



Centre for
International
Corporate Tax
Accountability
and Research

Taken for a Ride

Uber's Global Business Model



The Issue

It is widely understood that Uber's business model represents a direct attack on working conditions and workers' rights. What is less well understood is how the Uber's business model undermines global funding for public services.

Dutch shell companies are at the heart of Uber's global operations. In 2019, Uber's top Dutch shell company, controlling more than 50 other Dutch subsidiaries, pulled in over \$5.8 billion (US dollars unless otherwise noted) in operating revenue from countries around the world, excluding the US and China. The direct transfer of revenue from around the world to the Netherlands leaves little, if any, taxable profits behind. With a series of global restructures in 2019, Uber created an \$8 billion

Dutch tax shelter that, if unchecked, may eliminate tax liability on profits shifted to the Netherlands for decades to come.

“Uber has supercharged their tax avoidance approach”

Jason Ward, CICTAR Principal Analyst

The \$8 billion Dutch tax shelter was created in 2019 when Uber transferred its intellectual property rights from Bermuda to the Netherlands. The “sale” was financed with a \$16 billion loan from an Uber subsidiary in Singapore. The Singapore subsidiary is the immediate parent company of the Dutch shell company that controls Uber’s global empire. Accrued interest on this loan will further reduce taxable income in the Netherlands by \$1 billion a year for the next 20 years.

Revenue generated from Uber’s global ride-sharing and meal delivery services, excluding the US and China, accumulates in Dutch subsidiaries with limited financial reporting. These Dutch subsidiaries own the technology – or intellectual property rights – behind the Uber apps. In Uber’s business model, profits generated through the apps are earned in the Netherlands. This is either a direct transfer of revenue or under contractual arrangements with Uber entities in individual countries to collect and disburse payments.

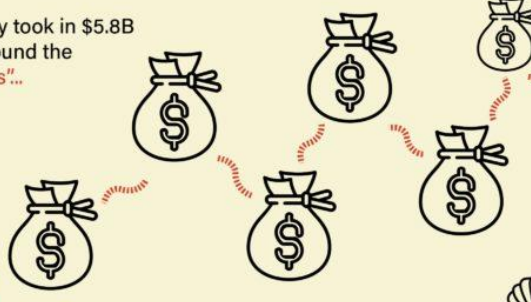
Uber’s Dutch subsidiaries manage large global payments from consumers and remittance flows to Uber workers. These global financial flows allow Uber to exert significant controls over Uber workers and may earn significant additional revenues from interest, fees and other banking transactions. Uber’s business model is being challenged in many jurisdictions. However, it has largely been able to avoid being classified as a transport company, avoid acknowledging workers as employees and avoid regulation for banking operations.

Along with Uber’s undermining of worker rights, Uber’s global tax avoidance mainly through Dutch shell companies must be urgently addressed. Domestic and global rules must be changed, so that tax revenue from Uber – and other multinationals – begins to fund recovery from the global pandemic rather than continuing to undermine existing taxpaying businesses and driving workers further into poverty.

The CICTAR report on Uber’s global tax avoidance was submitted to an Australian Senate Inquiry on Job Security and [can be obtained through this link](#).

Putting the Brakes on Uber's Tax Avoidance

In 2019, the top Dutch shell company took in \$5.8B from drivers and delivery people around the world, but had "no direct employees"...



This Dutch shell company paid out **USD\$2.4 billion** in expenses, **42% of its revenue**, to other Uber tax haven entities, and had further questionable expenses

UBER NL HOLDINGS 1 B.V.



UBER Singapore1



UBER Dutch2



UBER Dutch3

Without the elaborate path of ride share revenue from a driver's time on the road to Uber's Dutch tax shelter, it is estimated the company would have paid **an additional half a billion dollars** in 2019 taxes.



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Putting the Brakes on Uber's Tax Avoidance

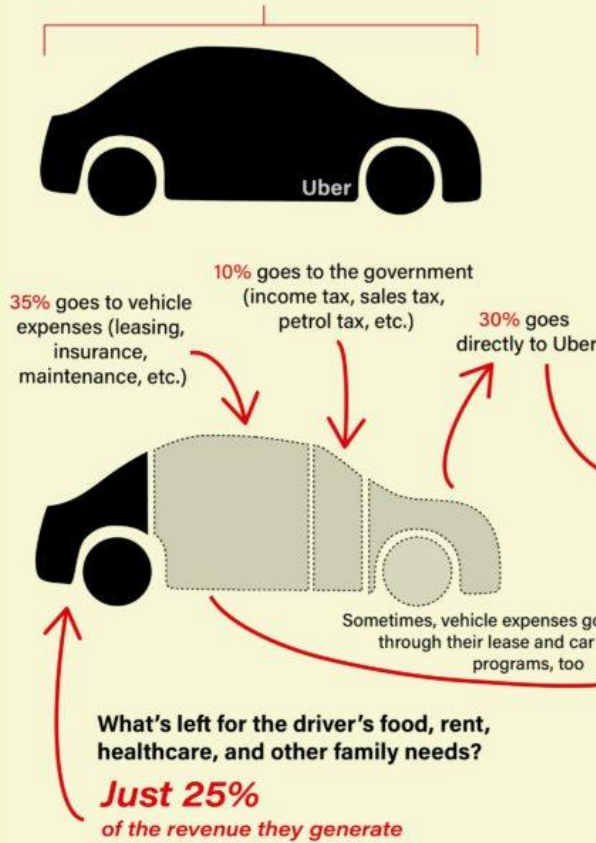


A Dutch shell company is at the heart of global tax avoidance by Uber. In 2019, Uber created an **\$8 billion Dutch tax shelter** that, if unchecked, may eliminate tax liability on profits shifted to the Netherlands for decades to come.

Let's compare what happens to money earned by **millions of global UBER drivers** to the money flows at Uber's top Dutch shell company:

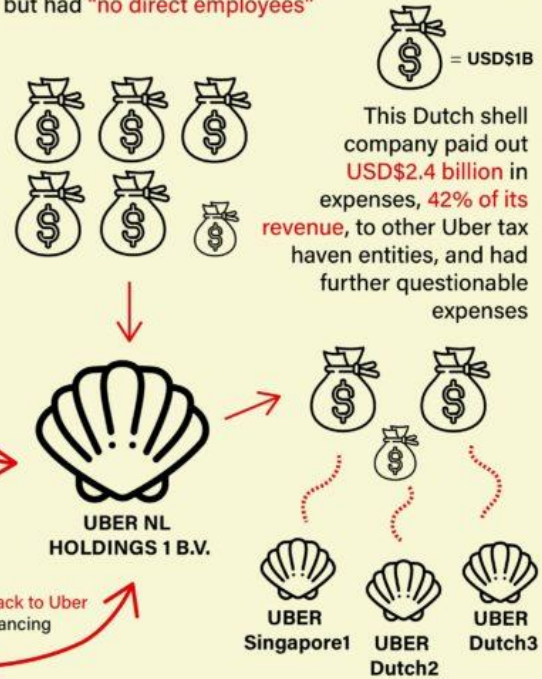
The Driver

If this is a driver's total monthly revenue generated...



The Company

In 2019, the top Dutch shell company took in \$5.8B from drivers and delivery people around the world¹, but had **"no direct employees"**

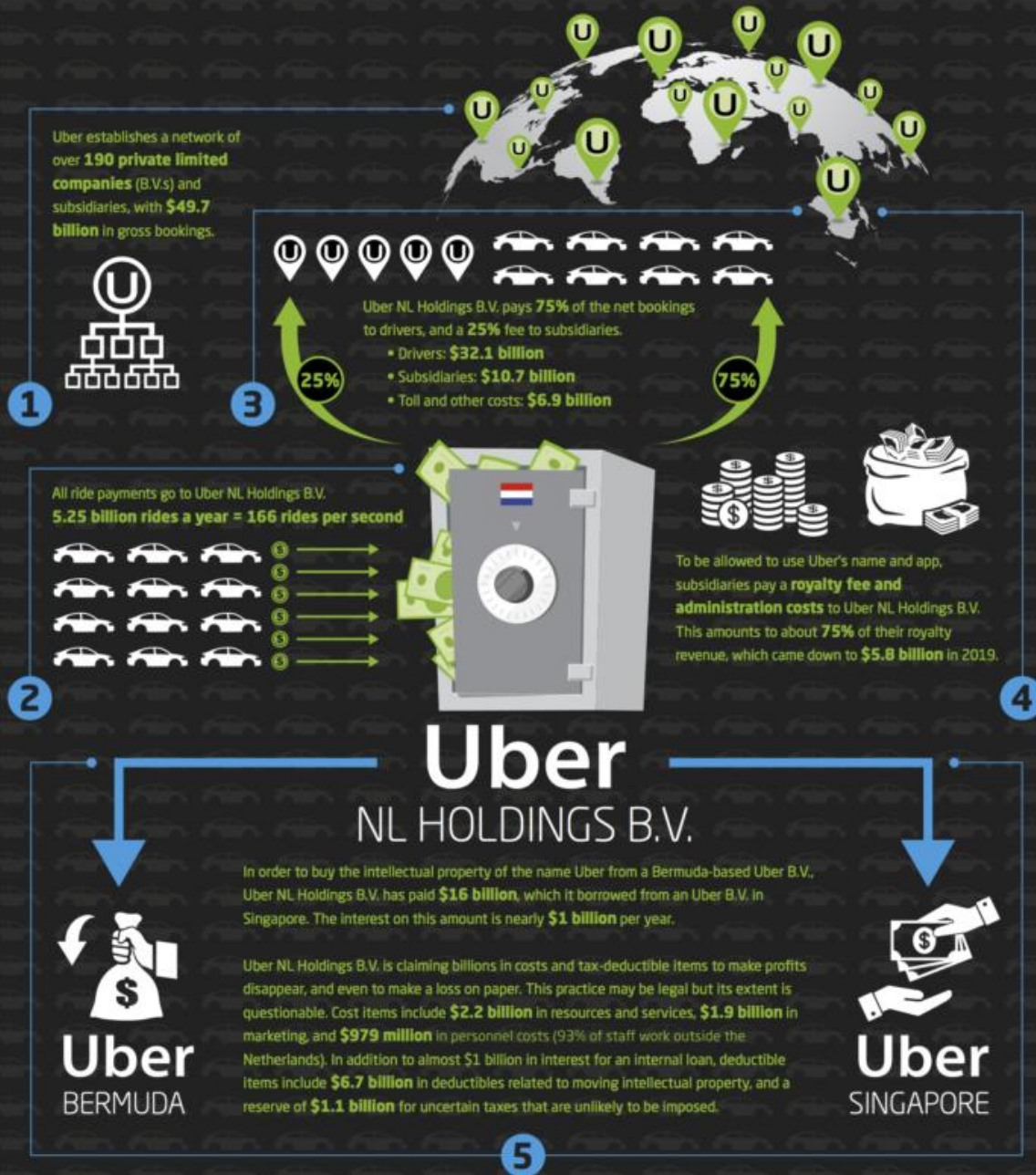


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¹ Excluding the U.S. and China

HOW UBER EVADES PROFIT TAX

Uber operates worldwide, and has expanded significantly in recent years. In 2019, gross bookings, the total amount customers worldwide paid Uber for its services, amounted to \$65 billion, all while Uber employs hardly any staff. Drivers and meal deliverers are self-employed, and in many countries lawsuits have been filed against this bogus self-employment scheme. However, despite earning billions in revenue, Uber has shown a loss on paper for a number of years. This has been done by cleverly circulating money around the world and claiming many disputable cost items, with the sole purpose of minimising profits and paying as little tax as possible. This activity may be legally permissible but it is morally wrong. In this document, we focus on Uber Taxi cash flows, which account for 76% of all gross bookings.



We opted for 2019 because most of the figures for that year are available, and it involved the pre-corona situation. For this purpose, we made use of Uber's own figures as well as those from the 'Taken for a Ride' investigation conducted by global corporate tax research centre OICTAR. This publication has been drawn up with the utmost care. However, due to Uber's complicated structure and limited transparency, it was impossible to retrieve all the figures.