Canadians *for* **Tax Fairness**

Canadiens pour une fiscalité équitable

REPORT

July 2021

Uber-low Taxes Lyft Ride-sharing Revenue

By DT Cochrane

SUMMARY

- Uber and Lyft avoid an estimated $135 million in Canadian taxes annually, despite relying on publicly funded infrastructure:
    - Up to $54 million in corporate taxes.
    - $81 million in EI and CPP payroll taxes, by treating their drivers as independent contractors, rather than employees.
- Uber and Lyft avoid about $217 million in remittance of GST/HST, by making those payments the responsibility of drivers in every province except Quebec.
- There are additional environmental and social costs from Uber and Lyft worsening greenhouse gas emissions and road congestion.
- Tax and regulatory avoidance, together with low pay to drivers, allows Uber and Lyft to charge artificially low prices, undermining public transit options, while reducing municipal revenues.
- Recent G7 proposals on corporate taxation are insufficient to ensure Uber and Lyft pay their fair share for the public infrastructure on which they depend.
- Federal, provincial and municipal governments should take a number of steps to regulate “ridesharing” services and end their tax avoidance, including:
    - Classify drivers as employees with EI, CPP, workers compensation, and other employment protections.
    - Require Uber and Lyft to remit payroll taxes and GST/HST, instead of making that the responsibility of, and a cost for, drivers.
    - Ensure that Uber, Lyft and other multinational ridesharing companies pay their fair share of corporate income taxes by initially making them subject to the planned Digital Services Tax.
    - Make ridesharing companies subject to the same safety and regulatory rules as other transportation and taxi companies.
    - Stop initiatives to contract and procure transit services through Uber, Lyft, and other ridesharing companies.
    - Require Uber, Lyft, and all large multinationals operating in Canada to publicly disclose financial statements including revenues, profits and taxes paid on a country-by-country basis.

INTRODUCTION

Uber and Lyft have quickly become large, powerful corporations. Key to the growth of both companies is cost-cutting through tax and regulatory avoidance. At the centre of this avoidance is the insistence that they are not transportation companies, but rather technology companies—and that their drivers are not employees. This pretext allows them to avoid payroll taxes for drivers, as well as the responsibility for collecting and remitting sales taxes.

The companies are adept at corporate tax avoidance, using methods to ensure that they will not have to pay taxes for many years to come and maintain billions in losses—"tax assets"—that will reduce or eliminate future taxes.

By reducing their costs through tax and regulatory avoidance, Uber and Lyft have been able to under-price, and undermine, private taxi and public transit providers.

Canadian governments have allowed these multinational ridesharing companies to avoid classifying drivers as employees, which has permitted them to shirk responsibilities that other transportation companies cannot avoid. Among those duties is reporting drivers' income, as well as collecting and remitting sales taxes.

By making poorly paid drivers responsible for the costs of reporting their own income and remitting sales taxes, the potential is increased for misreporting. Even worse, because our governments have abdicated their responsibilities towards these workers, they have forced them to seek recourse through the courts.

Uber has been especially aggressive at tax avoidance, using subsidiaries and affiliated companies in different countries to eliminate and avoid taxes.

A report submitted to the Australian Senate by the Centre for International Tax Accountability and Research (CICTAR) details Uber's complex international structure, which it says is designed primarily to eliminate the company's liability for taxes. The report also contains financial details relevant to estimating the value of Uber and Lyft's activities in Canada.[1]

Uber and Lyft had an estimated combined $2 billion in sales from ride provision in Canada in 2019. If they were classified as transportation companies, Uber and Lyft would have been responsible for an estimated $81 million in EI and CPP payroll taxes.

We also estimate they would have paid an estimated $54 million in corporate income tax if they paid these taxes at the statutory provincial-federal rates.

Unfortunately, due to a lack of transparency on multinational tax payment, we do not know how much tax they actually paid in Canada, if any.

The companies also make remittance of an estimated $217 million in GST/HST the responsibility of drivers in all provinces outside of Quebec.

Ridesharing companies are able to provide services at low prices because they avoid paying taxes at multiple levels, avoid regulations that other transport companies are subject to, and avoid the employer responsibilities of providing their drivers with adequate pay and benefits.

They reduce the costs of their services by shifting these costs onto others. The operations of Uber and Lyft impose a burden on our roads and traffic systems, while avoiding the taxes needed to maintain and improve them, while also undermining public transit systems. A report from RideFair Toronto recently estimated that Uber and Lyft diverted $74 million from public transit in Toronto in 2019.[2]

And despite their well-publicized initiatives to "green" their operations, scientists estimate that Uber trips result in 69% more greenhouse gas emissions than the trips they displace, including public transit.[3]

Federal, provincial and municipal governments should ensure ridesharing companies meet their tax responsibilities, and are subject to the regulations needed to keep road transportation services affordable, safe, and reliable.

Photo by Asim Bharwani / Flickr / CC.

FINANCIAL PERFORMANCE

Uber and Lyft have had enormous growth in recent years. In 2019, they reported worldwide combined revenue of US$14.2 billion, up over 270% from 2016. However, this figure under-states the rapidly growing economic power of the two companies.[4]

Uber and Lyft only report as revenue the portion of fares they take from drivers, ostensibly as a fee for use of the companies' digital platforms.

In 2019, Uber reported gross bookings, which combine the total fare, including drivers' remuneration, tolls, sales tax, and other fees, of $49.7 billion. This level of sales puts Uber among the 50 largest U.S. non-financial corporations, just ahead of Delta Airlines. Uber refers to the share of fares that it retains as the "take rate." This has averaged 20% since 2016.

Lyft stopped reporting its gross bookings after it went public. However, based on earlier figures, it appears to have a similar "take rate" to Uber, which suggests sales of $18.1 billion. This makes Lyft bigger than many more established companies, such as Sunoco, GAP, and Aramark.[5]

In 2019, Uber had reported total revenue of $14.1 billion and operating losses of $8.6 billion. Lyft reported revenues of $3.6 billion with losses of $2.7 billion in 2019. Since their founding, the two companies have recorded over $30 billion in total combined losses.

On the one hand, this suggests a business model that is unsustainable unless they gain monopoly powers within the road transportation sector. On the other hand, as suggested by the CICTAR report, these losses may derive from accounting measures such as deducting large amounts of interest from loans provided by subsidiaries based in tax havens. Either way, the business model is incompatible with accessible, sustainable public transportation.

Financial losses allow the companies to accumulate "deferred tax assets," which can be used to eliminate or reduce future taxes. As of 2020, Uber had $14.5 billion in deferred tax assets, while Lyft's totalled $2.4 billion.

Losses are not the only source of deferred tax assets. In 2019, Uber used corporate reorganization and accounting strategies to acquire a large "tax asset". This was accomplished simply by relocating some intellectual property from Bermuda to the Netherlands.

After the Organization for Economic Cooperation and Development (OECD) began requiring companies to justify their use of offshore entities, Uber moved intellectual properties from an employee-less subsidy in Bermuda to one in the Netherlands.

Through this maneuver, the company was able to increase the recorded value of the intellectual property, which will allow them to deduct more each year for amortization and thereby reduce their current and future taxes.6 Uber recorded those future reductions as deferred tax assets. As one tax expert said of the maneuver, "Uber will not be paying any taxes for the foreseeable future." [7]

UBER vs. the CRA

Uber has faced at least one tax challenge in Canada.

In 2014, the Canada Revenue Agency (CRA) claimed that the company owed more than $600,000 for GST/HST it failed to remit for provision of transportation services from the last quarter of 2012 through the first half of 2013. Uber objected on the grounds that it does not provide transportation services. Because, it claims, the independent drivers provide the service, they are responsible for remitting GST/HST. The CRA consented to a judgement by the Tax Court that would remove the taxes and penalty and settled with Uber in 2019. The settlement suggests the CRA now affirms that drivers are not employees of the company. However, the issue is far from settled in Canada.[15]

The Supreme Court of Canada (SCC) recently decided against Uber in a driver dispute. The ruling pertained to an arbitration clause that required drivers to take any disputes with the company through an arbitration process in the Netherlands. The court found the clause "unconscionable" and "unenforceable." The ruling came after Uber used its arbitration clause to gain the stay of a 2017 class-action lawsuit demanding the company recognize drivers as employees. The SCC ruling allows the lawsuit to proceed.[16]

Both companies will face continued, costly challenges to the legitimacy of their business model, as they acknowledge in their financial disclosures. Most recently, UK courts determined that Uber drivers are 'workers'. This will entitle the drivers to minimum wages, vacation pay, and pension benefits with matching contributions. Uber and Lyft face on-going legal challenges over driver classification in several U.S. states, Australia, and Switzerland.[17]

TAXES IN CANADA?

Neither Uber nor Lyft provide Canada-specific data. They do not report how many drivers they have, how many trips they take, how much they collect in bookings, or how much they record as revenue.

They also do not report how much tax they pay in Canada, if any, or whether they have Canadian deferred tax assets.

The financial disclosures of both companies only break down tax obligations to the U.S. federal and state governments, while providing aggregated figures for all other foreign countries. Neither Uber nor Lyft even acknowledge in financial disclosures the existence of their Canadian subsidiaries, headquartered in Toronto and Vancouver, respectively.[8]

Because Uber and Lyft claim that their product is the use of their digital platforms, rather than transportation services, they have been able to avoid payment of taxes on multiple levels.

It is noteworthy that within Uber's ownership structure, the Canadian subsidiary is owned by the Dutch subsidiary where they moved their intellectual property to take advantage of beneficial tax rates. This suggests that revenue generated in Canada becomes income booked in the Netherlands, potentially sidestepping Canadian taxes.[9]

Public concern over international tax dodging, particularly by digital giants, pressured the federal Liberal government to commit to introduce a "digital services tax" (DST) to "ensure that multinational technology giants pay appropriate corporate tax on the revenue that they generate within Canada".[10]

The Liberal government has said it will introduce the DST on January 1, 2022. Finance Minister Chrystia Freeland recommitted to the tax even after the G7 reached an agreement on international corporate taxation.[11]

Uber and Lyft have claimed that they are not transportation companies, but instead are technology and digital services companies operating an on-line "marketplace". This means that they should certainly be subject to the federal government's proposed Digital Services Tax of 3% to take effect in 2022.[12]

However, there are reasons to believe that the companies will try to sidestep the DST.

Uber has sought to delay implementation of a DST in Kenya, which is more squarely aimed at the company, at half the rate of Canada's planned tax. U.S. tech industry organizations, of which Uber is a member, have called for Canada to delay the DST. Lobbyist records show that Uber and Lyft have both met repeatedly with federal officials.[13 14]

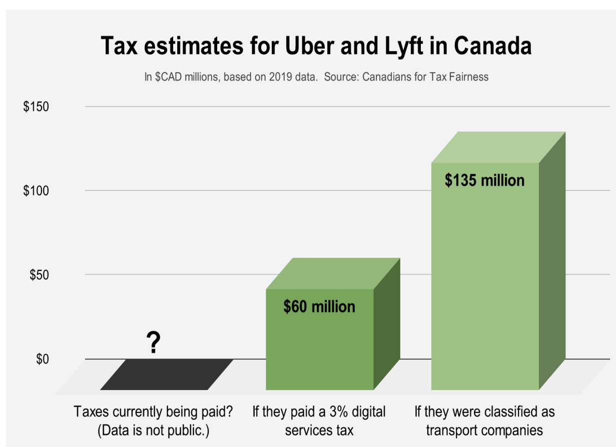
After avoiding taxes by denying that they are transportation companies, now that the federal government is proposing a digital services tax targeted at e-commerce companies, Uber and Lyft may be trying to avoid this tax as well.

The G7 agreed to endorse a global minimum corporate tax among a package of tax reforms being negotiated through the OECD.

However, as Uber and Lyft have been able to register losses through their international operations, they would likely escape paying these taxes.

We believe that the scope of Canada's digital services tax—which is applied on the revenues of these companies as a substitute for a tax on their profits—should be clarified to make coverage of ride-sharing companies explicit.

Additionally, as will be explained below, the tax should apply to the entire fare collected by Uber and Lyft, and not just the portion they claim as their revenue.



ESTIMATED BOOKINGS

Since large multinational corporations, including Uber and Lyft, are not required to publicly disclose any of their financial results on a country-by-country basis, there is little we know for certain about the extent of their operations in Canada and most other countries, including their bookings, revenues, expenses, profits and taxes paid. This secrecy allows them to more easily shift profits around the world and avoid taxes through tax havens.

Large multinational corporations have only recently been required to report to national revenue authorities some of their financial results on a country-by-country basis. However, they are not required to make these public. Some jurisdictions, most prominently the European Union, are moving ahead with public disclosure of this information. However, the Canadian government has not committed to do so yet.

We estimate that Uber and Lyft's total bookings in Canada for 2019 were $2 billion before sales tax. Our calculations for total bookings are based on data from Toronto, which is Uber and Lyft's most developed Canadian market, and for which we have the most accurate data about ride-hailing in Canada. This figure is confirmed as a reasonable estimate through the data found in CICTAR's report on Uber's finances and tax avoidance. Details for the calculations can be found in the endnotes.[18]

Based on those estimates, Uber and Lyft would be required to pay $60 million if subject to the proposed 3% DST.

Below, we have estimated how much the two companies would owe in payroll taxes and corporate income taxes if their drivers were considered employees, and if the companies were considered to have permanent establishments in Canada, and thus be subject to corporate taxes on estimated profits from Canada.

ESTIMATED TAX OBLIGATIONS

If we accept Uber and Lyft's argument that they are only offering a digital service, then the proposed 3% digital services tax, applied to the total value of transactions on their platforms, would generate $60 million in revenue. However, if the companies are involved in transportation services, then they are avoiding numerous tax responsibilities, which we estimate at $135 million annually. Ride-sharing companies need to clarify which taxes they most want to avoid.

It appears that about 71.8% of the revenue collected in bookings by Uber goes back to the drivers. Applied to the $2 billion in estimated total bookings, and 137,000 drivers, this works out to just under $10,500 per driver in 2019. We estimate the companies would be responsible for $81.3 million in EI and CPP contributions. This figure is calculated by applying 2019 rates to average earnings, which work out to $235.55 in EI and $355.67 in CPP per driver.[19 20 21]

Financial data on Uber's international operations (excluding U.S. and China) show that they have a pre-tax profit rate of 45% when internal related-party transactions are excluded from their expenses. This is shown in the CICTAR report, which used information from Uber's holding company in the Netherlands. Using their "take rate" of 20% on gross bookings (including sales tax), this works out to $203 million in combined estimated profits for Uber and Lyft in Canada. When we apply the combined federal and provincial corporate income tax rate, that comes to $53.9 million.[22]

There's no evidence that Uber (or Lyft) paid any corporate income tax in Canada. However, if they paid at Uber's average worldwide rate of just 1.9% of reported revenues, their combined corporate income tax would be about $8.6 million for Canada—considerably less than they would have paid at the statutory rate.[23]

Both companies make it the obligation of drivers to remit sales taxes on fares collected, except in Quebec where the government requires the company to remit the QST/GST on behalf of the drivers. Also, because they claim that drivers are self-employed contractors, the drivers lack benefits, including minimum wage protection, and are responsible for remitting income taxes. However, many are not necessarily aware of their obligations. It is widely recognized that third-party reporting is the best assurance that tax obligations are properly reported and paid.

On June 25 2021, Uber announced that it will begin operating through a Canadian subsidiary.[24] The company informed drivers that it will now collect GST/HST for the driver's use of the company's platform: their "digital marketplace". In other words, drivers' will pay sales tax on Uber's 'take' of fares. This appears to be in response to the federal government finally applying GST/HST on imports of digital services starting 1 July 2021.

Clearly, if these companies can collect and remit GST/HST on their take of the fares, they can and should also do so on the entire fares charged.

POLICY RECOMMENDATIONS

Governments in Canada must require greater transparency from Uber and Lyft on the taxes they are—and are not—paying.

Our governments must also protect drivers and riders through proper regulation of the companies, and of the services these companies provide. Most importantly, proper regulation would mean:

- Make Uber and Lyft responsible to remit GST/HST collected on rides booked through their platforms, as they are already required to do in Quebec.
- Ensure that the federal government's proposed digital services tax applies to Uber and Lyft, and that it applies to the entire booking value, and not just the revenue that the companies report, unless the companies are reclassified as transportation companies.
- Classify Uber and Lyft, both federally and provincially, as transportation companies, and classify their drivers as employees, thus making the companies subject to all the appropriate laws and regulations of other transportation companies, and ensuring that the drivers are protected by employment standards.
- Once the companies start: 1) paying payroll taxes and providing other worker protections; 2) are subject to transportation regulations; 3) and pay corporate taxes on the profits they make from their Canadian operations, then the digital services tax could be eliminated.
- Introduce publicly disclosed, country-by-country financial reporting for large multinational corporations so we have greater transparency on taxes, including deferred tax assets.

CONCLUSION

Uber and Lyft may deny being transportation companies, but they are a growing force in road transportation provision. Their business model is based on reducing costs through extensive tax avoidance and predicated on shirking costs and responsibilities onto drivers, which ends up costing all of us.

Uber and Lyft depend entirely on publicly-funded infrastructure to generate their revenue, and they should unquestionably pay their fair share of taxes to help fund it. Instead, the Canadian public is subsidizing a business model that leaves drivers poorly paid with no benefits, while undermining public transit, and increasing congestion and GHG emissions.

Governments need to act urgently to address these problems before more damage is caused. In the short term, the federal government should ensure Uber and Lyft are covered by the DST. Further, they need to apply the DST to the entire fare that is collected by the companies. Longer term, they need to classify ride-sharing drivers as employees, and ensure all ride-sharing companies comply with transportation regulation, including relevant taxes.

ENDNOTES

1. “Taken for a Ride: Uber’s Global Tax Dodging Through Dutch Shell Companies.” 2021. Centre for International Corporate Tax Accountability and Research. https://bit.ly/3f29KaQ.

2. See the report from RideFair, which found that Uber and Lyft diverted $74 million in revenue from the TTC in 2019. RideFair. 2021. “Budgeting for the Uber Impact: How Uber/Lyft Cost the TTC $74 Million in 2019.” https://ridefair.ca/budgeting-for-the-uber-impact-how-uber-lyft-cost-the-ttc-74-million-in-2019/.

3. Uber and Lyft claimed they would replace car ownership. However, they disproportionately displace more environmentally friendly transit options. The Union for Concerned Scientists estimated that the average ride-hailing trip creates 69% more pollution than alternatives that it replaces. Bliss, Lauren. 2020. “Ride-Hailing Isn’t Really Green.” Bloomberg, February 25, 2020. https://www.bloomberg.com/news/articles/2020-02-25/the-other-toll-of-uber-and-lyft-rides-pollution. Researchers from the University of Kentucky, and the San Francisco County Transportation Authority estimated that Uber, Lyft, and other ride-hailing companies are responsible for the majority of worsening congestion in San Francisco between 2010 and 2016. Erhardt, Gregory D., Sneha Roy, Drew Cooper, Bhargava Sana, Mei Chen, and Joe Castiglione. 2019. “Do Transportation Network Companies Decrease or Increase Congestion?” Science Advances 5 (5): eaau2670. https://doi.org/10.1126/sciadv.aau2670.

4. Financial data comes from Uber and Lyft’s 10-Ks. Figures for Uber come just from its ‘Rides’ segment.

5. Lyft and Uber’s reported bookings are not directly comparable. Uber includes tolls, taxes, and other fees, while Lyft excludes these expenses. Lyft’s average “take rate” for 2016-2018, based on reported values, was 23%. It is reasonable to assume that inclusion of these other expenses would lower it to 20%. We divided Lyft’s revenue by 20% to arrive at our estimate.

6. Lynnley Browning, and Eric Newcomer. 2019. “Uber Created a $6.1 Billion Dutch Weapon to Avoid Paying Taxes.” Bloomberg. August 8, 2019. https://www.bloomberg.com/news/articles/2019-08-08/uber-created-a-6-1-billion-dutch-weapon-to-avoid-paying-taxes.

7. Ibid.

8. The existence of these Canadian headquarters is taken from the companies’ lobbyist registries. Lyft’s 10-K does mention an office in Montreal, as well as the existence of “Driver Hubs and field locations” in Canada. Uber Canada Inc. and Lyft Canada Inc. are also listed in Canada’s Business Registries (https://beta.canadasbusinessregistries.ca/search).

9. See Uber’s lobbyist registry: https://lobbycanada.gc.ca/app/secure/ocl/lrs/do/vwRg?cno=359806&regId=905579&blnk=1

10. ‘Deputy Prime Minister and Minister of Finance Supplementary Mandate Letter’, January 15, 2021. https://pm.gc.ca/en/mandate-letters/2021/01/15/deputy-prime-minister-and-minister-finance-supplementary-mandate-letter

11. Marowits, Ross. 2021. “Canada to Tax Tech Giants as Planned despite G7 Deal to Tax Multinationals, Freeland Says.” Globe & Mail, June 5, 2021. https://www.theglobeandmail.com/politics/article-canada-to-tax-tech-giants-as-planned-despite-g7-deal-to-tax/.

12. Canadians for Tax Fairness, Submission to Finance Canada on Digital Services Tax Consultation, 18 June 2021. https://www.taxfairness.ca/en/news/c4tf-submission-finance-canada-digital-services-tax

13. Gebre, Samuel. 2021. “Uber Seeks Delay in Kenya Digital Services Tax Implementation.” Bloomberg Tax. January 6, 2021. https://news.bloombergtax.com/daily-tax-report-international/uber-seeks-delay-in-kenya-digital-services-tax-implementation.

14. Brethour, Patrick. 2019. “U.S. Business Groups Claim Ottawa’s Digital Tax Plan Could Imperil USMCA, Ask White House to Intervene.” *Globe & Mail*, November 15, 2019. https://www.theglobeandmail.com/business/article-us-business-groups-claim-ottawas-digital-tax-plan-could-imperil/.

15. Zochodne, Geoff. 2019. “Uber Says It Has Resolved ‘administrative’ Tax Issue with Canada Revenue Agency.” Financial Post, June 25, 2019. https://financialpost.com/transportation/uber-says-it-has-resolved-administrative-tax-issue-with-canada-revenue-agency.

16. Stefanovich, Olivia. 2020. “Supreme Court Sides with Uber Drivers, Opening Door to $400M Class-Action Lawsuit.” CBC. June 26, 2020. https://www.cbc.ca/news/politics/stefanovich-supreme-court-uber-class-action-decision-1.5626853.

17. In the UK, the ‘worker’ classification is distinct from ‘employee’. Workers have fewer benefits than employees, but more than independent contractors. Milligan, Ellen. 2020. “Uber Grants 70,000 U.K. Drivers Worker Rights After Ruling.” Bloomberg, March 16, 2020. https://www.bloomberg.com/news/articles/2021-03-16/uber-to-reclassify-70-000-u-k-drivers-as-workers-after-ruling.

18. City of Toronto data put the number of ride-hailing drivers at 90,435 on June 1, 2019. Other data shows that, as of March 2019, ride-hailing services provided 176,000 daily rides. September 2016 until March 2019, daily rides grew at a monthly rate of 3.5%. Based on these figures, we estimate that there were 73 million rides provided by ride-hailing services in Toronto for the year 2019, or an average of 200,000 per day. Using Lyft’s booking per ride from 2018, we estimate that the average trip was $18 CDN. In 2018, more than 70% of the trips in Toronto are less than 10 km and have an average cost of $10 to $15. The remaining 30% of trips can be up to 40 km. Unfortunately, there is no average fare data for this segment. However, in 2018, Lyft reported bookings per trip of $13.90 USD, including incentives for

drivers and riders, but excluding taxes and other fees. At a $0.75 USD/CDN exchange rate, this is equal to $18.53 CDN. Assuming an $18/trip average for Toronto in 2019 would account for the city being a newer market. Uber reports significantly lower bookings per ride. However, it notes that this figure has fallen as it expands globally because fares are much lower in many regions outside the U.S. and Canada. It is reasonable to assume that its Canadian fares would closely match Lyft's. This results in total bookings of $1.3 billion. To extrapolate across Canada, we assume that Toronto currently comprises 66% of Uber and Lyft's Canadian market. This yields fairly conservative estimates for the size of their overall Canadian market. The report from CICTAR shows Uber's North American revenue (excluding the U.S.) as US$584 million. Based on a "take rate" of 25% of bookings (excluding sales tax), and a CDN/USD exchange rate of $0.75, that works out to total sales of C$3.12 billion. This is for all Uber services. Overall, ride-hailing accounts for 82% of Uber's revenue. However, Uber's non-ride-hailing services are less developed outside the U.S., so we assume 90% of its sales are from ride-hailing, which is $2.81 billion. This comes from both Mexico and Canada. Our estimate above assumes Uber has two-thirds of the Canadian market, or $1.33 billion, which leaves just under $1.5 billion in the Mexican market. While Canadian incomes are higher, Mexico's largest city is much larger, and it has many more tourist visits. These factors suggest this is a reasonable divide between the two countries. GTA Uber Black Drivers Unionize as City Mulls Regulatory Overhaul." CBC. June 26, 2019. https://www.cbc.ca/news/canada/toronto/uber-drivers-union-ufcw-toronto-1.5190766; City of Toronto. 2019. "The Transportation Impact of Vehicle-for-Hire in the City of Toronto." https://www.toronto.ca/wp-content/uploads/2019/06/96c7-Report_v1.0_2019-06-21.pdf.

19. Uber's figures show that 75% of the gross booking value goes to drivers. However, as Uber's tax dispute with the CRA shows, that includes sales tax, which the company expects drivers to remit. Our figure of $2 billion is based on Lyft's booking per trip value, which excludes sales taxes. We arrive at our estimate once we adjust for Uber's inclusion of sales taxes in its gross booking figure. We used an estimated 13% sales tax, based on the majority of the booking value coming from Ontario, and the next most important centres, Vancouver and Montreal, having slightly lower and slightly higher sales taxes. The 75% figure is for Uber's global operations. However, researchers in the U.S. have calculated that Uber's take rate can be more than 40% on some trips. Again, the lack of transparency means we do not know what the appropriate value is for Canada. Helling, Brett. 2021. "Uber Fees: How Much Does Uber Pay, Actually?" Ridester. January 7, 2021. https://www.ridester.com/uber-fees/.

20. One source claims that there are about 90,000 Uber drivers in Canada (Novack, Eric. 2019. "How Much Money Can You Make Driving for Uber?" MoneySense. September 9, 2019. https://www.moneysense.ca/spend/shopping/auto/how-much-money-can-you-make-driving-for-uber/). Currently, Uber's US and Canada revenues from ride-hailing are 1.9 times larger than Lyft's. If we assume this holds on both sides of the border, then Lyft has about 47,000 drivers in this country. Data shows that there is a large range of incomes depending on the number of hours that drivers work.

21. Our EI and CPP calculations use the federal figure. The numbers would be different for Quebec drivers, where the pension contributions are higher and the EI contributions are lower.

22. As with the estimated sales tax, we used the Ontario rate, which results in a total rate of 26.5%.

23. Uber's international operations (excluding the US and China) go through Uber NL Holdings 1 B.V. According to CICTAR, its 2019 financial statements show total revenue of US$5,837 million and income taxes paid of just $112 million, at a rate of just 1.9% of its revenues.

24. Deschamps, Tara. 2021. "Uber Canada Shifts Operations from Netherlands to Canada." *Toronto Star*, June 24, 2021, sec. Business. https://www.thestar.com/business/2021/06/24/uber-canadas-ride-hailing-eats-businesses-to-shift-from-being-based-in-netherlands.html.

ABOUT CANADIANS FOR TAX FAIRNESS

Canadians for Tax Fairness is a non-profit, non-partisan organization that advocates for fair and progressive tax policies, aimed at building a strong and sustainable economy, reducing inequalities, and funding quality public services.

ABOUT D.T. COCHRANE

D.T. Cochrane has graduate degrees in economics, as well as social and political thought. He has researched and written about a range of topics including diamonds, pipeline finance, and big tech. Although he grew up on a ranch in Saskatchewan, D.T. currently lives in Peterborough, ON with his partner and children. When he's not figuring out new ways to use pivot tables in Excel, he can be found reading fiction, taking photos, and trying to enjoy outdoor activities