentioned above, a taxi driver has up to 28 days to issue a tax invoice after being requested. If a driver does not, or cannot, issue a tax invoice immediately, he or she should quote their ABN to the business passenger (passenger who is carrying on an enterprise) when it is requested. It is the inability to quote an ABN to another enterprise that gives rise to the 'No ABN Withholding' rules, not the refusal or inability to issue a tax invoice immediately. In any event, the 'No ABN Withholding' rules only apply to fares that exceed \$82.50 (including GST).</p> <p>If a business passenger (or passenger who is carrying on an enterprise) <b>does</b> have to withhold 46.5% of the fare under the 'No ABN Withholding' rules, the enterprise that withheld the amount is required to issue you with a payment summary at the time of payment or as soon as practicable thereafter. You are entitled to claim this withheld amount (as evidence by</p>

		the payment summary) as a credit when you lodge you income tax return after the end of the income year.
--	--	---

# Record keeping

Updated	Issue	ATO decision
01/07/08	<p><b>What information, apart from what is currently kept, does a driver have to keep? Pay-in after a shift? Petrol? Tolls?</b></p> <p><b>Non-interpretative - straight application of the law.</b></p>	<p>Like income tax, you need to record or get receipts for all your costs (for example, fuel, tolls, insurance, etc). If a business expense is more than \$82.50 including GST, you require a tax invoice before you are able to claim an input tax credit. The tax invoice identifies the GST amount included in the price of goods and services or a statement to the effect that the total amount payable includes GST for the supply or supplies. You also need to keep a summary sheet of your fares during your shift. After each shift, you are able to calculate the GST amount. All this information is requested on your activity statement.</p>
28/03/13	<p><b>What are the requirements in relation to tax invoices? Is GST separately identified?</b></p> <p>Non-interpretative - straight application of the law.</p>	<p>A tax invoice issued by a driver to a business passenger must contain sufficient information for the following to be clearly ascertained:</p> <ul style="list-style-type: none"> <li>• the driver's ABN</li> <li>• if the total price of the supply or supplies is at least \$1000, the recipient's identity or ABN</li> <li>• that the document is intended as a tax invoice</li> <li>• the date of issue of the document</li> <li>• the identity of the driver, or their state/territory taxi driver's accreditation number</li> <li>• a brief description of the supply, for taxi travel this could be the pick-up point and the destination</li> <li>• the GST amount payable in relation to the fare. Since the GST amount is exactly one-eleventh of the fare, this can be shown as either <ul style="list-style-type: none"> <li>– a statement that the total amount payable includes GST</li> <li>– the total amount of GST payable.</li> </ul> </li> </ul> <p>Drivers should remember that they are required to provide a tax invoice to passengers if requested. Drivers should also remember to obtain tax invoices for their own business expenses if those expenses include GST and the amount paid is over \$82.50 including GST.</p>
28/03/13	<p><b>Does a taxi driver need to include his or her name on a tax invoice that they issue?</b></p>	<p>This issue has been withdrawn.</p> <p>The Commissioner's discretion to treat a document as a tax invoice can now only be exercised when a request is made to the Commissioner, based on the particular facts and circumstances of each individual request.</p> <p>To maintain certainty for taxpayers, the Commissioner has issued a legislative instrument under subsection 29-10(3) of the GST Act that will in particular circumstances waive the requirement for recipients to hold a tax invoice when attributing an input tax credit to a tax period for a creditable acquisition of taxi travel. This instrument has a date of effect of 1 July 2010.</p>

		As a result, taxpayers will not have to change their software or accounting systems to comply with the new legislative instrument.
18/07/00	<b>How are EFTPOS machines in taxis affected by GST?</b>	The service fee charged in connection with the use of an EFTPOS machine in a taxi relates to a supply made by the credit provider. Taxi drivers are not required to account for GST on the charge as the supply is not made by them.

# Compliance

Updated	Issue	ATO decision
27/10/03	<p><b>What happened to PPS and provisional taxpayers?</b></p> <p><b>Non-interpretative - straight application of the law.</b></p>	<p>The PAYG system replaced the Prescribed Payments System (PPS) and Provisional Tax system. Depending on your circumstances, you are either subject to withholding or PAYG instalments. You use a single form, called an activity statement, to report and pay PAYG instalments and withholding amounts. For further information on your obligations under the PAYG system, refer to:</p> <ul style="list-style-type: none"> <li>• <a href="#">Introduction to pay as you go (PAYG) instalments</a></li> <li>• <a href="#">PAYG withholding</a> (NAT 8075).</li> </ul> <p>These products are available on our website or by phoning us on <b>1300 720 092</b>.</p>
01/07/06	<p><b>Is the 'no ABN withholding' tax necessary when all drivers are required to be registered?</b></p> <p><b>Non-interpretative - straight application of the law.</b></p>	<p>Quoting an ABN on an invoice or some other document relating to the supply, also means that when you supply goods, services or anything else to another enterprise, they do not have to withhold tax (at 46.5%) from their payment to you. For taxi drivers, the supply to another business typically takes place when a passenger is undertaking a journey that is a creditable acquisition for the passenger's enterprise (that is, a business trip). One of the purposes of the ABN is to allow businesses to access basic identification information about other businesses that they are dealing with. This is essential to maintaining the integrity of the GST system.</p> <p>The business passenger needs to know that their claim for an input tax credit in respect of the GST paid on the fare for the business trip will not fail because the driver was required to be registered but wasn't. If this proves to be the case, and the driver cannot quote his or her ABN in relation to a supply of taxi travel that they make, the business passenger (or passenger that is carrying on an enterprise), is required to withhold 46.5% of the payment to the driver under the 'No ABN Withholding' provision.</p>
01/07/06	<p><b>What does the ATO do about dishonest operators?</b></p> <p><b>Non-interpretative - straight application of the law.</b></p>	<p>We commit significant resources to ensure all businesses, including taxi drivers, comply with their GST obligations. GST is a tax on goods and services that is borne by consumers. To achieve this, the GST law lets businesses claim input tax credits for the GST included in the price paid for business purchases. These are called input tax credits. An unregistered taxi driver is not only in breach of the GST law but is also at a disadvantage because he or she is not able to claim an input tax credit for the GST included in the price paid on these expenses. Normally a tax invoice will only be requested by a passenger when the trip is a business expense (creditable acquisition) to the passenger. In addition, a driver is subject to 'No ABN withholding' where the driver cannot quote an ABN in relation to a supply of taxi travel made to a passenger who is carrying on an enterprise. Accordingly, the business passenger (or passenger who is carrying on an enterprise) is required to withhold 46.5% of the metered fare and forward this amount to us. The Commissioner also has the power to register any business that does not apply if he is satisfied that the business should have been registered. The</p>



		<p>Commissioner can backdate registration in these cases. If this happens, it means that the Commissioner seeks to recover 1/11th of any fares from the deemed registration date. Any business that is liable to remit GST and fails to do so is subject to penalties.</p> <p>Members of the public, including other taxi drivers and operators, can call us to report instances of tax evasion to the Tax Evasion Referral Centre (TERC) by either:</p> <ul style="list-style-type: none"> <li>• reporting online using this secure <a href="#">Tax evasion reporting form</a></li> <li>• phoning <b>1800 060 062</b></li> <li>• sending a fax to <b>1800 804 544</b></li> <li>• writing to Australian Taxation Office <b>Locked Bag 6050</b> <b>Dandenong Victoria 3175.</b></li> </ul>
--	--	---

# Appendix A

In his Determination made under Division 81 of the *A New Tax System (Goods and Services Tax) Act 1999*, the Treasurer has excluded from GST the following taxes, fees and charges:

## New South Wales

### ***Motor Accidents Authority***

- Levy on compulsory third party insurance charged under *Motor Accidents Act 1988* - This levy is fixed on gross premium income.

### ***Department of Transport***

- Private transport operators levy charged under the *Passenger Transport Act 1990* and/or Passenger Transport (Taxi Cab Services) Regulation 1995. This includes taxi and hire car licence transfers, short term and long term licences, bus and ferry contracts; bus, taxi, hire car authorities and accreditation etc.

### ***Roads and Traffic Authority***

- Driver's and rider's licences fees payable under the Road Transport (Driver Licensing) Regulation. These are collections from motor vehicle drivers and motor cycle riders in order to obtain a licence.
- Motor vehicle weight tax collected under the Motor Vehicle Taxation Act. These are collections from vehicle owners in proportion to the weight of their vehicle at the time of registration.
- Vehicle registration payable under the Road Transport (Vehicle Registration) Regulation. These are fees collected from vehicle owners in order to register their vehicle.
- Vehicle transfers payable under the Road Transport (Vehicle Registration) Regulation. These are collections from purchaser of second hand vehicle at the time of purchase.

## Queensland

### ***Transport Department***

- Drivers licenses and permits. Fees payable under the *Traffic Act 1949* and Traffic Regulation 1962 for the issue and renewal of drivers licences, learners permits, and other miscellaneous activities such as replacement of lost licences.
- Motor vehicle registration. Fees payable under the *Transport Operations (Road Use Management) Act 1995* for registration of motor vehicles.
- Motor vehicle registration transfers. Fees payable under the *Transport Operations (Road Use Management) Act 1995* for the transfer of vehicle registration.
- Taxi licence fees payable under the *Transport Operations (Passenger Transport) Act 1994* for taxi licences.

## **South Australia**

### ***Department of Planning, Transport and Infrastructure***

- Fees associated with the regulation of public transport payable under the *Passenger Transport Act 1994* - including Applications fees for accreditation (drivers, operators of passenger transport services and centralised booking services) - duplicate of accreditation or licence - periodic return fees - renewal of accreditation - application to vary an accreditation - application and renewal fees for taxi licences - taxi licence tender fees - transfer of licence application - notification to the board of the introduction of a vehicle to a service or the withdrawal of a vehicle from a service - application fee for the consent of the board to transfer, assign or lease a taxi licence - application fee for the consent to the substitution of another vehicle for a licensed taxi.
- Fees associated with road traffic as payable under the *Road Traffic Act 1961*, Road Traffic Regulations 1996 and the *Motor Vehicles Act 1959*.
- Fees related to the registration of motor vehicles and issue of drivers licences payable under the *Motor Vehicles Act 1959*.

## **Tasmania**

### ***Transport Division - Department of Infrastructure, Energy and Resources***

- Fees and charges payable under the *Traffic Act 1925* for cab licences, hire car licences, transfer of a public vehicle licence or a licence under section 14A, fee for the issue or renewal of a driver's licence, issue of a duplicate or further certificate or licence, registration fee for a motor vehicle, transfer of registration fee for a motor vehicle, application fee for issue of cab licence, charge for the issue of a number-plate or number-plates for a motor vehicle, driving licence test for a motor vehicle, fee for issue of passenger vehicle licence, passenger vehicle certificate fees, application fee for issue of hire car licence.
- Fees payable under Taxi Industry Regulations 1996 for conversion of cab licence to perpetual taxi licence, transfer fee for a replacement vehicle onto a perpetual taxi licence, trade plate fees, transfer fee for a change in ownership of a perpetual taxi licence.

## **Victoria**

### ***Vicroads***

- Fees for light motor vehicle driver's licence test, replacement driver's licences, driver's licence variation or endorsements charged under the Road Safety (Procedures) Regulations 1988.

### ***Public Transport Safety Directorate***

- Fees charged for accreditation to operate a road transport passenger service under the Public Transport Competition Regulations 1999.
- Fees charged for an application for a driver's authority or a drivers certificate for a road transport passenger vehicle under the *Public Transport Competition Act 1995*.

### **Victorian Taxi and Tow Truck Directorate**

- Fees charged under the *Transport Act 1983* for taxi licenses including application for, renewal, transfer and variation of licence.
- Fees charged under the *Transport Act 1983* for a hire car licence including application for, renewal, transfer and variation of licence.
- Fees charged for special purpose vehicle licence under the *Transport Act 1983* including application for, renewal, transfer and variation of licence.
- Other fees charged under the *Transport Act 1983* including restricted hire licence (application for, renewal, transfer and variation of), assignment of licence for taxi, hire car and special purpose vehicle, substitution of licence for taxi, hire car and special purpose vehicle, permanent and temporary permit for taxi, hire car and special purpose vehicle, duplicate licence/permit for taxi, hire car and special purpose vehicle, driver certificate for taxi and commercial passenger vehicle.

### **Victorian State Government Taxes**

- Motor vehicle registration annual fees and motor vehicle registration transfer fees levied under the Road Safety (Vehicles) Regulations 1988.

### **Western Australia**

#### **Department of Transport**

- Commercial vehicle licences levied under the *Transport Coordination Act 1966*. Includes all licence/transfer fees established under this Act.
- Motor drivers licence fees charged under the Road Traffic (Drivers Licence) Regulations 1975. Includes all application and renewal fees established under these regulations.
- Motor vehicle licence fees charged under the Road Traffic (Licensing) Regulations 1975. Includes all licence/transfer fees established under these regulations.
- Plate fees, special plate fees and recording fees charged under the Road Traffic (Licensing) Regulations 1975.
- Metro taxi licence fees payable under the *Taxi Act 1994* and Taxi Regulations 1995. Includes all licence/transfer fees established under this Act and associated regulations.
- Country taxi licence fees payable under the *Transport Coordination Act 1966* and Transport Coordination Regulations 1985. Includes all licence/transfer fees established under this Act and associated regulations.

### **Australian Capital Territory**

#### **Department of Urban Services**

- Motor Vehicle Registration fees payable under the *Motor Traffic Act 1936*. Includes all fees payable for the grant, renewal or transfer of registration of any motor vehicle, including sedans, goods vehicles, tractors, trailers and motor cycles etc.
- Driver's licences fees charged under the *Motor Traffic Act 1936*. Includes all fees payable for the grant or renewal of drivers' licences, including learner,

probationary, provisional and special licences as well as fee for written driving examinations for cars and motorbikes.

- Taxi licence/plate fees charged under the *Motor Traffic Act 1936*. Includes all fees payable for the provision, replacement or remake of traders, special and custom number plates as well as fees for reservation or transfer of such plates.
- Traffic Fines - Infringements charged under the *Motor Traffic Act 1936*. Includes all statutory fines applied due to the infringement of the *Motor Traffic Act 1936*, such as by exceeding the speed limit, failing to stop at red lights or stop signs and dangerous or negligent driving. An administrative charge is also levied under the *Motor Traffic Act 1936*.

## **Northern Territory**

### ***Department of Transport and Works - Motor Vehicles Registry***

- Motor Vehicle registrations fees payable under Motor Vehicles Regulations, Regulation 3 items 2,3 and 4.
- Stamp duty on motor vehicle certificates of registration / transfer as payable under the *Stamp Duty Act*.
- All fees for drivers licenses listed in Motor Vehicle Regulations, schedule for Regulation 3 item 1.
- Yearly licence fee to operate a taxi, supplementary taxi and substitute taxi payable under Regulation 30, Schedule 1 of the Taxi Regulations.
- All fees applicable to registration number plates as charged under the Motor Vehicle (Fees and Charges) Regulations.

---

## **© 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).