

Victorian *Fairness Fund Payments*

What are your tax obligations if you receive a payment from the Fairness Fund?

This fact sheet explains the tax implications for taxi-cab or hire car licence holders who receive a payment from the Victorian State Government's Fairness Fund.

The Fairness Fund provides targeted financial support for licence holders facing significant financial hardship. The Fairness Fund is separate to the previous Taxi Reform Hardship Fund and the current Transition Assistance payments.

Does Income Tax apply?

Yes. The payments are assessable income because they are designed to provide financial support to licence holders that are experiencing:

- a lack of current income or the loss of a future income stream that is significantly impacting on household spending capacity,
- significant difficulty in meeting ongoing debt obligations related to the licence(s) held, or
- a lack of available funds to meet financial commitments.

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

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 used to declare your income from holding your taxi-cab or hire car 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*.

Does this impact my Pay As You Go Instalments?

Where a payment is considered as taxable income, there may be implications for Pay As You Go (PAYG) instalments as it would be considered as instalment income. Depending on how you calculate your instalments, this may mean you need to include it on your next activity statement (at label T1), vary your instalment rate or amount, or put money aside to pay when you lodge your income tax return.

After you lodge your income tax return, this might impact the instalments you pay for the next financial year. If the new calculation does not reflect your circumstances at that time, you can vary your instalment rate or amount.

For more information on PAYG instalments, go to www.ato.gov.au/paygi.

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.

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, Fairness Fund payments made by the Victorian State Government to taxi-cab or hire car licence holders are assessable as ordinary income.

The payment is not capital in nature because it does not require licence holders to give up or sell their taxi-cab or hire car licence 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*

- If you wish to discuss your circumstances, you can:
- call the ATO on 13 28 66
 - email TaxAdvice@ato.gov.au for a callback from an ATO officer,

If you are experiencing difficulties or hardship in meeting your tax debts, refer to [Help with paying](#) for assistance.

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations. If you feel that this publication does not fully cover your circumstances, or you are unsure how it applies to you, you can seek further assistance from us.

This publication was current at 16 October 2017.

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