



Tax deductions for Taxi Drivers

The main activities for businesses in this industry are providing road passenger transportation services, including hire car services with driver and taxi cab services.

Input benchmarks

You may find the input benchmarks useful in calculating the expected range of income for taxi operators and drivers based on kilometres travelled or fuel used. They have been developed in consultation with industry participants. They represent the industry norm. You should consider your own personal circumstances when using the input benchmarks to assess your situation.

Input benchmark guide

The table below sets out benchmarks for taxi operators. You can use this benchmark to compare and check your business performance to the taxi industry average.

Benchmark guide – per taxi

Fuel consumption (LPG) - litres per 100 kilometres	18
Total litres of fuel (LPG) consumed during year	27,000
Fuel consumption (ULP) - litres per 100 kilometres	13.3
Total litres of fuel (ULP) consumed during year	20,000
Fuel cost - percentage of gross taxi income	8% – 16%
Total kilometres travelled during year (from your records or calculated from fuel figures)	150,000
Total litres of fuel per shift (LPG)	54
Total litres of fuel per shift (ULP)	40

Notes:

- o Regional factors may affect total kilometres travelled, gross income and fuel consumption
- o Fuel consumption for LPG is the equivalent of 5.55 kilometres per litre
- o Fuel consumption for ULP is the equivalent of 7.5 kilometres per litre

Input benchmark – sales turnover

You can use this benchmark to calculate your income compare your income against the taxi industry average check that records accurately reflect your income.

Income guide - taxi operator (per taxi)	
Total kilometres travelled during year	150,000
Cents per kilometre rate – 2013	\$1.30
Total fares (kilometres x CPK rate)	\$195,000
Total shifts worked during year	500
Bailment arrangement (average percentage of total fares)	50%

Income from bailment (at 50% of total fares)	\$97,500
Income guide - taxi drivers	
Average shifts worked during year	225
Average kilometres per shift	300
Total kilometres travelled during year (average shifts x average kilometres travelled)	67,500
Cents per kilometre rate – 2013	\$1.30
Total fares per shift (average km per shift x CPK rate)	\$390
Total fares (total fares per shift x average shifts)	\$87,750

Notes:

- Regional factors may affect total kilometres travelled, gross income and fuel consumption
- All dollar amounts are GST inclusive

Input benchmark examples

Example 1

Norman is a taxi operator in a metropolitan area. He owns five taxis, each travelling an average of 160,000 kilometres per year. The total distance travelled for all five taxis is 800,000 kilometres. Norman is worried about his record keeping so he checks his estimated income against the benchmarks. Norman receives 50% of the fares for each taxi. His records show total fares of \$780,000. His share of the fares is \$390,000.

Using the 2013 cents per kilometre rate of \$1.30, he calculates the total fares for all five taxis should be \$1,040,000. Norman calculates his share of the total should be \$520,000 under his standard 50% bailment arrangement.

Norman's recorded income doesn't match the benchmarks. He asks his bookkeeper for advice on keeping better records.

Example 2

George is a taxi driver. According to his log book for 2012–13, George worked 150 shifts and took total fares of \$44,000 (including GST).

George calculates that his total fares per shift are \$293, which is below the benchmark of \$390. George decides to seek advice on his record keeping.

Example 3

Jeff, a Sydney taxi driver, has purchased 12,000 litres of LPG.

According to the fuel usage benchmarks, of 18 litres per hundred kilometres, Jeff's taxi should have travelled about 66,670 kilometres. Using the benchmark cents per kilometre rate Jeff should have taken total fares of \$86,671. His records show total fares of only \$85,337.

As this is close to the benchmark, Jeff is reasonably confident that he has correctly recorded all his fares.

What Can a Self-Employed Taxi Driver Deduct from His Taxes?

Most taxi drivers are independent businesspeople who pay business taxes.

As a taxi driver, you are considered self-employed if you set your own hours and no one supervises how you do your job. Even if you rent your cab from a fleet and use a dispatcher, you are considered an independent contractor. You will need to take every possible deduction on your taxes to lower your tax bill. Know what deductions are available to you as a taxi driver.

Rent or Lease Payments - The money you pay as a taxi driver to rent your taxi from a fleet is tax deductible. Keep track of what the fleet company charges you for your taxi each day. Total up your expenditures for renting or leasing your cab at the end of the year.

Insurance - Your insurance expense should not include health insurance, but if you have to pay insurance for your taxi, you can deduct it. This payment may be hidden in your payments to the fleet company for renting the vehicle. Find out how much of your payments to the company cover insurance.

Supplies - You can deduct the cost of any supplies you use in your taxi service. If you have special forms or equipment you use in your cab, these are business expenses. Deduct them and keep receipts to back up your claim.

Licenses - Any fees you pay to drive a taxi are deductible. This may include not only your taxi license but any extra charges you pay to have a special driver's license. Licenses are a form of tax that you pay, and you may deduct these payments.

Credit Card Processing Fees - Many taxis accept credit cards now. The companies that process credit cards charge a transaction fee, which comes out of your earnings. You can deduct all transaction fees for credit cards from your taxes.

Memberships - If you are a member of a trade organization, union or association related to driving a taxi, you can deduct the expense of membership. Write off any membership dues, union dues or association fees from your taxes.

Car maintenance - (oil changes, inspections, tire rotation, etc.)

Depreciation - value of the care if you own the vehicle

Licence and registration fees

Gasoline and fuel costs

Parking fees

Business cards

Filing cabinets and file folders

Any equipment used in the vehicle