



## Monthly Information Newsletter – Tax & Super

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### Ride Sharing – The Rider

This article on ride sharing examines the tax implications from a Rider's perspective.

#### Deduction

The same principles apply as per taxi fares. Where the fare is business-related, for example you are travelling from your office to a client's premises, the fare will be deductible in full. However, where the travel is personal the fare is not deductible. This includes travel between home and work. That is, trips between your home and regular place of work can't be claimed even if you:

- live a long way from your regular place of work
- work outside normal business hours – for example, shift work or overtime
- do minor work-related tasks – for example, picking up the mail on the way to your regular place of work or home
- go between your home and your regular place of work more than once a day
- are on call – for example, you are on stand-by duty and your employer contacts you at home to come into work
- have no public transport near where you work
- do some work at home.

To evidence the deduction, the Rider will need documentation. The good news is that Uber, and we suspect other facilitators, will provide you with sufficient documentation to substantiate your deduction. You obtain this by logging back into their 'app' after the ride.

#### GST

To claim GST on a fare, the trip must be business-related (see earlier), and the Rider must be in possession of a valid Tax Invoice. For quite a number of fares however, a Tax Invoice will not be required as the total fare may be less than \$82.50 (including GST). Where this is the case, any of a Tax Invoice, a docket, an invoice, or a receipt will suffice and can form the basis for your GST claim.

The question then arises, what actual documentation does Uber or the Driver provide you with at the conclusion of the ride? In the vast majority of cases, the Driver will not provide you with any documentation (e.g. invoice etc.). Rather, after the ride, if you visit Uber's 'app' they will on behalf of the Driver provide you with a tax invoice if the driver is registered for GST. Tax Invoices are provided by Uber even where the fare is below \$82.50. We can confirm that the standard Uber-provided Tax Invoices are in full compliance with the ATO's requirements. You will need to check the documentation of other facilitators for compliance.

#### ABN Withholding

Another relevant tax issue for Riders is ABN Withholding. Under this regime, if a supplier of a good or service does not provide an ABN and the total payment for that good or service is more than \$75 (excluding GST), the recipient generally has to withhold the top rate of tax (currently 45%) from the payment and pay it instead to the ATO. Having withheld from the payment, the recipient of the supply must then complete a PAYG payment summary - withholding where ABN not quoted and give it to the supplier at the same time the net amount is paid to them or as soon as possible after. However there are various exceptions that apply. In the absence of one of these exceptions applying, this then raises the question of whether the rider would be liable for penalties for failing to withhold.

The reality is that under a typical ride-sourcing model (and certainly with Uber), the Rider is not in a position to withhold the 45% penalty as the payment they make for the fare is in the form of a direct debit of the Rider's credit card. Therefore, it would be very difficult to imagine the ATO penalising Riders for not withholding when, in a physical sense, they have no ability to do so.

#### **DISCLAIMER**

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