

South Australian Taxi Industry Assistance Payments

What are your tax obligations if you receive these payments?

This fact sheet explains the tax implications for taxi licence holders and lessees who received an industry assistance payment from the South Australian State Government in the 2017–18 income year.

The industry assistance payments included:

- \$30,000 payment per taxi licence to holders as at 12 April 2016, and
- \$50 a week compensation for lease holders as at 12 April 2016 up to a maximum of 11 months.

Does income tax apply?

Yes. The payments are assessable income because they were paid to assist licence holders and lessees adjust to changes in the taxi industry. They were 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 a good or service in return for the payment.

As you only had to meet eligibility criteria of being a taxi licence or a lease holder as at 12 April 2016 and you did not supply a good or a service for the payment, the amount you received 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?

For payments to individuals, the payment should be included in the same label that you have previously declared your income from holding your taxi licence (for example, Item 15 *Net income or loss from business* or Item 24 *Label Y Other Income* on your tax return).

For payments to companies, the payment should be included in *Label 6 Q Assessable government industry payments*.

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, South Australian Taxi Industry Assistance Payments are assessable as ordinary income to taxi licence and lease holders.

The payment is not capital in nature because it did not require licence or lease holders to give up or sell their taxi licence plate, lease or otherwise bring their business or income producing asset to an end.

What if I need more information?

See:

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

If you wish to discuss your circumstances, call the ATO on 13 28 61.

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