

From the office of the Minister for Infrastructure
JOHN O'DOWD MLA

TAXI INDUSTRY

Private Office, 3rd Floor,
James House, Gasworks Site,
2 - 4 Cromac Street,
Belfast, BT7 2JA
Telephone: (028) 9054 0540
Email: Private.office@infrastructure-ni.gov.uk

Your reference:
Our reference: SUB-1310-2024
12 June 2024

A chairde,

CORRESPONDENCE TO THE TAXI INDUSTRY

At the outset, I want to place on record my appreciation of the role performed by the taxi industry here. During Covid, taxi drivers were recognised as essential workers and the industry continues to play a vital part in our society.

My Department is the regulator for the taxi industry. However, I believe that, wherever possible, we should also seek to keep you informed of anything that impacts on you - even issues that are outside our direct control.

Recent court rulings in England and Wales on the interpretation of taxi legislation may have tax implications for your businesses. Treasury and Revenue and Customs have recently launched a consultation to assess the full implications and consider possible government interventions to manage the impact on the taxi industry and your passengers.

I am conscious that this issue has already caused significant concern locally. Taxation law is the responsibility of the Westminster Government and therefore falls outside the control of the Assembly. However, I should emphasise that **I do not support any additional burdens on taxi businesses here.**

This is what has happened so far:

- a) Court rulings in England and Wales considered the regulatory framework for the taxi industry there. They established that in accepting a taxi booking, taxi operators were effectively entering into a contract with passengers. These rulings raised possible VAT implications.
- b) My officials considered the Court rulings, and the local regulatory framework under the Taxis Act (NI) 2008. They concluded that, in light of the provisions of the 2008 Act, the rulings had similar implications here. For this reason, officials felt that it would be appropriate to update the current Taxi Operator Licensing Regulations (NI) 2012 to clarify the existing position under the Taxis Act 2008.
- c) My officials then wrote to operators in February 2024 to alert them to this proposal.
- d) In response, some operators raised concerns around the potential VAT implications for their businesses. However, for such operators, those implications apply whether or not the Department amends its 2012 Regulations. The amendment would simply confirm existing regulatory requirements under the Taxis Act 2008.
- e) Treasury and Revenue and Customs are now considering the VAT implications for the taxi industry. They have launched a consultation to better understand the potential tax impact of the court judgements on sector and to invite views on potential government interventions to manage that impact.
- f) While this consultation process is going on, I have instructed my officials to pause any changes to the Regulations.
- g) The consultation runs until **8th August 2024**.

The Treasury and Revenue and Customs consultation is seeking feedback from taxi operators, taxi drivers, consumer organisations and the public. I would encourage the whole taxi industry to reply to the consultation. I believe that a strong response from operators and drivers will provide powerful evidence. For my part, I intend to write to the Department of Transport to express my concern about the potential implications for the taxi industry and its passengers.

For ease of reference, I am providing a link below to access the VAT Consultation:
www.gov.uk/government/consultations/consultation-on-the-vat-treatment-of-private-hire-vehicles.

As mentioned above I will wait for the consultation to conclude before I take any decision about amending the Taxi Operator Licensing Regulations (NI) 2012. However, I would encourage taxi operators to take their own legal and financial advice now, to check whether in light of the court rulings your current operating model is compliant with the Taxis Act 2008.

Is mise le meas,

A handwritten signature in black ink, appearing to be 'John O'Dowd', with a large loop at the end.

JOHN O'DOWD MLA
Minister for Infrastructure