

Sales/Use/Indirect:

Georgia: Online Service Platform Deemed Responsible for Collecting Tax on Underlying Booking Fees

Docket No. 1834258, Ga. Tax Trib. (10/31/22). In a case involving an online platform providing certain taxable vehicle transportation services for its customers, the Georgia Tax Tribunal held that the service provider was responsible for collecting applicable Georgia sales tax on its “booking fee” receipts under the facts for the periods at issue, reasoning that state law requires a fee, even for non-taxable services, that is part of the “total amount of consideration” for taxable services sold to fall under Georgia’s broad definition of “sales price.” Under the facts, the platform charged the fees at issue (previously labeled the “safe rides fees”) to recover costs it incurred to improve the safety of its platform (*e.g.*, costs for regulatory compliance, insurance, driver background checks, motor vehicle records checks, development of safety features in its mobile application, incident response, and driver safety education) as a separate line item from the fare on its customers’ respective receipts. The platform unsuccessfully claimed that the tax did not apply to itemized fees for other, non-taxable services such as the fees at issue. Please contact us with any questions.

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