

Uber settles £615m backdated UK VAT bill after legal ruling

Uber has revealed a £615m payment to the UK taxman to resolve a legal demand that the company should have charged VAT on fares.

The payment, revealed in its third quarter results, followed a High Court ruling last year that the ride-hailing app-to-delivery firm's UK business model was unlawful.

The decision – and failure to overturn it at [appeal](#) – forced Uber to collect VAT on service fees and settle a backdated bill from HM Revenue & Customs.

The wider ruling meant that the company had to treat drivers as employees rather than contractors, placing them under the protection of minimum wage rules and giving them access to benefits such as sick and holiday pay.

[Uber](#) said on Tuesday: “On October 31, 2022, we resolved all outstanding HMRC VAT claims related to periods prior to our model change on March 14, 2022.

“We do not expect any significant impact to the income statement as we have adequate reserves recorded as of September 30, 2022, related to this resolution.

“We expect a cash outflow of approximately £615m during Q4 2022 for this resolution”.

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The sum is less than the £1bn+ some estimates had suggested the bill could run to.

Nevertheless, it will be welcome as the chancellor prepares an autumn statement later this month that is tipped to [raise taxes](#) for many in a bid to help fill a big black hole in the

public finances.

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Uber's shares surged by 15% at the open on Wall Street after the company reported a 72% surge in revenue for the July-September period to \$8.34bn.

It said that the post pandemic recovery in bookings was expected to continue.

Uber forecast fourth quarter operating profit above market estimates.

"With cities reopening and travel booming, consumers are shifting their budgets to services", chief executive Dara Khosrowshahi told investors.

"We've seen these trends continue into the fourth quarter, with October tracking to be our best month ever for both mobility and total company gross bookings."