

# **VAT Treatment of Taxi Operators Using Online Ride-Hailing Platforms - Explanatory Notes**

**(Date of Publication 25/01/2026)**

## Contents

Purpose and Scope .....	3
What are the VAT implications of using ride-hailing platforms to provide taxi services? .....	3
Transfer for consideration of taxi, should I charge VAT? .....	6
Can I claim input VAT on fuel costs and other vehicle costs related to my taxi? .....	6
Private use of a taxi .....	7
What happens if I cancel my Article 10 registration ,are there any VAT implications? .....	7

These Explanatory Notes are not legally binding. The notes do not express a formal opinion of the Malta Tax and Customs Administration ('MTCA') and the MTCA is not bound by any of the views expressed therein.

They are not to be construed as guidelines, explanations, or instructions in terms of article 75 of the [VAT Act](#) [Chapter 406 of the laws of Malta] and shall not in any way prejudice the powers of the Commissioner for Tax and Customs in terms of the provisions of the VAT Act. These notes do not constitute professional advice and should not be relied upon as the sole basis for any decision or action. Reference should always be made to the provisions of VAT Law itself. For specific circumstances, it is always advisable to refer to the law and/or seek specialist guidance.

Simplified wording has been used for the purpose of these notes which may differ from that contained in the law in order to ease understandability for users. These Explanatory Notes are not exhaustive. This means that although they provide detailed information on a number of issues, there might be elements that are not included in this document.

These Explanatory notes are a work in progress and shall be updated from time to time as may be necessary to ensure their continued relevance. These notes are not a final product but reflect the state of play at a specific point in time in accordance with the available knowledge and experience.

***Disclaimer: The purpose of this document is to provide a simplified overview of the salient provisions of the law and are not to be construed as guidelines, explanations or instructions in terms of article 75 of the VAT Act.***

## **Purpose and Scope**

The purpose of these explanatory notes is to provide an explanation of the main VAT implications connected with the supply of taxi services when making use of online ride-hailing platforms and to clarify common issues that may arise in practice. In particular, the notes address the VAT treatment of transactions facilitated by such platforms, the recovery of input VAT on vehicle-related costs, and VAT considerations relating to the private use of a taxi and the transfer of a taxi for consideration.

## **What are the VAT implications of using ride-hailing platforms to provide taxi services?**

Where an online platform/website (or other digital means) is used to facilitate the provision of taxi services, it is still the taxi operator who is responsible to charge the VAT where the platform acts in the name and for the account of the taxi operator in taking bookings for that operator.

In such case, the taxi operator must account for VAT on the full price of the service paid by the consumer, which would include any commissions charged by the platform.

The commissions charged by the platform in such case constitutes consideration charged to the taxi operator in return for the supply of facilitation services. Where the place of supply of such services is determined to be Malta<sup>1</sup>, and the platform is established outside Malta and is not registered under article 10 of the VAT Act, the taxi operator shall be liable to self-charge 18% VAT on that supply.

If the taxi operator is registered under article 10 of the VAT Act, the taxi operator should self-charge VAT on the facilitation service (the commission charged by the platform) by recording the taxable value of such commissions in the VAT Return in box 3 or 4 as appropriate, with corresponding VAT self-charged to be recorded in box 6 or 7 as appropriate. Insofar as the taxi operator has a full right to recover that input VAT in accordance with the provisions of the 10<sup>th</sup> Schedule to the VAT Act, this may be done within the same VAT return (boxes 3 and 6 for EU suppliers, and 4/7 for non-EU suppliers).

In circumstances where the taxi operator is registered under article 11 of the VAT Act (as an exempt SME), upon receiving such supply of services, the taxi operator would immediately be liable to register in terms of article 12 of the VAT Act, unless already so registered, and be

---

<sup>1</sup> In terms of the 3<sup>rd</sup> Schedule to the VAT Act

obliged to self-charge 18% VAT on the commission charged by the platform. Such VAT self-charged cannot be claimed back.

It is important to note that even if the platform erroneously charges VAT on the commission via the OSS, this does not relieve a taxi operator registered under article 11 from the obligation to be registered under article 12 and to self-charge VAT. Any VAT incorrectly charged and collected by the platform would need to be reversed, with the VAT to be correctly self-charged by the taxi operator and declared through his article 12 notice of payment.

### Some practical examples:

#### Scenario 1:

Person A is an article 10 registered taxable person established in Malta providing VAT-taxable taxi services taking place in Malta<sup>2</sup>. Person A makes use of a ride-hailing platform to advertise his services. The said platform is not established in Malta but within the EU and does not have a valid Maltese VAT identification number. The online platform collects the service payment of €10 on behalf of Person A and in return will charge Person A a service fee/commission of 20% [i.e. €2] for facilitating the booking. Person A only receives one lump sum from the platform for that supply which would be net of commissions charged by the platform (i.e. €8, which is made up of the €10 less the commission of €2).

For VAT purposes, Person A would have engaged in 2 separate and distinct transactions;

- 1) The supply of taxi services by Person A to the final consumer where:
  - The consideration receivable of €10 by Person A would be deemed inclusive of VAT chargeable on this supply at the rate of 18% (i.e. inclusive of €1.53 VAT);
  - The taxable value (excluding VAT) of the taxi service should be recorded in box 18 (i.e. €8.47, which is made up of the €10 less the €1.53 VAT) with the respective VAT chargeable recorded in box 23 (i.e. the €1.53) of the VAT return.
- 2) The commission fee of €2 charged by the platform for the provision of intermediary services to Person A, would be subject to Maltese VAT (in accordance with the general place of supply rules for services contained in item 2 of Part Two of the 3<sup>rd</sup> Schedule VAT Act, the place of supply of ‘business to business’ services is the place where the customer is established). The liability to account for that VAT would belong to Person A where the platform does not have a Maltese VAT registration under article 10 of the VAT Act<sup>3</sup>.
  - Person A shall record the taxable value in box 3 (i.e. the €2) and self-charge 18% VAT in box 6 (i.e. €0.36) of the VAT return;

---

<sup>2</sup> In terms of the 3<sup>rd</sup> Schedule to the VAT Act

<sup>3</sup> Article 20(2) VAT Act

- In so far as Person A has full right of recovery, VAT self-charged may be reclaimed in boxes 9a and 13a of the VAT return.

### **Scenario 2:**

Person B is an article 11 registered taxable person established in Malta (VAT exempt SME) providing VAT-taxable taxi services taking place in Malta<sup>4</sup>. Person B makes use of a ride-hailing platform to advertise his services. The said platform is not established in Malta but within the EU and does not have a valid Maltese VAT identification number. The online platform collects the service payment of €10 on behalf of Person B and in return will charge Person B a service fee/commission of 20% [i.e. €2] for facilitating the booking. Person B only receives one lump sum from the platform for that supply which would be already net of commissions charged by the platform (i.e. €8, which is made up of the €10 less the commission of €2).

For VAT purposes, Person B would have engaged in 2 separate and distinct transactions;

- 1) The supply of taxi services by Person B to the final consumer where the consideration receivable of €10 by Person B shall be deemed VAT exempt<sup>5</sup> [i.e., No VAT to be charged] and shall be recorded in box 2 of the article 11 VAT declaration.
- 2) The commissions of €2 charged by the platform not established in Malta for the provision of intermediary services to Person B would be subject to Maltese VAT (despite Person B being a VAT exempt person, they are still a taxable person, thus general ‘business-to-business’ place for supply rules still apply.). The liability to account for that VAT would belong to Person B where the Platform does not have a Maltese VAT registration under article 10 of the VAT Act<sup>6</sup>. Upon receiving such supply of services, Person B would be liable to register in terms of article 12 of the VAT Act, unless already so registered.
  - Person B shall self-charge 18% VAT on the €2 and record the transaction in the notice of payment to be submitted for the relevant period;
  - Such self-charged VAT is not deductible for VAT purposes.

For more information on the article 12 registration please click [here](#).

### **Scenario 3:**

Person C is an article 11 registered taxable person established in Malta (VAT exempt SME) providing VAT-taxable taxi services taking place in Malta<sup>7</sup>. Person C makes use of a ride-hailing platform to advertise his services. The said platform is established in Malta and has a valid Maltese VAT identification number. The online platform collects the service payment of €10 on behalf of Person C and in return will charge Person C a service fee/commission of 20% [i.e. €2], inclusive of 18% VAT, for facilitating the booking. Person C only receives one lump sum

---

<sup>4</sup> In terms of the 3<sup>rd</sup> Schedule to the VAT Act

<sup>5</sup> Exemption applicable in terms of item 16 of Part Two of the 5<sup>th</sup> Schedule VAT Act (the SME Exemption)

<sup>6</sup> Article 20(2) VAT Act

<sup>7</sup> In terms of the 3<sup>rd</sup> Schedule to the VAT Act

***Disclaimer: The purpose of this document is to provide a simplified overview of the salient provisions of the law and are not to be construed as guidelines, explanations or instructions in terms of article 75 of the VAT Act.***

from the platform for that supply which would be already net of commissions charged by the platform (i.e. €8, which is made up of the €10 less the commission of €2).

For VAT purposes, Person C would have engaged in 2 separate and distinct transactions;

- 1) The supply of taxi services by Person C to the final consumer where the consideration receivable of €10 by Person C shall be deemed VAT exempt<sup>8</sup> [i.e., No VAT to be charged] and shall be recorded in box 2 of the article 11 VAT declaration.
- 2) The commissions of €2 charged by the platform established in Malta for the provision of intermediary services to Person C which includes 18% VAT [i.e., €0.36]. Being an exempt SME, Person C would not have the right to deduct such VAT charged by the platform. Such fee should not be included in the Article 11 VAT return.

## **Transfer for consideration of taxi, should I charge VAT?**

Yes, with the exception of being article 11 registered and insofar as the transaction takes place in Malta<sup>9</sup>, the transfer or disposal by a taxable person of goods forming part of his economic activity for consideration shall be treated as a supply of goods<sup>10</sup> by that taxable person acting as such and shall therefore be subject to 18% VAT.

## **Can I claim input VAT on fuel costs and other vehicle costs related to my taxi?**

Yes, to the extent that the supplies so made and the goods so acquired have been or are intended to be wholly used by the taxi operator in the course or furtherance of his economic activity, being the carriage of passengers for a consideration, VAT may be claimed<sup>11</sup>.

It should be kept in view that such deductions concerning motor vehicles is permitted in this specific scenario, i.e. the motor vehicle will be used for the purpose of carrying passengers for a consideration. In most other cases, VAT incurred on the purchase of goods and services for the purpose of repairing, maintaining, fuelling and keeping of motor vehicles, shall not be treated as claimable Input VAT. Thus, in all other circumstances, the correct VAT treatment shall be determined by reference to the relevant legislative provisions.<sup>12</sup>

---

<sup>8</sup> Exemption applicable in terms of item 16 of Part Two of the 5<sup>th</sup> Schedule VAT Act (the SME Exemption)

<sup>9</sup> In terms of the 3<sup>rd</sup> Schedule VAT Act

<sup>10</sup> In terms of Item 13 of the 2<sup>nd</sup> Schedule VAT Act

<sup>11</sup> Reference should be made to Article 22(2) and Item 3(2)(b) of the 10<sup>th</sup> Schedule VAT Act

<sup>12</sup> Reference should be made to Article 22 and the 10<sup>th</sup> Schedule to the VAT Act.

***Disclaimer: The purpose of this document is to provide a simplified overview of the salient provisions of the law and are not to be construed as guidelines, explanations or instructions in terms of article 75 of the VAT Act.***

## **Private use of a taxi**

It is the understanding of the MTCA that any vehicles licensed to carry out taxi services cannot be used privately by the owner or operator of that taxi in terms of the relevant regulations applicable to taxi services<sup>13</sup>. Notwithstanding, if a taxi (i.e. the vehicle used being a capital good<sup>14</sup>) is in any case used by the taxable person both as part of his economic activity and for private purposes, VAT implications would arise. If the taxi is still subject to the Capital Goods Scheme Regulations<sup>15</sup>, a capital goods scheme adjustment (i.e. an adjustment to any input VAT of a capital nature related to the taxi incurred within a specified period) must be effected. If not subject to a capital goods scheme adjustment regulations but VAT would have been claimed back in part or in full in relation to the taxi, then a deemed supply<sup>16</sup> would be deemed to have taken place (i.e. the taxable person must self-charge VAT on the private use of the taxi as if he is making a supply to a third party).

## **What happens if I cancel my Article 10 registration, are there any VAT implications?**

Goods forming part of the economic activity of a person at the time when his registration under article 10, is for any reason, cancelled<sup>17</sup> (which includes, among other scenarios, the switch from article 10 to 11 or the complete de-registration of an article 10 identification number), shall be treated as a supply of goods for consideration by that taxable person acting as such<sup>18</sup>. Accordingly, VAT is chargeable and payable by a taxable person on any goods which form part of the economic activity at the time of cancellation.

### **Scenario A – Switch from an Article 10 Identification Number to an Article 11 Registration Number**

Person A, a taxable person duly registered under article 10 of the VAT Act purchased a motor vehicle for €20,000 [exclusive of € 3,600 VAT] to commence a taxi operation (i.e. the carriage of passengers for consideration). On the basis that such a VAT-taxable economic activity entitles input VAT recovery, Person A recovers all input VAT incurred on the purchase of that motor vehicle.

---

<sup>13</sup> S.L. 499.59

<sup>14</sup> As defined by Article 2 of S.L. 406.12

<sup>15</sup> S.L. 406.12

<sup>16</sup> Item 15 of the 2<sup>nd</sup> Schedule to the VAT Act

<sup>17</sup> With the exception of goods with a taxable value less than €250

<sup>18</sup> Item 14 of the 2<sup>nd</sup> Schedule VAT Act.

***Disclaimer: The purpose of this document is to provide a simplified overview of the salient provisions of the law and are not to be construed as guidelines, explanations or instructions in terms of article 75 of the VAT Act.***

After 3 years of operating, Person A now wishes to switch from an Article 10 to an Article 11 registration (assuming that all the conditions for applying for an article 11 registration have been met and that the motor vehicle is the only good forming part of the economic activity at the point of cancellation). At this stage, the motor vehicle's market value is that of €15,000. Thus, immediately upon cancellation of the article 10 registration Person A is liable to pay €2,700 (which is derived by multiplying the market value the motor vehicle (€15,000 by 18%)<sup>19</sup> in VAT by recording it in box 40 of his last VAT return.

In cases where the VAT return has already been submitted and a correction is required in order to account for and pay such VAT, a request for a manual adjustment form may be submitted via email to [servizz@gov.mt](mailto:servizz@gov.mt).

---

<sup>19</sup> Item 5 of the 7<sup>th</sup> Schedule VAT Act.

