



July 10, 2020

Frequently Asked Questions Transportation Network Company Tax

The City of Seattle imposes a tax on Transportation Network Company (TNC) trips originating from within Seattle. The tax is levied on TNC companies, not individual drivers, engaging in the business of arranging transportation for compensation by using online platforms to connect passengers with drivers. As part of the Mayor's Fare Share Plan, revenue from this tax will support the development of affordable housing near transit, the Center City Connector streetcar and the establishment of an independent driver resolution center.

What types of services are subject to the TNC Tax?

A tax of \$0.57 per trip originating in Seattle tax is imposed upon every TNC operating within the city that provides application dispatch services for transportation. This means that a TNC dispatched trip where a passenger enters the driver's vehicle within the city limits of Seattle is taxed. This tax applies only to Transportation Network Companies; Other for-hire vehicles and drivers are not subject to the TNC tax.

How is a "pool" or "shared-ride" taxed?

A "pooled-ride" or "shared-ride" means that passengers may be paired with other passengers along the course of their route. The pickup and drop-off order can vary with every ride. Each pooled or shared ride is a different trip and the TNC tax is due for each trip that originates in Seattle.

What is the impact of a "split fare"?

A "split fare" is a method of allocating the cost of a single trip between passengers on the same trip. A split fare is a single trip and the total fare is allocated between the passengers on trips that originate in Seattle. The tax on a single trip originating in the city limits of Seattle can be shared between passengers on the same trip.

Who must file a TNC tax return?

All TNCs operating in Seattle must file a tax return and report the number of trips originating in Seattle whether or not tax is actually owed. No TNC tax is due if the company has less than 1,000,000 trips originating in Seattle during the prior calendar quarter. The TNC tax is effective July 1, 2020 and reported quarterly. The first TNC tax quarterly return is due November 2, 2020.

Do drivers have to file an individual tax return?

The TNC tax does not apply to drivers. The tax applies to the companies that hire them. Drivers who operate in Seattle are legally required to have a business license tax certificate and file an annual tax return if their revenue from trips originating in Seattle is \$2,000 or more during the year or they reside in the city. TNC drivers are also subject to City of Seattle business regulations for TNC drivers. For more information on TNC driver regulations see <http://www.seattle.gov/business-regulations/taxis-for-hires-and-tncs/transportation-network-companies/tnc-drivers>

What exemptions or deductions are available?

Any trip originating in Seattle and terminating outside the state of Washington can be deducted when calculating the overall TNC tax due.

May TNCs pass this tax on to their customers as part of the operating overhead or cost of doing business?

It was not the intention of this tax that the tax is imposed on the passenger or customer, but that the tax is part of the operating overhead or cost of doing business. If the TNC elects to pass the taxes on to their customers, the taxes collected from customers are included in gross receipts for the Seattle Business License tax. The TNC taxes collected are not a deductible expense.

Is the TNC tax the same as the TNC licensing fee?

TNC taxes are separate and apart from the TNC licensing fee collected under SMC 6.310.150 and the wheelchair accessible services surcharge collected under SMC 6.310.175.