



Australian Government

Australian Taxation Office

Disruptive Changes in the Taxi and Car Hire Industry

The ATO response to Industry assistance programs.

Introduction

- > The taxi and hire car industry through-out Australia is undergoing disruptive change and restructuring.
- > Each of the States has responded to this disruption. Some are offering transitional assistance and hardship relief programs.
- > The ATO's objective to ensure that everyone who is assisted by these programs is informed of their tax obligations.

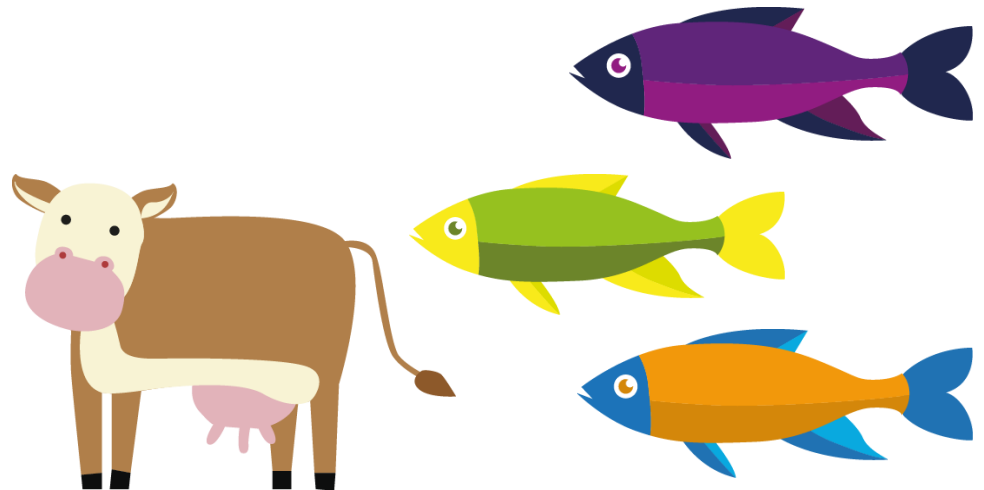


We have been there before

For example last year the ATO advised on the tax outcomes of transitional assistance offered to Port Phillip Bay net fishermen whose licences were brought to an end.

Other industries that underwent transition in the past who received ATO advice include:

- > Westernport Bay fishermen
- > Fishermen in Commonwealth waters
- > Tobacco growers
- > Dairy industry participants
- > Queensland and NSW timber workers



Our approach to the income tax issues arising out of transitional assistance programs

1. Payments received in return for the cancellation, surrender, buy-back or ending of a licence are brought to account as “capital”.

The payment is set-off against the original cost of the licence or capital asset and a capital gain or loss is calculated.



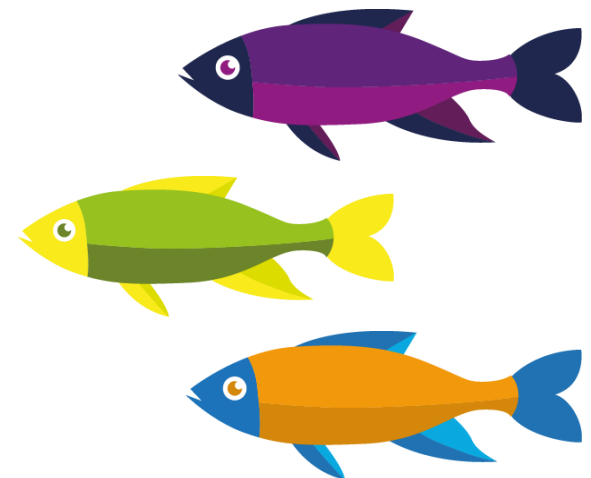
Our approach to the income tax issues arising out of transitional assistance programs

2. Payments that are received as a replacement for lost income or as reimbursement of deductible expenses are treated as ordinary income.

Example:

The Port Phillip Bay Commercial Netting Licence Surrender Relocation Program provided payments among other things for:

- > Surrender of fishing licence which was treated as “capital”, and
- > Reimbursement for costs of financial advice, and income support payments which were treated as “income”.



Commercial passenger vehicle service levy and GST

- Generally, GST is payable when you make a supply for consideration. However, the payment of an Australian tax is not ‘consideration’ for the purposes of GST.
- As the levy is an Australian tax (i.e. not consideration):
 - Victorian Government is not liable to pay GST on the levy
 - The provider (payer) is not entitled to a GST credit
- Recovery of the cost of the levy
 - For example, a provider changes the price of the fare
 - GST is payable on the full price



What the ATO is doing and has done

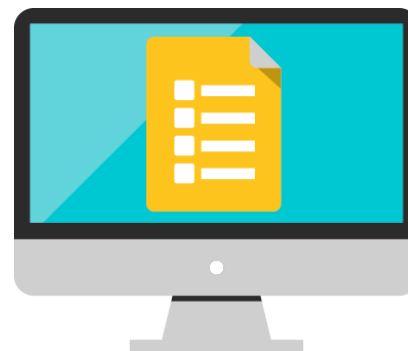
- > Created a team of ATO officers who are devoted to issues arising from taxi industry assistance programs nationwide.
- > This team has engaged with State authorities at an early stage.
- > The ATO is seeking to ensure that everyone involved has accurate, consistent and timely advice on the tax outcomes of the various proposals.
- > We don't want people to be taken by surprise by the tax outcomes of these programs.



Products

We have:

- > Published website content: <https://www.ato.gov.au/business/income-and-deductions-for-business/in-detail/industry-assistance-payments-to-taxi-licence-holders/>
- > Issued factsheets discussing the tax outcomes of the NSW and QLD programs.
- > Issued factsheets in draft for comment to the industry associations of SA and WA. We expect to publish them in final form shortly.
- > Issued a ruling giving the GST outcome for the QLD taxi assistance program (Class Ruling 2017/43).
- > Issued a Class Ruling giving our view of the tax outcomes of the State of Victoria's Taxi Reform Hardship Fund (Class Ruling CR 2017/15).
- > Further factsheets in respect of Victoria's assistance programs under consideration.



Questions?