

Per Trip Levy on all Point-to-Point Transport Services

Introduction

On 28 April 2017, the Northern Territory Government announced a reform package to allow ridesharing transport services to commence operating in the last quarter of 2017. The reform package also levels the playing field for existing point-to-point transport services such as taxis, minibuses and private hire cars.

Annual licence fees have been reduced. To offset the reduction in licence fees, a \$1 per trip levy will be introduced on all trips of point-to-point transport services (taxis, minibuses, private hire cars and rideshare).

The \$1 levy will be reinvested back into the Commercial Passenger Vehicle (CPV) industry, and will cover the Government's industry regulation costs and will also fund the Transport (Taxi) Subsidy and Lift Incentive Schemes which assist Territorians who are less mobile or live with a disability.

The Levy and GST Implications

There are three options for the payment of the levy. These can be paid by either the passenger or the transport service provider (being the taxi, minibus and private hire car operators and the ridesharing network). Depending on which option is used will determine whether the levy is subject to GST (Goods and Services Tax).

GST is a broad-based tax of 10% on most goods, services and other items sold or consumed in Australia. For further information please refer to the link to the Australian Taxation Office in the Resources section below.

In general terms, if the levy is not passed onto the passenger to pay, the levy is exempt from GST. If the levy is included in the fare paid by the passenger (therefore the levy would be classified as being an on-charge), then the levy will, like the rest of the fare, be subject to GST.

GST is calculated as 1/11th of the fare.

Below are examples which provide general information on whether the levy would be exempt from GST.

- **Prior to the levy being implemented**

The transport service provider receives \$10 and forwards 91 cents GST (i.e. 1/11th of \$10) to the Australian Taxation Office (ATO) leaving the transport service provider with \$9.09.

- **Option 1 – On-charge the full levy plus GST to the passenger**

The transport service provider receives \$11.10 (i.e. \$10 fare + \$1 levy + 10 cents GST for on-charge) from the passenger, pays \$1 levy to NT Government and forwards \$1.01 GST (i.e. 1/11th of \$11.10) to the ATO leaving the transport service provider with \$9.09, being the same outcome as prior to the implementation of the levy.

- **Option 2 – Transport service provider absorbs the levy themselves**

The transport service provider receives \$10 from the passenger, pays the \$1 levy to the NT Government and forwards 91 cents GST (i.e. 1/11th of \$10) to the ATO leaving the transport service provider with \$8.08 being \$1.01 less than prior to the levy.

- **Option 3 – On-charge the full levy only, not the GST component, to the passenger**

The transport service provider receives \$11 (i.e. \$10 fare + \$1 levy) from the passenger, pays the \$1 levy to the NT Government and forwards \$1 GST (i.e. 1/11th of \$11) to the ATO leaving the transport service provider with \$9, being 9 cents less than prior to the levy.

Who Pays the Levy to Government

Responsibility for paying the levy to Government is outlined below for each point-to-point transport service:

- Taxi Industry - Taxi Operator
- Minibus Industry - Minibus Operator
- Private Hire Car Industry - Private Hire Car Operator
- Ridesharing Industry - Communications and Dispatch Network (Rideshare Platform)

Collection Method of the Levy

Options are available for each industry sector on how the levy is collected and who pays the levy. These include:

- **Taxi Industry** – The levy will be added to the taximeter under the flagfall component. The taxi operator will be required to implement a process with their drivers on how the levy will be collected, allowing the operator to pay the monthly levy debt. If the transport provider chooses to absorb the levy, then the driver is able to provide a discount to the passenger. Please note Government regulated taxi fares are set to the maximum amount able to be charged, which allows an operator to provide discounts.
- **Minibus Industry** – The levy could be incorporated into the advertised fare structure or absorbed by the transport provider. The levy will be charged per hiring, for example if a single group books the minibus the group is charged \$1, or if the minibus is booked by five different passengers then the levy will be charged to each of the five passengers.
- **Private Hire Car Industry** – The levy could be incorporated into the negotiated fare or absorbed by the transport provider.
- **Ridesharing Industry** – The levy may be included in the fare paid by the passenger through its app or absorbed by the transport provider.

How to Pay the Levy

An internal payment system has been developed to provide a simple process for industry to pay the levy on a monthly basis to Government. Attachment A provides an outline of the process.

When to Pay the Levy

An operator or rideshare network must pay the levy on a monthly basis. The levy payments will be due by the end of the following month, for example, the levy for the month of January is payable by the last day of February.

Record Keeping

It is the responsibility of each operator and ridesharing network to maintain records necessary to ascertain the operator's liability for the levy and keep the records for a minimum of three years.

The Department of Infrastructure, Planning and Logistics (the Department) will audit operators and networks to ensure they are meeting their legislative responsibilities. Penalties apply if records are not kept and maintained.

Auditing

The Department will undertake regular auditing. Operators and ridesharing networks are required to assist in any request by the Department to ensure all parties are meeting their obligations.

Non Payment of the Levy

It is a condition of licence for taxis, minibuses or private hire cars that the operator must, by the end of the following month, advise the Department of the number of trips undertaken and pay the levy.

It is a condition of the ridesharing network (platform) approval that the manager must, by the end of the following month, advise the Department of the number of trips undertaken and pay the levy.

There are significant financial and operational penalties that apply to those who:

- avoid paying the levy;
- do not provide monthly data to the Department on the number of passenger trips;
- do not keep relevant records to determine how many trips were undertaken for a minimum of three years;
- do not produce records when requested by the Department;
- reports, provides or produces data knowing it is misleading;
- intentionally damages or destroys a record.

If an operator or network is found to have undertaken any of the above, the Department will take action to suspend the person from operating or have their Commercial Vehicle Licence (CVL) or network agreement cancelled. They will also be subject to a significant financial penalty as outlined in regulations.

Resources

Listed below are resources that may provide assistance to you.

Commercial Passenger Vehicle Information

Information Bulletins and Forms: nt.gov.au/driving/industry/cpv-information-bulletins-and-forms

Legislation: legislation.nt.gov.au/LegislationPortal/Acts/By-Title

Motor Vehicle Registry Information

Information Bulletins and Forms: transport.nt.gov.au/motor-vehicle-registry

General Information

Goods and Services Tax: ato.gov.au/Business/GST/

Important

This Information Bulletin is a guide only and contains general information and requirements in relation to the CPV industry. This document should not be regarded as a strict interpretation of Northern Territory law and In-Service Maintenance Standards.

Contact Details	
Commercial Passenger Vehicles Branch	
Telephone:	08 8924 7580
Email:	cpv.admin@nt.gov.au
Web:	nt.gov.au/cpv
Postal Address:	GPO Box 2520, Darwin NT 0801

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Payment Process for the \$1 Levy to the Northern Territory Government

