

Talking Tax and Taxis

It is not that unusual for calls to the tax charities, Tax Help for Older People and TaxAid, to be from people requesting a taxi rather than with a tax query, an easy mistake to make! So it is slightly ironic that this tax tips article concerns tax checks for taxi drivers.

If you are a taxi driver or private hire driver, are you aware that from 4th April 2022 HMRC's rules changed if you apply to renew your licence? If you are an individual, company or a partnership then you will need to complete a tax check to:

- Renew a taxi or private hire licence
- Apply for the same type of licence held previously that ceased to be valid less than a year ago
- Apply for the same type of licence with a different licensing authority.

These rule changes also apply if you are a scrap metal collector or operate a scrap metal site.

Why are HMRC introducing these changes?

It is HMRC's job to ensure that everyone declares their income and pays the correct amount of tax if it is due. It is intended that the tax check will ensure that taxi drivers, private hire drivers, and scrap metal dealers are registered for tax and registered for self-assessment and completing a tax return each year when needed.

What if I am applying for the licence for the first time?

If you are applying for a licence for the first time – for example, if you are just starting your business the licensing authority who issues your licence will make you aware of guidance on what you need to do regarding tax. You will need to confirm that you are aware of that guidance. You would then need to do a tax check before renewing that licence. This is because you do not need to register for tax until after you have started your business.

What is a tax check?

- The tax check is not checking if you have paid the right amount of tax. It is a check to make sure you are registered for tax correctly. So before you renew your licence you will need to request a tax check from HMRC.
- Once HMRC have completed the tax check they will issue you a code, which you must then give to the licensing authority with your licensing application.



Without the appropriate code, the licensing authority will not be able to process your application.

- The licensing authority will verify the code with HMRC, then issue the new licence.
- The code expires after 120 days. So you will need to complete the tax check as soon as possible in the 120 days before your current licence expires.
- If you make an application for another licence after the 120 days then you will need to carry out a new tax check.
- If you are a partner making an application on behalf of a partnership you must complete a tax check for yourself. The licensing authority will tell you if any other partners also need to complete a tax check.

What you'll need

To carry out a tax check, you will need a Government Gateway user ID and password. If you do not have a user ID, you can create one when you start the check – go to: <https://www.gov.uk/log-in-register-hmrc-online-services/register>

You will also need to know:

- What type of licence you are applying for (e.g. taxi driver)
- When you first got your licence for this trade
- How long the most recent licence was valid for
- How you pay tax on the income you earn from your licensed trade

If you have an accountant who usually deals with your tax affairs, you need to be aware that they cannot carry out the tax check for you.

What if you cannot carry out an online tax check?

If you're unable to carry out a tax check online, you should contact:

- HMRC's Income tax enquiries line on 0300 200 3300 if you're an individual
- HMRC's Corporation tax enquires line on 0300 200 3410 if you're a company

Applying for more than one licence

You can use one tax check code for more than one licence application, as long as all the applications are for the same type of licence (for example, they are all for taxi driver licences but with different licensing authorities).

But if you are applying for different types of licence (for example, a private hire driver licence and a private hire vehicle operator licence) you must complete a tax check for each one.



So, if you are a taxi driver, private hire driver or scrap dealer about to renew your licence, make sure that you don't get caught out, and begin your tax check as soon as possible. As always, if you are on a low income the tax charities can help.

If you are over 60, you can contact Tax Help for Older People by calling the helpline on 01308 488066. The helpline is open 9.00 am to 5.00 pm Monday to Friday. If the line is really busy, or you want to call outside office hours, then please leave a message and an adviser will call you back. You can also email us at taxvol@taxvol.org.uk

Alternatively, you can contact our sister charity, TaxAid, on the helpline number 0345 120 3779, and again please leave a message if the line is busy. This helpline is also open 9.00 am to 5.00 pm Monday to Friday. If you would prefer to send an email enquiry, please send it to help@taxaid.org.uk

This article is by Tax Help for Older People Registered Charity no 1102276 (Scotland no SC045819), offering free tax advice to older people on a low income who cannot afford professional help.