

NSW taxi industry *Transitional Assistance Payments*

What are your tax obligations if you receive these payments?

This fact sheet explains the tax implications for taxi licence holders who were provided a Transitional Assistance Payment from the NSW State Government under the *Point to Point Transport (Taxis and Hire Vehicles) Act 2016*.

Under the scheme, payments of \$20,000 each for up to two licences have been made to eligible licence holders. (Questions on the NSW Government point to point reforms should be directed to Transport for NSW.)

Does income tax apply?

Yes. The payments are assessable income because they are paid to assist licence holders to adjust to a more competitive market and to offset a reduction of income. They are not made as part of a buy-back arrangement or for the cancellation of a taxi licence.

You can claim a tax deduction for costs incurred for seeking legal or professional tax advice in relation to the taxation of the payment.

Does Goods and Services Tax apply?

No. To be subject to Goods and Services Tax (GST) you have to supply or do something in return for the payment. As you only have to meet eligibility criteria, the amount you receive is not subject to GST. More information can be found in Goods and Services Tax Ruling GSTR 2012/2 *Goods and services tax: financial assistance payments*.

At which Label do I show the income in my tax return?

The payment should be included in the same label that you have previously used to declare your income from holding your taxi licence (for example, Item 24 *Label V Other Income* on your tax return).

Further Explanation

A full explanation as to why these payments are considered to form part of your assessable income can be found in *Taxation Ruling TR 2006/3 Income Tax: government payments to industry to assist entities (including individuals) to continue, commence or cease business*

Where a Government payment is made to an industry to assist businesses within that industry to continue operating, the payment is assessable income of the recipient.

On this basis, NSW State Transitional Assistance Payments are assessable as ordinary income to licence holders.

The payment is not capital in nature because it does not require licence holders to give up or sell their taxi licence plate or otherwise bring their business to an end.

More information?

[Taxation Ruling TR 2006/3](#) – *Income tax: government payments to industry to assist entities (including individuals) to continue, commence or cease business*

[Class Ruling 2017/15](#) - *Income tax: assessability of payments from the Victorian Taxi Reform Hardship Fund*

[Goods and Services Tax Ruling GSTR 2012/2](#) – *Goods and services tax: financial assistance payments*

➤ For a callback from an ATO officer, email TaxAdvice@ato.gov.au

If you wish to discuss your circumstances, call the ATO on 13 28 66.

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