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FBT and Uber style ride sharing

When an employee uses a taxi service for travel to or from work or if the employee is sick, it is generally exempt from Fringe Benefits Tax (FBT) under the FBT taxi travel exemption. The question is, what about Uber and other ride sharing services, do they also qualify for the exemption? If Uber is considered to be a taxi for GST purposes, that is, all drivers need to be registered for GST and charge GST as they are considered to be a taxi service, does the FBT exemption extend to employees using Uber for travel?

The ATO has confirmed its view that travel in ride sharing services is not exempt from FBT under this specific exemption as they do not meet the definition of a taxi service under the FBT laws (even though they do under GST law).

However, this does not mean that FBT will necessarily apply to travel undertaken by employees using a ride sharing service.

FBT taxi travel exemption

Taxi travel by an employee is an exempt fringe benefit if the travel is in a single trip that begins or ends at the employee's place of work. In addition, if the taxi travel is a result of sickness or injury to an employee and some or all of the journey is directly between the employee's place of work, their residence or any other place that is necessary or appropriate for the employee to go as a result of the sickness or injury, it would qualify as exempt.

Under FBT law, a taxi is "... a motor vehicle that is licensed to operate as a taxi."

Ride sharing and FBT

While an Uber trip is 'taxi travel' for GST purposes, and therefore GST applies as there is a \$0 GST threshold, the ATO's view is that it would not generally meet the definition of a taxi for FBT purposes as ride sharing drivers are not generally "licensed" to operate as a taxi.

If an employee travels to or from work in an Uber that is not a licensed taxi and the cost is covered by their employer then the FBT taxi travel exemption does not apply and the trip would trigger an FBT liability for the employer unless:

- The "otherwise deductible rule" applies (i.e., the employee would have been able to claim a deduction for the trip); or
- The minor benefits exemption applies (i.e., the value of the benefit is less than \$300 and is provided on an infrequent and irregular basis).

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