

# Uber partner reporting guide | 2017

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## How to report your income

Uber drivers are considered self-employed for income tax purposes. Your net income from driving must therefore be reported on Form T2125 *Statement of Business or Professional Activities*. This is included with your other income on your T1 tax return.

## What kind of expenses can you claim?

Self-employed taxpayers may claim any reasonable expenses incurred to earn business income. In the case of Uber drivers, the most obvious examples would be the service fee and booking fees you are required to pay Uber and the costs of operating your vehicle while using it for business use. We discuss vehicle expenses separately below.

You cannot claim personal expenses such as meals, which you would incur whether you were driving or not. An exception would be if you had a fare out of town and you had to eat in a restaurant. Clothing is also considered a personal expense.

You can claim the cost of bottled water and snacks you buy for riders (since they are not being consumed by you personally). However, as in the case of all purchases of food, the amount you can claim is limited to 50% of the cost.

If you have a cell phone, you can deduct the percentage of airtime expenses that reasonably relate to earning your business income. However, the cost of the cell phone itself must be capitalized. Cell phones are Class 8 assets, which means that you can claim capital cost allowance (CCA) at the rate of 20%.

## Vehicle Expenses

If you are using a vehicle for both personal and business purposes, you can only claim expenses relating to your business use. Your annual tax summary from Uber includes a figure for ON TRIP Mileage. As long as you also have a beginning and ending odometer reading to record your total mileage, this can be used to calculate the business-use portion of their vehicle expenses. If you only started driving during the year, you can reference your Safety Standards Certificate for your beginning odometer reading.

You can claim the costs of operating your vehicle. This would include the business-use portion of fuel and oil, insurance, licence and registration, maintenance and repairs, and interest costs if you have a car loan. If you are required by municipal by-laws to obtain additional coverage because you are carrying passengers, this would be fully deductible. Parking costs incurred while on business are also fully deductible. Fines and traffic tickets are not deductible.

The cost of the vehicle itself cannot be claimed as an expense. Instead you capitalize it and claim a percentage as CCA each year. For passenger vehicles there is a ceiling of \$30,000 plus GST/HST and provincial sales tax which can be used for determining CCA. The rate is 30%.



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## Records

It is important to keep a proper record of your income and expenses and substantiate your expenses with receipts. Receipts must include a description of the goods or services purchased, so if you are filling up at a gas station, you need more than just the ATM transaction slip or credit card slip. This is the case even if the slip shows the name of the gas station (since you could be purchasing items other than gas, such as snacks or cigarettes).

## GST/HST Registration

Self-employed taxpayers and independent contractors are required to register for HST if their gross revenues exceed \$30K in the last four calendar quarters, or in any single calendar quarter.

You may already be registered for the HST for non-Uber related activities. In this case HST is applicable to your fares.

If you are registered for HST, you must give the HST number to Uber. Riders will need to contact Uber support to request HST compliant receipts.

## Instalment Payments

Because there is no tax withheld at source from your business income, you may end up having a balance owing when you file your tax return. This may result in you having to pay by quarterly instalments for future years.

- You are required to make instalment payments only if both of the following apply:
- Your net tax owing for the current taxation year (meaning the difference between your total tax payable and amounts withheld at source) will be more than \$3,000 (\$1,800 for residents of Quebec); and

Your net tax owing for either of the two preceding years was also more than \$3,000 (\$1,800 for residents of Quebec).

So if you owe more than \$3,000 on your 2016 tax return and the same thing will happen in 2017, the CRA will want you to start paying instalments in September 2017. They will send you a letter in August explaining the different options available to you.

## Residents of Quebec

Residents of Quebec are required to file a provincial tax return with Revenu Quebec as well as a federal return with the Canada Revenue Agency. Your business income must be reported on Form TP-80-V *Business or Professional Income and Expenses*.

Residents of Quebec can claim an abatement of 16.5% of their federal taxes to account for their higher provincial taxes.

In Quebec, most goods and services are subject to Quebec Sales Tax (QST) as well as GST. In contrast to the other provinces, all Uber partners in Quebec are required to register with Revenu Quebec for the GST/QST, regardless of their gross revenues. However, Uber collects and remits the tax on behalf of the driver.

