

Taxi, shuttle and ride-sharing

Tax information for drivers and owner-operators
in the taxi, shuttle, and ride-sharing industry



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Who this guide is for

This guide is for self-employed taxi, shuttle, or ride-sharing drivers. This guide is not for employees who are employed as drivers and have PAYE deducted from their salary or wages.

If you're not sure if you're self-employed or an employee, read the section **Common arrangements between owners and drivers**.

The guide gives you some helpful information when you first start out in this industry, and lets you know where you can find more in-depth information on our ird.govt.nz website and our publications.

myIR

You can get your tax and entitlements sorted online with myIR, including registering for GST or as an employer, and filing tax returns. Go to ird.govt.nz/myir-personal

Common arrangements between owners and drivers

We've listed some common arrangements between owners and drivers to help you work out whether you are an employee, or self-employed.

If you have workers driving for you, this information will also help you work out if they're employees or self-employed.

1	Owner drives the taxi and does not employ a driver	The owner is the only one who drives the taxi. They are self-employed for tax purposes.
2	Owner drives the taxi and employs a driver at other times	The owner is self-employed for tax purposes. Whether the driver is an employee of the owner depends on the conditions explained in number 3.
3	Owner does not drive a taxi but employs a driver	<p>The owner is self-employed for tax purposes. If the driver</p> <ul style="list-style-type: none"> • is paid a set wage and has little control over the hours worked, they are an employee. The owner must deduct PAYE from the driver's wages and pay it to us. • pays a fixed lease to the owner for the use of the taxi, the driver is most likely self-employed. • pays the owner a percentage of takings (usually calculated excluding GST) the situation depends on if <ul style="list-style-type: none"> – the driver takes the risk of a loss, pays the running costs, pays the fixed costs (such as insurance) and controls the use of the taxi, then the driver is most likely self-employed. – the owner takes responsibility for all or most of these things, the driver is most likely an employee.

4	Taxi organisation owns taxis and employs drivers	<p>The organisation could be a sole trader but is usually a limited liability company, or a cooperative company with owner-drivers as shareholders.</p> <p>How the drivers pay tax depends on the situations explained in number 3.</p>
5	Taxi organisation controls a pool of relief drivers	<p>A taxi organisation has a pool of part-time drivers available for taxi owners to use as replacements when required.</p> <p>The taxi organisation and the independent owners are self-employed for tax purposes. How the relief drivers pay tax depends on the situations explained in number 3.</p>
6	Ride-sharing	<p>The owner makes a car and driver available for public hire for passengers using an online marketplace (digital platform) to request a ride. The owner is self-employed for tax purposes.</p> <p>Go to page 12 for more information about ride-sharing</p>

If you're still not sure, go to ird.govt.nz/employment-status

For more information about ride-sharing, go to ird.govt.nz/ride-sharing

Starting out in business

If you're self-employed, you must pay your own tax to us. You'll need to keep business records for your income and expenses, and you may also need to register for GST.

There's a lot to think about when you're starting a new business and it's important to understand your responsibilities. This will help you get things right from the start with filing returns and paying your tax on time, avoiding penalties and interest.

You can get advice from an accountant, lawyer, tax agent or business advisor when you are starting your business.

The business.govt.nz website has lots of useful information about starting up a new business. Read our information about starting a new business at ird.govt.nz/new-business

Record keeping

Start keeping records as soon as you decide to go into business. Good record keeping makes it easier to:

- work out your income tax, expenses, and GST if you're registered
- meet your employer obligations if you have staff
- prepare your financial accounts.

It's much harder to work backwards later when you need your records to file returns.

What you need to keep

- invoices and receipts (taxable supply information if you are GST registered)
- bank statements and deposit information
- logbooks
- cashbooks
- working papers showing your calculations and how you arrived at your figures.

You should file your records in a logical order so they can easily be retrieved if you need them later.

Keep your records for 7 years

You'll need to keep all your business records for at least 7 years from the end of the tax year or the taxable period they relate to. Even after you stop operating your business, you still have record keeping responsibilities.

For more information about record keeping go to ird.govt.nz/new-business

On this page you'll find links to our:

- **Smart business guide - IR320**
- **Starting a new business - checklist IR1007**
- Business tax seminars, workshops, and videos.

Separate business bank account

It's good practice to keep a separate business bank account. A business bank account will make it easier to keep your business and private matters separate.

- Use your business account when you bank your takings and pay business expenses.
- Do not use your business account for private transactions.
- When you withdraw money from the business for personal spending, make sure you record it as 'drawings'.

Income tax

Income tax return and payment due dates

Every year you're in business, you'll need to file an income tax return and pay tax. Your return must include all your income and business expenses.

For most businesses the tax year begins on 1 April and ends the following 31 March. Your balance date is 31 March.

Income tax return	Due 7 July after the end of the tax year
Income tax	Due 7 February the following year

Standard provisional tax instalments*

For a 31 March balance date:

- 28 August
- 15 January
- 7 May

*These dates do not apply if you're using the GST ratio option or the accounting income method (AIM)

Example

For the 1 April 2023 to 31 March 2024 tax year, the return is due 7 July 2024 and income tax payment is due 7 February 2025.

To find out how to pay your tax, go to ird.govt.nz/payments

Need more time to file your return?

If you're doing your own tax return and need more time to file it, you can apply to us for an extension of time, telling us why you need it. If we approve an extension, this only applies to the date to file your return. Your end-of-year income tax payment is still due by 7 February.

If you have a tax agent with an extension of time, your return is due 31 March the following year and you have until 7 April to pay your end-of-year income tax.

Income

All the ride fares you receive in your taxi, shuttle or ride-sharing business are income - whether your customer pays by voucher, taxi card, cash or barter arrangement. You will also need to include credit card and airport entry surcharges, additional fees (for instance soiling the taxi), tips or other similar receipts as income.

You need to include other income you receive from outside of your taxi business in your tax return, for example, interest, dividends, rental income, wages and any other self-employed income you may earn.

Expenses

You can claim a deduction for most expenses relating to your business, including vehicle, garaging and uniform expenses. You can also claim depreciation on your vehicle and other assets used in your business.

Vehicle expenses

You can claim vehicle expenses, based on actual running costs or the per kilometre rate.

- If you have a vehicle only used for business purposes, you can claim a business expense for the full running costs.
- If you use your vehicle for both business and personal trips you will need to make an adjustment for private use.

For more information on how to make adjustments go to page 8.

Garaging expenses

You may be able to claim expenses if your business vehicle is garaged at your home, for example, a percentage of your rates, mortgage interest, or rent.

For more information on what you can claim go to ird.govt.nz/home-office-expenses

Uniforms

If you buy distinctive work clothing or a uniform, that clearly identifies your business and you would not normally wear it for private purposes, you can claim the purchase cost and drycleaning.

Example

Joe buys 3 sets of shirts and pants to wear while working. He puts his business logo on 2 sets of the clothes. Although he uses all 3 sets of clothing for work, he can only claim expenses for 2 sets with the business logo.

Examples of expenses you can claim

Vehicle expenses		
• Certificate of fitness	• Repairs and maintenance	• Insurance
• Fuel and oil	• Road user charges	• Loan interest
• Registration	• Tyres	• Depreciation (vehicle)
• Car wash/grooming		

Note – using the per kilometre rate

You can use the per kilometre rate instead of the vehicle examples listed if your vehicle is powered by petrol, diesel, hybrid, or electric. If your vehicle is not powered by one of these means, you must use the actual cost method.

The latest kilometre rates are published each year after 31 March on our website (usually by May).

Garaging expenses		
• Power	• Rates	• Insurance
• Rent/mortgage interest		

Other expenses		
• ACC	• Airport and road tolls	• Bank fees
• Communication	• Company levies	• Depreciation (other)
• Equipment repairs/rentals	• Medical/police license	• Public liability insurance
• RT fees	• Uniform	• Voucher discounts
• Wages paid	• Stationery (logbook, business cards)	

For more information go to ird.govt.nz/business-expenses

Depreciation

Depreciation is an allowance you can claim as an expense for wear and tear on some fixed assets. The amount of depreciation you can claim is based on the cost of the asset and the depreciation rate applying to the asset.

Generally low value assets (costing less than \$1000) can be fully deducted as an expense in the year of purchase.

For assets you do depreciate, you will need to keep a schedule of fixed assets showing the cost price and the adjusted tax value - the asset's cost price less depreciation claimed since you bought it.

You must claim depreciation on all fixed assets kept in your business for longer than a year, unless you tell us you have decided not to depreciate a particular asset.

You can choose either the diminishing value or straight-line method to work out your depreciation rate. For more information go to ird.govt.nz/depreciation

If you're depreciating an asset you use for both business and private purposes, you will need to make a private use adjustment (see next section).

For more information about depreciation, go to

- ird.govt.nz/depreciation
- ird.govt.nz/forms-guides - Depreciation – a guide for businesses – IR260
- ird.govt.nz/rate-finder for a list of depreciation rates and to calculate how much you can claim.

Adjustments for private use

You may need to make private use adjustments for expenses. For example, you own a laptop used in your business 80% of the time and 20% for private use. The adjustment means you only claim the business portion of the expenses.

If you use your taxi for any private use, you'll need to separate the running costs between business and private use. The simplest way to do this is keeping a logbook showing the use of the vehicle for at least 90 days (about 3 months).

Otherwise, you will need to keep records of all your business and private use to show the actual use of the vehicle.

You need to use 1 of these methods for as long as you own the vehicle.

If you do not use either of these methods, you can claim the lesser of the proportion of actual business use or 25% of the vehicle's running costs. You will still need to keep records to support this claim.

Keeping a logbook

You can work out your private use adjustments by using a logbook to record all your non-work use.

- You must keep a logbook for at least 90 days
- Your calculation can be used for up to 3 years if the proportion of business use does not change by more than 20%
- After 3 years you will need to keep a logbook for another 90 days.

Logbook example

Robbie sometimes uses the taxi to pick up groceries, run their children to school when Fran his partner is busy. Robbie keeps track of private use with a logbook for 3 months.

3-month vehicle logbook 1/01/2024 – 31/03/2024

Meter reading on 1/01/2024 - 15,165

Date	From	To	Start	Finish	Distance (km)	Reason
01/02/2024	Home	School	15,165	15,185	20	Taking kids to school
01/02/2024	Home	Supermarket	15,718	15,753	35	Grocery shopping
18/03/2024	Home	Airport	16,485	16,560	75	Drop Fran at airport
30/03/2024	Airport	Home	17,525	17,600	75	Airport pickup Fran
Private distance					205	
Meter reading 31/03/2024					17,775	
Total distance travelled (17,701 – 15,165)					2,610	

Percentage of private use $(205/2,610) = 7.85\%$

Percentage of business vehicle expenses = 92.15%

Robbie can use the logbook information to claim 92.15% of all the vehicle related expenses such as depreciation, fuel, insurance, and other running costs for the next 3 years.

Expenses adjustments using logbook results

Depreciation

Robbie uses the information from the logbook to work out the taxi depreciation.

The taxi has an adjusted tax value of \$30,000 and the depreciation rate for the car is 30%

$\$30,000 \times 30\% = \$9,000$ depreciation before adjusting for private use.

Private use adjustment $\$9,000 \times 7.85\% = \706.50 .

Robbie's depreciation expense claim is \$8,293.50 ($\$9,000 - \706.50).

Vehicle running costs

Robbie works out the amount he can claim for the vehicle running costs based on the logbook.

- Vehicle costs for the year total \$12,000.
- Private use adjustment $\$12,000 \times 7.85\% = \942.00

Robbie claims \$11,058 as an expense in his income the tax return ($\$12,000 - \942.00).

Using the per kilometre rate

If Robbie chooses to use the per kilometre rate instead of depreciation and vehicle running costs, he will need to apportion that amount between business and private use.

For more information on what expenses you can claim go to ird.govt.nz/vehicle-expenses

Non-deductible expenses

You cannot claim

- private expenses (for example, meals and private use of your vehicle including depreciation – see adjustments for private use)
- speeding and parking fines (if you're an employer and you pay an employee's fine you may be able to claim a deduction)
- drawings (money you take from your business for private spending).

Taxable income

Taxable income is your total income less expenses you're allowed to deduct. You pay income tax on your taxable income.

Income tax in your first year of business

Your first year in business is not tax free. Income tax from your first year is usually due by 7 February the following year, or 7 April if you have a tax agent. You may also need to start paying provisional tax if your end-of-year tax payment is more than \$5,000. This means you may have to pay both your first year's tax bill and provisional tax in your second year of business.

Early payment discount for voluntary payments

You can spread the amount you'll need to pay for your first year in business by making voluntary payments and this may qualify you for an early payment discount. Your voluntary payments must be paid to us by your balance date (31 March) at the end of your first year in business.

If you decide to make voluntary payments, you'll need to apply for the early payment discount in your income tax return.

Not a provisional payer after your first year in business?

If your income tax bill is \$5,000 or less, you do not need to pay provisional tax. However, if you think you'll need to pay provisional tax in a later year, you may still qualify for the early payment discount by making voluntary payments. They will need to be paid by 31 March of that year and you'll need to apply for the discount when you file that year's tax return.

Note

The early payment discount only applies to self-employed or partnership income.

For more information about early payment discount and how to qualify, go to ird.govt.nz/first-year-tax

Provisional tax

Provisional tax is paid in instalments. It is not a separate tax but a way of paying your income tax as you receive your income through the year. These payments go towards the amount you need to pay after the end of the tax year, and usually mean you do not have a large bill to pay. You only need to pay the difference (if any) by your income tax due date. If you pay more provisional tax than you needed, we'll refund the difference.

You'll have to start paying provisional tax if the amount you need to pay after the end of the tax year is more than \$5,000.

For more information go to ird.govt.nz/provisional-tax

Goods and services tax – GST

GST is a tax charged on most goods and services in New Zealand. It is collected by GST registered businesses and paid to Inland Revenue. The GST rate is 15%.

If you register for GST,

- you can charge GST on the fare cost
- you can claim back GST charged on your business expenses such as fuel, vehicle registration, repairs and maintenance.

If you are not GST registered, you cannot charge GST on your fares or claim GST on expenses relating to running your taxi, shuttle, or ride-sharing business.

When you must register for GST

You must register for GST if the annual turnover from your taxi business is:

- more than \$60,000 in any 12-month period, or
- you expect it to be more than \$60,000 over the next 12 months.

This applies whether you own or lease the taxi.

Note

If your fare schedule includes GST, you must register for GST, even if your annual turnover is less than \$60,000. If you're not sure, please check with the company you're driving for.

You can voluntarily register for GST if your turnover is less \$60,000. For help deciding if you need to register, go to ird.govt.nz/gst-need-to-register

You can register for GST in myIR.

Returning GST collected

If you're registered, you must charge GST on your fares, and account for it in your GST returns. You must also pay GST on tips. If you have other sources of income, you may have to pay GST on those too.

Note - Taxi owners with drivers working for them

You must account for GST on all the takings for the taxi including those earned by the employee drivers. Do not take out the wages before you calculate the GST.

If the GST you charge is more than the GST you've paid on your business expenses, the difference is paid to us.

If the GST you have been charged on purchases and expenses is more than the GST you collected on your business sales, we'll refund the difference.

You will need to complete GST returns based on the accounting basis and frequency you choose when you register.

Expenses you can claim

Generally, you can claim GST on supplies if

- the supplies are used in your business, and
- you hold taxable supply information.

Taxable supply information is what buyers and sellers need to keep as evidence of a transaction. The taxable supply information required depends on the value and the type of supply. For more information about what you need to keep, go to ird.govt.nz/gst-taxable-supply

You may be able to claim the GST on any of your garaging expenses and uniform expenses. In most cases if you can claim the expense for income tax you can also claim the GST you were charged. For more details, please read Expenses on page 6.

Expenses you cannot claim

You cannot claim GST on interest, drawings, salary or wages, any private expenses, mortgage interest or residential rental.

Adjustments

You may need to make private use adjustments in your GST returns. For more information about GST adjustments go to ird.govt.nz/gst-adjustments

Ride sharing drivers

If you're providing driving services through an online marketplace operator (also known as digital platform operators) you will need to tell them if you are GST registered or not.

If you are GST registered

Your online marketplace operator collects the GST directly from the passengers you transport (they return this GST directly to us).

You include the total fare you receive from the operator in your GST return as income and as zero-rated supplies.



Note

Zero-rating only applies to income from the marketplace operator. You cannot zero-rate income from another taxi company.

You can claim GST on business expenses such as fuel, vehicle registration, repairs and maintenance paid during the return period.

Example - GST registered ride-share driver

Daniel provides driving services in Wellington for an online marketplace operator.

The operator charges a fare of \$30 for Daniel's services and adds 15% GST, charging the customer a total of \$34.50. The GST on the fare is paid to us by the operator.

When it is time for Daniel to file the GST return for the period, \$30 is included as income and the same \$30 is included as a zero-rated supply, resulting in \$0 GST collected.

Daniel can claim back the GST on any expenses related to his ride-share business for the GST return period.

If you are not GST registered

Your online marketplace collects GST directly from the passengers you transport and pays you a flat-rate credit of 8.5%. This credit recognises costs you incur when supplying your services.

Example ride-share driver not GST registered

Jared provides driving services in Christchurch for an online marketplace operator.

The operator charges a fare of \$30 for Jared's services and adds 15% GST, charging the customer a total of \$34.50. The GST charged on the fare is dealt with as follows:

- \$1.95 (6.5%) is returned by the operator to us
- \$2.55 (8.5%) is passed on by the operator to Jared.

Jared receives a monthly statement from the operator confirming the flat-rate credits passed on to him.

For more information about GST and how this may affect your ride-share business income, go to ird.govt.nz/online-marketplace-gst and read **Goods and Services (GST) on listed services - sellers - AD277**

Employing staff

If you're going to employ drivers or other staff to work for you, you'll need to register as an employer.

When you employ staff, you're required to make PAYE (pay as you earn) deductions from your employees earning a salary or wage. You must deduct PAYE tax on your employees' behalf and pay this to us by the due dates.

Note

If you have self-employed owner-operators working for you, they are responsible for their own tax. You do not need to deduct PAYE from their earnings. You'll still need to keep business records of income and expenses.

For more information go to ird.govt.nz/employing-staff

Getting it right

Sometimes it can be hard to get everything right. We've included some of the most common mistakes and ways you can avoid making them.

Situation	What to do
Paying expenses from cash takings (this can mean you under-declare your income)	Make sure you add back the expenses when you work out your day's income
Not registering for GST when your turnover goes over \$60,000	Keep track of your turnover and register for GST if it looks like you're going to be over \$60,000
Not registering for GST when your fare schedule includes GST	<p>Make sure you register – even if your turnover is less than \$60,000.</p> <p>If you have charged GST, you're considered to be registered, even if you have not officially done so.</p>
If you're working for a taxi owner, not knowing if you're self-employed or an employee	Make sure you understand your employment relationship – read the common arrangements between owners and drivers on page 3
Poor or incomplete record keeping	Keep all your invoices and receipts (taxable supply information if you're GST registered), update your cashbook and file your records regularly.
Not adjusting your income tax and GST for private use of business assets	If you're using an asset from your business for private use, make sure you adjust the amount you are claiming as an expense– see page 8 for more information.
Claiming private expenses for income tax and or GST	Keep your business and private expenses separate and only claim those for your business.
Not including income from cash jobs, tips, and casual work	Make sure to include your income from all sources for income tax and GST.
Filing returns and/or paying your tax late	Set up reminders to keep track of the due dates for filing and paying and avoid penalties and interest.
Not returning the GST when you sell an asset (for example your taxi)	If you sell a business asset, you'll need to return the GST on the sale price.

Where to find more information

IRD website	
Charging GST	ird.govt.nz/charging-gst
Depreciation	ird.govt.nz/depreciation
Depreciation rate finder and calculator	ird.govt.nz/rate-finder
Do I need to register for GST?	ird.govt.nz/gst-need-to-register
Employing staff	ird.govt.nz/employing-staff
GST adjustments for business, private and exempt use	ird.govt.nz/gst-adjustments
Home office expenses	ird.govt.nz/home-office-expenses
How taxable supply information for GST works	ird.govt.nz/gst-taxable-supply
I am starting a new business	ird.govt.nz/new-business
Make a payment	ird.govt.nz/payments
Online marketplace - GST on listed services	ird.govt.nz/online-marketplace-gst
Paying tax in your first year in business	ird.govt.nz/first-year-tax
Provisional tax	ird.govt.nz/provisional-tax
Register for a personal myIR account	ird.govt.nz/myir-personal
Registering for GST	ird.govt.nz/registering-for-gst
Ride-sharing	ird.govt.nz/ride-sharing
Self-employed or employee	ird.govt.nz/employment-status
Types of business expenses	ird.govt.nz/business-expenses
Types of business income	ird.govt.nz/types-of-business-income
Vehicle expenses	ird.govt.nz/vehicle-expenses

Publications – ird.govt.nz/forms-guides

Depreciation – a guide for businesses – IR260

Employer guide – IR335

Provisional tax guide – IR289

Goods and services tax (GST) on listed services – sellers – AD277

Record Keeping – IR1008

Smart business guide – IR320

Starting a new business – checklist – IR1007

Fixing mistakes

If you realise you've made a mistake in a return you have already filed, there are ways you can fix these. You may be able to correct the error yourself if you're filing returns online in myIR, or in the next return you file. You can also ask us to do this for you.

For more information about fixing mistakes, go to ird.govt.nz/fixmistakes

Services you may need

0800 self-service number

Our 0800 self-service number, 0800 257 777, is open 7 days a week. Make sure you have your IRD number ready when you call.

To get information about your own account, you'll need to be enrolled with voice ID or have a PIN.

When you call, confirm what you want from the options given. If you need to talk with us, we'll re-direct your call to someone who can help you.

Need to speak with us?

Have your IRD number ready and call us on one of these numbers.

General tax, tax credits and refunds	0800 775 247
Employer enquiries	0800 377 772
General business tax	0800 377 774
Overdue returns and payments	0800 227 771

We're open 8am to 6pm Monday to Friday. We record all calls.

Our self-service lines are open 7 days a week. They offer a range of automated options, especially if you're enrolled with voice ID.

Find out more at ird.govt.nz/contact-us

Supporting businesses in our community

Our Community Compliance officers offer free tax education and advice to businesses and small organisations, as well as seminars for personal tax and entitlements.

Our Kaitakawaenga Māori offer a free advisory service to help meet the needs of Māori individuals, organisations and businesses.

Go to a seminar or workshop, or request a visit from us to find out more about:

- records you need to keep
- taxes you need to know about
- using our online services
- completing your tax returns (for example GST, employer returns)
- filing returns and making payments
- your KiwiSaver obligations.

Go to ird.govt.nz/contact-us and select **Request a business advisory** visit to find out about requesting a visit.

Find a seminar or workshop near you at ird.govt.nz/seminars

Postal addresses

Payments	Returns	General correspondence
Inland Revenue PO Box 39050 Wellington Mail Centre Lower Hutt 5045	Inland Revenue PO Box 39090 Wellington Mail Centre Lower Hutt 5045	Inland Revenue PO Box 39010 Wellington Mail Centre Lower Hutt 5045

Privacy

It's important that you give us accurate information so we can assess your tax and entitlements under the Acts we administer. We may charge penalties if you do not.

We may also exchange information about you with:

- some government agencies
- another country, if we have an information supply agreement with them, and
- Statistics New Zealand (for statistical purposes only).

You can ask for the personal information we hold about you. We'll give the information to you and correct any mistakes, unless we have a lawful reason not to. Find our full privacy policy at ird.govt.nz/privacy

If you have a complaint about our service

We're committed to providing you with a quality service. If there's a problem, we'd like to know about it and have the chance to fix it.

If you disagree with how we've assessed your tax, you may need to follow a formal disputes process.

Find out more about making a complaint, and the disputes process, at ird.govt.nz/disputes



Te Kāwanatanga o Aotearoa
New Zealand Government