The business of ’misclassification’

Costing the Uber model in Aotearoa

Centre for International Corporate Tax Accountability and Research

WORKERS FIRST UNION

A Workers First Union-CICTAR production

DISCLAIMER

No allegation of illegality or illegal behaviour is intended by any of the individuals or entities mentioned in this report, and any suggestion to the contrary is strongly refuted by the authors.

Utmost care has been taken to ensure all facts presented are accurate, and references have been provided wherever possible.

A number of key questions and allegations were put to the company for comment, but no response was provided.

Any future response will be published on our website www.cictar.org

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Executive Summary

In July 2025 the Supreme Court will hear arguments over whether a group of four Uber drivers are either employees or independent contractors under NZ employment law. The drivers have successfully argued that they were 'misclassified' in the Employment Court and Court of Appeal. Ahead of the hearing, the Government has introduced legislation to restrict future challenges over employment classification. The proposed "contractor gateway" test looks remarkably similar to proposals moved by Uber when it met the Minister for Workplace Relations and Safety on 1 May 2024.

In its view – which Uber argued in the courts – drivers aren't employed by the company, but rather they are its consumers. They pay a service fee to use the platform, which connects them to end-users and enables drivers and end-users to contract directly. While the company accepted in the Court of Appeal the idea that drivers do indeed provide services to Uber, its financial reporting, both globally and in New Zealand, still reflect the view of the 'driver as consumer'.

This report argues that misclassification sits at the centre of the Uber model.

It affects its view of the workforce, as well as its revenue and profit, and we argue that it stems from the misclassification of the business transaction itself: the idea that Uber is a technology company rather than a transport company.

That position belies the experience of the hundreds of millions of Uber drivers and passengers, but it remains the base corporate assumption. This report looks at some of the broader implications of the 'driver as consumer' view, arguing that it also appears to have the effect of misclassifying firm revenue, and profit. Under all of this sits a meticulously planned global tax structure that is evolving in line with changes in the global political economy.

It underestimates revenue...

From 2016 to 2024 Uber enjoyed a more than

1000% increase in revenue (from $4 billion to $40 billion). The 'driver as consumer' viewpoint narrowly defines revenue as "service fee revenue" rather than the broader "gross bookings" measure, that includes all the costs of delivering transport services (including those booked on drivers' own accounts). If Uber was a transport company then this gross bookings measure – which is expected to crack $US200 billion in 2025 – would likely be a more appropriate measure of revenue.

…while overestimating losses.

Despite stratospheric growth, Uber has historically been seen as a loss-making firm. Tech firms can justify persistent losses through enormous growth, and losses may have the added benefit of being carried forward as tax assets.

Uber has accumulated billions in potential deferred tax assets – both in the US and the Netherlands – that could shield it from future tax liabilities. Uber is now switching gears from growth to profitability, and its tax assets may therefore become more important. A US$4 billion pre-tax profit plus $6.4 billion in newly-realised tax assets resulted in a record US$10 billion net profit in 2024.

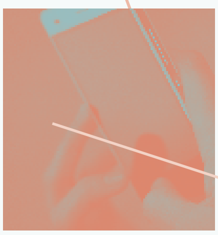
The report documents changes in the ownership of Uber's NZ subsidiaries, as well as the location of its intellectual property assets, both of which have recently moved from the Netherlands to Delaware. Uber shifted its intellectual property to the Netherlands in 2019 for a "total consideration" of $36 billion, financed by a US$16 billion loan from a Singapore subsidiary. The company then settled much of that debt in 2021 and 2022, shifting its intellectual property assets to Delaware. In 2024, however, the company reported the net value of its developed assets was only US$200 million.

Storing intellectual property assets in a Delaware intellectual property holding company is now a common practice for US multinationals, as income earned from intangible assets are exempt from state taxes. The state also has significant secrecy benefits, which may explain how Uber can value its IP so low. Delaware has been a major beneficiary of the 2017 Tax Cuts and Jobs Act, which incentivises US multinationals to "onshore" their intellectual property rights. Shifting the ownership of the NZ Uber subsidiaries to Delaware simplifies the overall corporate structure and the complexity of inter-company transactions required, keeping global tax liabilities minimal and deploying tax assets to boost earnings.

The Uber model also appears to misclassify profit (the thing we tax).

The NZ financial reporting of Uber's two subsidiaries (Rasier and Portier NZ) also operates on the view of the 'driver as consumer'. Together in 2023 they list total service fee revenue of $365 million, total pre-tax profit of just $4.5 million, and a corporate tax expense of just $1.2 million. Most of that revenue is made up of $200.2 million in "intercompany service fees", presumably paid to the Delaware holding company that holds its intellectual property.

We estimate that Uber's 2023 gross booking revenue – including the labour costs and operational costs that currently booked on drivers' own account – is probably closer to $867 million. We similarly argue that the $200.2 million in service fees should be considered as profits that have been earned from economic activity that has taken place in Aotearoa New Zealand and should be taxed in NZ at the corporate income rate of 28 percent. If, as its parent company reporting suggests, the company's intellectual property assets – which enable millions of transactions a day globally – are worth only US$200 million then their licensed use in NZ should be of negligible cost to the company.



Taxing the $200.2 million in intercompany service fees that Uber transfers to Delaware would have prima facie netted the Government an additional $56 million in tax revenue in 2023.

Given the Government's recent decision not to proceed with the Digital Service Tax, other revenue measures will be necessary to ensure that large multinational digital companies like Uber – that benefit significantly from public services and infrastructure investment – pay their fair share.

Introduction

On 17 June 2025 the NZ Minister for Workplace Relations and Safety Brooke van Velden announced the introduction of the Employment Relations Amendment Bill to Parliament.[1] The Bill proposes a number of changes, including an income threshold for unjustified dismissal claims, a reduction in personal grievance payouts and removing the '30-day rule'. Significant focus has also been placed on the proposed so-called contractor 'gateway test'.[2] The Minister said the Bill would "provide greater clarity for business and workers around the distinction between employment and contracting arrangements", which will "provide greater certainty for all parties and will allow more innovative business models".[3]

These changes had been well signposted in advance. The National-ACT Coalition Agreement, for example, contains a commitment to "[m]aintain the status quo that contractors who have explicitly signed up for a contracting arrangement can't challenge their employment status in the Employment Court," considered "a priority for the ACT Party in this Parliamentary term".[4] While the Minister has been basically off limits for unions,[5] on 1 May 2024 – aka International Workers' Day - Minister van Velden met with representatives of the rideshare and delivery giant Uber,[6] and by October 2024 evidence had emerged showing that the changes being considered were substantially similar to proposals put forward by Uber.[7] The Bill's introduction into Parliament was a second piece of good news for Uber in New Zealand this year, following the Government's announcement that the proposed Digital Services Tax Bill would no longer proceed due to threats of US retaliation.[8]

Uber Files redux?

Active political engagement is far from new territory for Uber. In 2022 a leaked trove of documents – the "Uber Files" – showed how between 2013 and 2017 the company "broke rules, duped police and secretly lobbied governments" to facilitate its whirlwind global expansion.[9] Documents show, for example, that Uber knowingly and illegally operated in the Australian market without a permit, with a presentation to company managers in Las Vegas remarking "Regulator very grumpy, yet modest levels of enforcement".[10] At the time of the publication of those documents, Uber Senior Vice-President of Public Affairs Jill Hazelbaker frankly admitted fault in a written response, but remarked that "Uber is a different company today" that has...

> moved from an era of confrontation to one of collaboration, demonstrating a willingness to come to the table and find common ground with former opponents, including labour unions and taxi companies. We are now regulated in more than 10,000 cities around the world, working at all levels of government to improve the lives of those using our platform and the cities we serve.[11]

Despite this public display of contrition, Uber appeared to be back in lobbying mode in response to recent New Zealand court decisions that could present an existential threat to their business model. Both the Employment Court and the Court of Appeal have now accepted the claim that a group of four Uber drivers were employees and not contractors.[12] This could mean that the four drivers who took the case – indeed maybe all rideshare and delivery drivers[13] – may be entitled to a much broader set of legal protections, including the right to earn the minimum wage, the right to paid sick and annual leave, and, crucially, the right to bargain collectively for wages and conditions. This would almost certainly result in a substantial increase in labour costs, and some workers may be entitled to monetary compensation for breaches of minimum standards. The question of classification has major implications for the company.

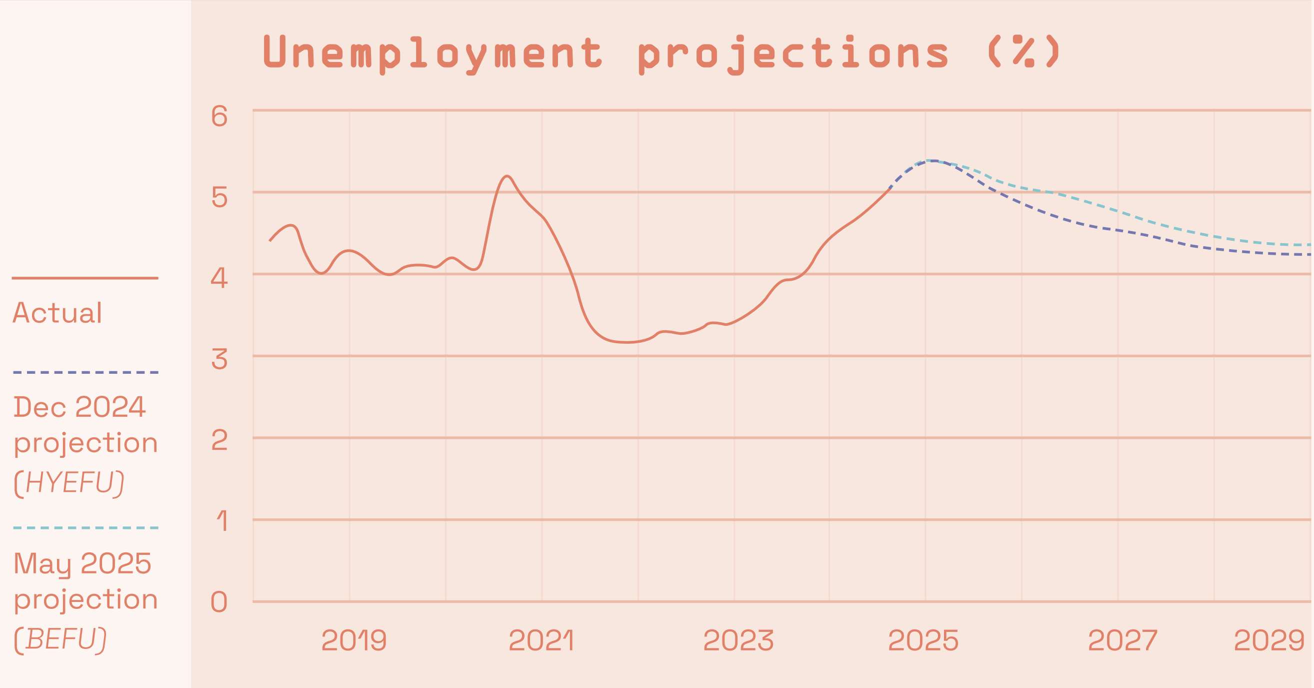
It remains unclear what effect the Employment Relations Amendment Bill would have on these processes. While the legislation is yet to have its first reading, Uber's appeal will be heard by the Supreme Court on 8-9 July.[14] The Government could use urgency to accelerate the process, but it nonetheless appears to be setting the scene for change. The implications of this would be much broader than just the four workers that took the case.

Uber-ising the workforce?

The contractor labour model presents a challenge for other workers, both in the transport sector and across the broader economy. In September 2024 Wellington Combined Taxis – which deployed 330 cabs across the country – was put into voluntary administration due to cashflow issues.[15] It is not hard to see how a lower-cost competitor could have significantly impacted more formal modes of employment in the private transport market.

Layoffs and cuts to hours across the economy have tended to push workers towards rideshare work to sustain their income. RNZ reported in October 2022 that there were 7,000 Uber drivers in the country,[16] but by December 2023 the NZ Herald reported that there were 22,000 drivers using the platform[17] (there is little transparency on these numbers). The trend looks likely to persist regardless, with the latest Budget Economic and Fiscal update showing unemployment is expected to stay higher for longer (See Figure 1),[18] sustaining

Figure 01 NZ Treasury BEFU 2025



the pool of potential drivers.

In recent years Uber has stressed that flexibility can go hand in hand with protection, but the company does appears to see direct employment as fundamentally incompatible with its business model.[19] Uber was banned from Hungary in 2016, Denmark in 2017 and Turkey in 2019, but in each instance it has re-entered those local markets through partnerships with local providers. In 2016 Uber agreed to leave the Chinese market after a "merger" with local rival Didi Chuxing, with Uber taking a 20 percent share.[20]

What if…

It is hard to believe that Uber would rather surrender the NZ rideshare and delivery markets than submit to formal employment - what would they have to lose? An initial look at the 2023 financial statements of Uber's two primary operating subsidiaries suggests the companies are operating on razor-thin margins. Rasier New Zealand Limited ('Rasier NZ'), for example, which operates the rideshare business, appeared to earn just $2.2 million in pre-tax profit from its $109.8 million in revenue, a two percent margin.[21] Things look even gloomier for Uber's delivery subsidiary Portier New Zealand Limited, whose $2.3 million in 2023 pre-tax profit off $255.3 million in revenue is a margin of less than one percent.[22] $3.3 million in after-tax profit doesn't seem like the greatest sacrifice for a company of Uber's size.

It seems hard to believe that this is the scale of profits that result from full spectrum dominance in the NZ rideshare and delivery markets. A complex evolving global corporate structure, stretching from tax havens like Bermuda to the Netherlands and Singapore to Delaware, helps support this view. This report will argue that this structure not only supports the intentional misclassification of workers as contractors, but also appears to enable Uber to shift hundreds of millions in profits out of jurisdictions like New Zealand every year.

Report outline

Part One will begin by looking at Uber's enormous growth over the last decade and the idea of the 'driver as consumer' that the company uses to radically under-report its own revenue. We will look at how Uber's growth model has resulted in net operating losses that have generated enormous tax assets for the company, and the all-important role of Uber's intellectual property assets, particularly as it looks towards a future of autonomous vehicles.

Part Two will look at existing reporting on the historical ownership of Uber's NZ operations and understand Uber's widely-reported Dutch tax shelter, then look at the changes that see Uber's NZ subsidiaries – along with its intellectual property – now owned from Delaware.

Part Three dives into published reporting of Uber's NZ subsidiaries, unpicking the driver as consumer view presented in part one and making estimates as to the size of Uber's actual revenue. It will then look at the service fee income Uber's NZ subsidiaries pay to related parties, and argue that these fees themselves should be considered Uber's "profit" and taxed accordingly, and looking at the cost of this tax planning on the NZ economy.

Part One: Decoding Uber's scale and ambitions

In just over a decade, Uber has come to dominate global private transport and delivery markets across the globe. This certainly appears to be case in New Zealand: a report prepared for Te Manatū Ministry of Transport suggested that Uber had an 80 percent share of the NZ ride-hailing market.[23] That report was published in June 2023, prior to the departure of Uber's major competitor Ola in April 2024[24] and the collapse of Wellington Combined Taxis. Another study suggested Uber Eats had a 51.7% share of the NZ food delivery market in Q4 2022 (with Menulog at 31.3%, Delivereasy at 9.3% and Doordash at 7.7%).[25] Its footprint is also expanding to other markets: in 2023 supermarket giant Woolworths turned to Uber to breathe new life into the "Milkrun" rapid grocery delivery service that it acquired after the original premise, which "recruited delivery riders as employees and paid them wages, holiday pay and superannuation", ceased trading.[26]

Uber (originally "Ubercab") was publicly launched in San Francisco in 2011, and within a decade had become the largest private transport provider on the planet. From 2016 to 2024, the revenue of parent company Uber Technologies Inc. increased by more than a thousand percent, from almost US$4 billion (NZ$6.37 billion) to almost US$44 billion (NZ$73 billion).[27] These are huge numbers, but in fact they significantly underestimate the scale of business transactions in which Uber is involved, by roughly three-quarters. This section will talk about how the misclassification of the Uber business transaction itself appears to substantially underestimate Uber's total revenue, reviewing Uber's growth and tax strategy in this light.

A tech company, or a transport company?

The reason for this difference goes to the heart of the issue that will be discussed in the Supreme Court: that Uber Technologies sees itself as a technology company that provides a service to its "driver partners", rather than a transport company that provides a transport service to the end-user. From Uber's perspective, the driver is the customer, not the end-user; while Uber arranges the transaction, they believe that drivers and end-users contract with one another. "Revenue" therefore comprises

> service fees paid by Drivers and Merchants for the use of our platform in connection with our Mobility products and Delivery offering provided by Drivers and Merchants to end-users. Our sole performance obligation in the transaction is to connect Drivers and Merchants with end-users to facilitate the completion of a successful ridesharing trip or delivery.[28]

This position is contested, both by passengers and drivers, around the world. From an end-user experience it seems counter-intuitive: a transport service is procured by transferring money to an Uber bank account, Uber then arrange the ride or delivery – the "Uber driver" – on your behalf, and also pays that driver on your behalf. Uber purports to play no significant mediating role, even though it controls all financial transactions and effectively exercises unilateral pricing power.[29]

This characterisation also seems at odds with drivers' experiences, which Chief Judge Christina Inglis' describes as featuring a high level of control and subordination, where the company, "creates, dictates and manages the circumstances under which its business is carried out, and driver labour is deployed in order to grow that business."[30] Annual reports of Uber Technologies International acknowledge this incongruity, noting that:

> Judgement is required … on whether we control the service provided to the end-user and are the principal in the transaction (gross), or we arrange for other parties to provide the service to the end-user and are the agent in the transaction (net).[31]

The view of the 'driver as consumer' may help absolve the company of its legal obligations as an employer, but we believe that view is no longer tenable.[32] It was dismissed by the Court of Appeal, with Goddard J noting a slew of other judicial decisions where the argument has also been rejected:

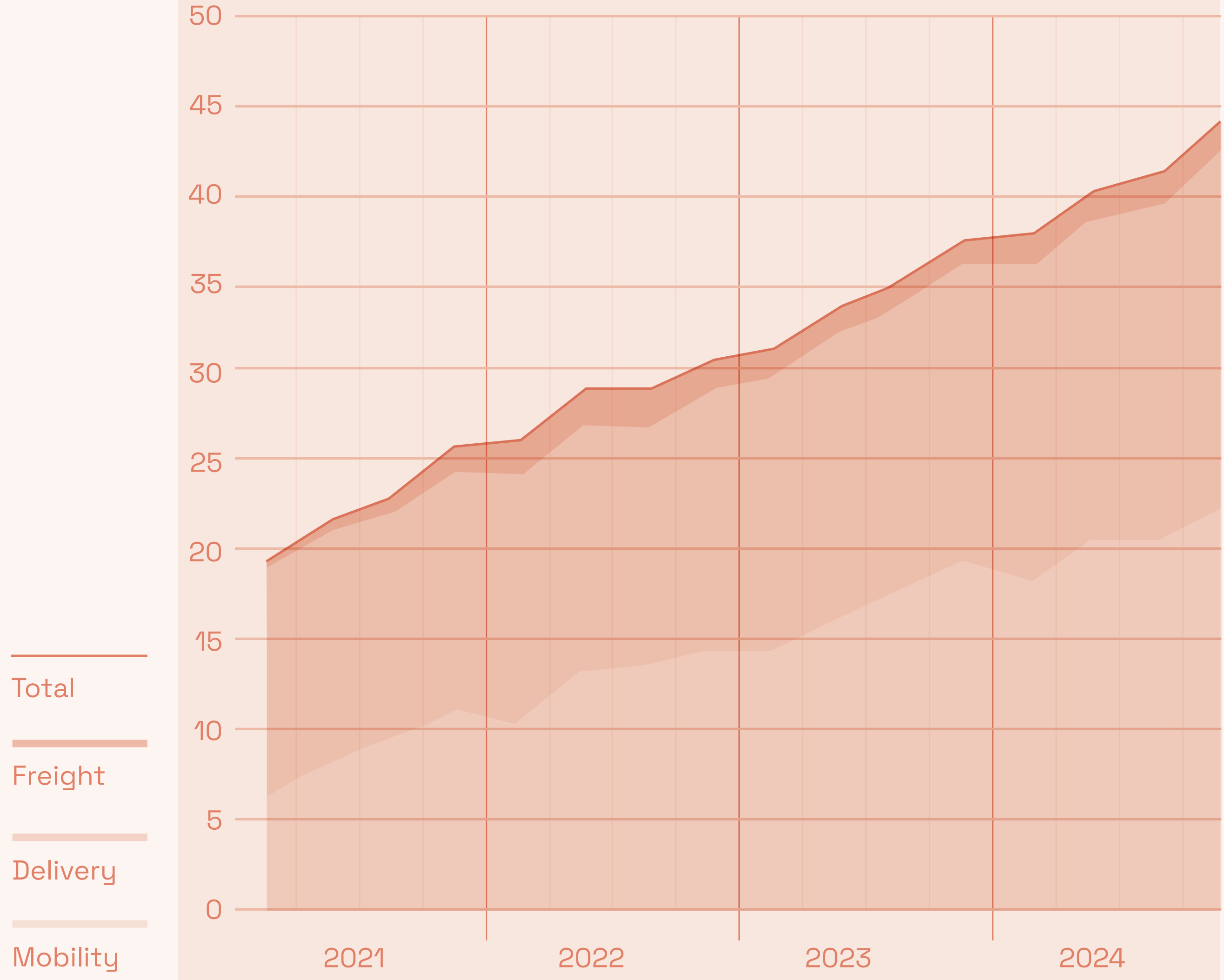
> Mr Wicks [counsel for Uber] disclaimed the argument that appears to have been advanced before the Employment Court that drivers provide services only to riders. He accepted that drivers provide services to Uber. We think that concession was realistic. It reflects findings made by the Chief Judge. And it is consistent with findings made by other courts, including the UK Supreme Court in *Aslam* and Dutch, Swiss, French, and European courts.[33]

Gross booking revenue

If the Supreme Court upholds the view that Uber employs drivers to provide transport services to end-users, then might we start to see its NZ subsidiaries report a broader revenue measure than the "service fee" revenue currently used? Annual reports for Uber Technologies Inc use the term "gross bookings", defined as "the total dollar value, including any applicable taxes, tolls and fees, of: Mobility rides, Delivery orders ... Driver and Merchant earnings, Driver incentives and Freight revenue". The company sees gross bookings as "an indication of the scale of the current platform, which ultimately impacts revenue."[34] Absent the 'driver as consumer' viewpoint, we believe gross bookings would be tantamount to firm revenue.

Figure 02 Uber Technologies Inc.

Quarterly Gross Bookings (US$ billion)



In 2024 Uber's gross bookings reached a staggering US$162.8 billion (NZ$269.7 billion), up 18% - NZ$41 billion – on the previous year.[35] At US$83.1 billion, Uber's "mobility products" accounted for 51 percent of 2024 gross bookings, while "delivery products" accounted for 46 percent and freight, 3 percent.[36] Uber's reported service fee revenue came to $44 billion that year, 27 percent of gross bookings. If current trends persist, we expect gross bookings will crack US$200 billion (NZ$330 billion) in 2025.

Few companies ever see this explosive level of growth. Some commentators have suggested the ambitious "growth at all costs" agenda championed by former CEO Travis Kalanick had come at the cost of profitability,[37] with the company generating multibillion dollar losses in almost every year from 2016 to 2022 (See Figure 3 on p14).

However for technology companies who experience such stratospheric revenue growth, this can be a deliberate strategy. As Duncan Wigan describes:

> Uber is a heavily loss-making firm. Losses translate into tax assets. 'Loss carry forward' is an accounting technique whereby operating losses accrued in one year are set against taxes on gains and income in the following years, sometimes indefinitely or until the loss is exhausted.[38]

Reporting service fee revenue – which is roughly a quarter of total gross bookings – means that losses probably appear to have exaggerated the impact on the company's overall financial position. 2022's US$9 billion loss, for example, is 29 percent of their US$37 billion in service fee revenue, but it's only 8 percent of the US$115.4 billion in gross booking revenue that year. This exaggerated effect appears to stem from the misclassification of the business transaction itself.

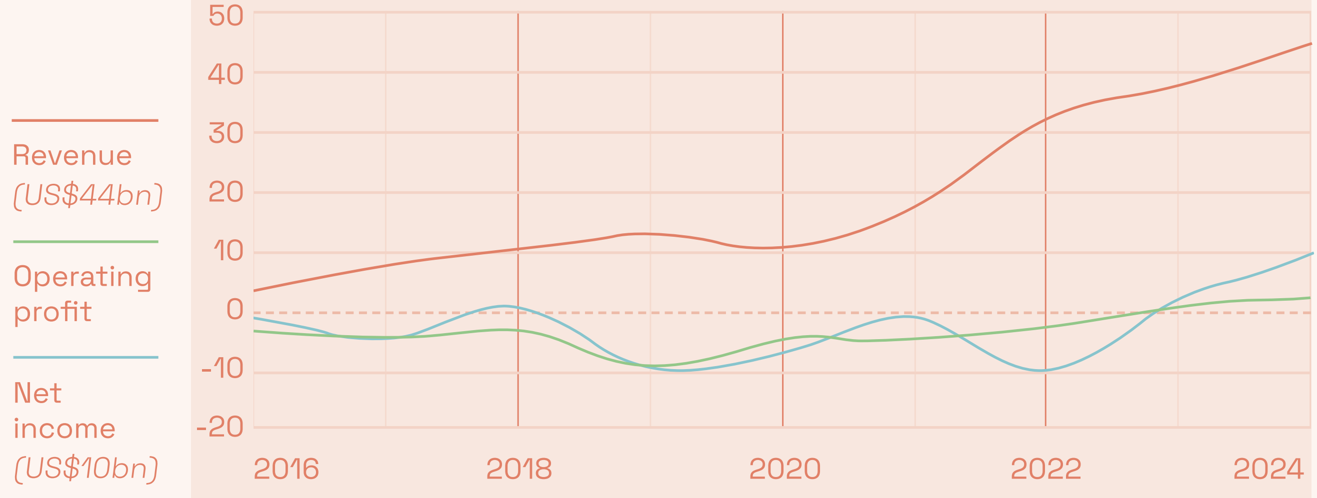
Uber's tax assets

Uber's latest (2024) financial statements show the company has accumulated US$13.2 billion in deferred tax assets, that could potentially be used to shelter it from future tax liabilities. These assets come with significant "valuation allowances", meaning there are risks that these assets will never have to be used.[39] The company additionally lists $8.2 billion in federal net operating loss (NOL) carryforwards with an unlimited carryover period, $7.5 billion in US state NOL carryforwards with unlimited carryover periods, and $19.2 billion in foreign NOL carryforwards with unlimited carryover periods.[40] These are tax assets that have been carried forward from previous losses. Uber has "concluded it is more-likely-than-not that a majority of our U.S. federal and state deferred tax assets will be realizable."[41]

More recent commentary suggests that now Uber has achieved relatively dominant positions in many markets, it may be starting to shift its strategy from accumulating tax assets to generating profits and using tax assets to shield it from tax liability.[42] In 2023 Uber returned a modest US$2.4 billion pre-tax profit, its first since 2018. It incurred an income tax expense of $213 million, an effective tax rate of 9 percent (less than half the US corporate income tax rate).[43] This was followed in 2024 by a pre-tax profit of US$4 billion, but a US$5.8 billion income-tax benefit that year brought net income close to US$10 billion.[44] This tax benefit appears to relate to changing expectations of future profits, enabling the company to "release" (or rather reverse) the valuation allowance on $6.4 billion in tax assets,[45] resulting in the company reporting a $5.8 billion tax benefit. While these numbers remain relatively small in the context of Uber's gross booking revenue (which reached US$169 billion in 2024), they could indicate the company is willing to start trading growth for profitability.

Figure 03 Uber Technologies Inc.

Revenue, operating profit and net income (US$ billion)



Uber still doesn't expect to pay cash dividends anytime soon,[46] but if you're an Uber shareholder who's held onto their shares for the last couple of years then you're probably not worried. Share prices have more than quadrupled in less than three years, from as low as $20 in 2022 to as high as $90 in the last month.[47] Its current market capitalisation – the combined value of all shares – is NZ$194 billion (US$319 billion).[48] Perhaps predictably, its largest shareholders today include the three largest asset managers – Vanguard, Blackrock, and State Street– alongside large wealth managers like Capital Research, Eaton Vance and the "Public Investment Fund", the sovereign wealth fund of Saudi Arabia.[49]

Solving the labour problem?

Saudi investment in Uber had previously been a source of consternation, not least of all because women were forbidden to drive in the country until 2018.[50] But last month Uber CEO Dara Khosrowshahi joined President Trump and a coterie of techbro leaders on a tour of the Kingdom,[51] which is now positioning itself as an AI champion.[52]

Alongside Riyadh's commitment to invest US$600 billion in the US, Khosrowshahi announced on a panel discussion at the US-Saudi Investment Forum that Uber would launch self-driving vehicles in Saudi Arabia by the end of the year.[53] Last week Uber announced the beginning of autonomous vehicles in Atlanta, following an initial rollout of 100 vehicles in Austin earlier in the year.[54]

The company is ploughing ahead with its autonomous vehicle strategy, despite acknowledging in its 2024 annual report that this "may add to Driver dissatisfaction over time, as it may reduce the need for Drivers" which could disrupt their activities or "result in a decline in our number of platform users".[55] While the transition to autonomous vehicles would require significant capital investment in vehicles and supporting infrastructure, it could also radically reduce the company's wage bill, as well as the difficulties involved with maintaining a labour force that doesn't always agree with the company's characterisation of the employment relationship. For Uber, autonomous vehicles could be the crucial ingredient on the road to greater long-term profitability. If that is the case, however, it may no longer be possible for the company to sustain the idea that Uber drivers are their customers, which could make their overall tax position somewhat clearer.

Part Two: Uber’s evolving NZ ownership structure

A November 2021 report by CICTAR describes how transactions between Uber’s then NZ reporting entity “Uber New Zealand Technologies” and a number of Dutch Uber subsidiaries appeared to have reduced taxable income in New Zealand by between $6.4 and $12.8 million in 2020 alone.[56]

In the month following that report’s release, the ownership of Uber’s NZ operations began to change. This section will trace those changes alongside Uber’s global tax structure, with a focus on the location where Uber’s intellectual property (IP) assets are held: in 2019 these were shifted from Bermuda to Amsterdam in a $36 billion related-party deal that critics said would generate a multi-billion dollar tax shelter. In 2021 and 2022, Uber filings suggest some, or possibly all, of Uber’s IP had been transferred to the US state of Delaware; increasingly the favoured home for US multinational to store their IP assets.

Uber's Dutch tax shelter

By December 2021 the ultimate ownership of Uber New Zealand Technologies had been transferred from the Dutch “Uber International B.V.” to its parent company, “Uber Technologies Inc.”[57] Uber New Zealand Technologies stopped publishing financial statements at this point, and in its place, the subsidiaries “Rasier New Zealand Limited” and “Portier New Zealand Limited” (‘Rasier and Portier NZ’) became the NZ reporting subsidiaries for Uber’s rideshare and food delivery businesses. Uber drivers would know these names well. Rasier and Portier NZ were both parties in the October 2022

Employment Court decision, alongside Dutch Uber subsidiaries Rasier Operations BV and Uber Portier BV. These latter two companies were parties to the NZ driver agreements and Dutch filings suggest are involved in "facilitating and entering into contracts for on-demand services".[58] Rasier and Portier NZ's 2021 year-end statements (published in mid-2022) identify the Dutch "Uber International B.V." as their immediate parent.

On 2 June 2023, in the wake of the Employment Court's decision, Rasier NZ's ownership changed multiple times within a matter of minutes, followed by a similar set of changes for Portier. Another change takes place in mid-2025. The subsidiaries involved tell us a lot about the changes in Uber's global tax structure and how that structure appears to enable the company to shift profits to low-tax jurisdictions or shelters.

Dutch "CV/BV" structures

For many years, US multinationals deployed a tax planning arrangement involving "stacks" of Dutch corporate entities (a "BV," a private limited company, and a "CV," a limited partnership).

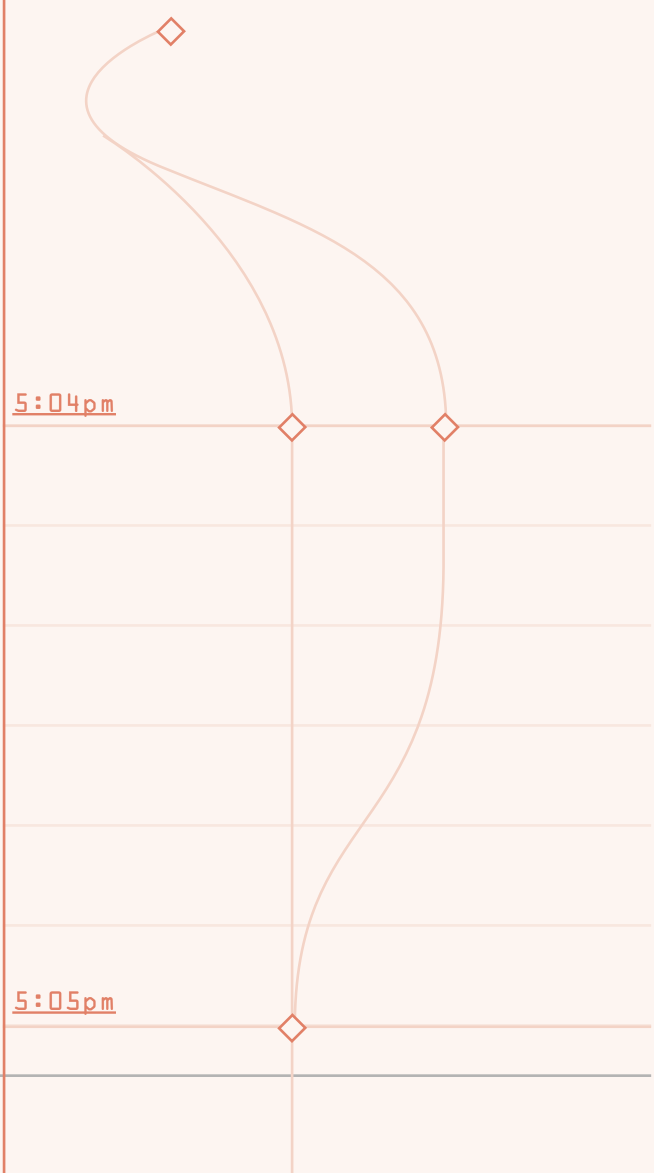
In this setup, a BV is used to hold valuable intellectual property (IP). Global operating subsidiaries pay service fees to the Dutch BV, whose profits are distributed to the CV. Due to a legal mismatch—the CV being tax-transparent in the Netherlands but a corporation in the US—these profits accumulate largely untaxed, effectively deferring U.S. taxation. This significantly reduced global tax liabilities on IP-derived profits.

Global tax reforms removed these offshore tax incentives, prompting many US multinationals to repatriate their IP to the U.S. (e.g., Delaware) to align with the new global tax landscape.

5:04pm on 2 June 2023

Rasier NZ's ownership is transferred from one Dutch company, Uber International Holdings BV to two different Dutch companies, Uber NL Holdings 1 BV and Uber NL Holdings 2 BV, which together own all of the shares in Uber International BV.[59]

One minute later Uber NL Holdings 2 transfers its shareholding to Uber NL Holdings 1.[60]



Uber NL Holdings 1 is Uber's largest Dutch subsidiary. It receives service revenue from all of Uber's operations outside of the US and China,[61] with annual revenue in 2023 of US$16.4 billion (NZ$27.8 billion), including US$4.2 billion in revenue from the Asia-Pacific region.[62] This made up close to half of Uber's global revenue for that year, which came to US$37.3 billion in 2023.[63]

From 2013, Uber's intellectual property had been held by a Dutch-registered but Bermuda-headquartered subsidiary called "Uber International CV".[64] But when Uber was looking to float on the New York Stock Exchange, it found itself under pressure to end the use of Caribbean tax havens. 2018 filings for another Dutch subsidiary, "Uber International BV", note that in April it used Uber NL Holdings 1 to "purchase the intellectual property rights business (the

"IP rights") from its sole shareholder [Uber International CV] for a total consideration of $36 billion. The IP rights may include certain brand, technology and market-based intangibles.[65]

That deal was financed by a $16 billion loan from Uber International BV's parent company, Uber Singapore Technology Pte Ltd, and Dutch filings note that the interest rate on this loan is "the 3-month LIBOR plus a 6% surcharge."[66] Coverage at the time reported that these transactions could result in a $6.1 billion tax shelter to shield future profits,[67] lasting until the loan's maturity in 31 December 2039.[68]

5:06pm

Ending the Dutch deal

5:07pm on 2 June 2023

Ownership of Rasier NZ is transferred from Uber NL Holdings 1 BV to its own parent company, Uber Singapore Technology Pte Ltd.[69]

5:07pm

From 2019 until 2022 Uber NL Holdings 1 incurred US$4.3 billion (NZ$7.12 billion) in related party finance costs to Uber Singapore Technology Pte Ltd,[70] however over that period "all interest due on the loan was capitalized to equity via share premium",[71] meaning interest was paid out in new Uber NL Holdings 1 shares. Notes to its 2021 financial statements then show that US$2.7 billion of the loan "was settled as part of the capital reorganization of the Group, whereby we transferred certain intellectual property rights from our wholly-owned subsidiaries to the Ultimate Parent".[72] In 2022 another US$7.5 billion of debt to Uber Singapore Technology Pte Ltd was settled in exchange for the transfer additional intellectual property rights to the Ultimate Parent company, Uber Technologies Inc.[73]

5:08pm

It appears Uber NL Holdings 1 no longer holds Uber's intellectual property, although this is hard to confirm. It is also hard to confirm the value of those assets. 2018 filings suggested a total consideration of $36 billion to acquire them and loan financing of $16 billion. In 2021 and 2022 the ultimate parent appears to acquire those rights for just $10.7 billion. In 2022 Uber Singapore Pte Ltd registers an enormous

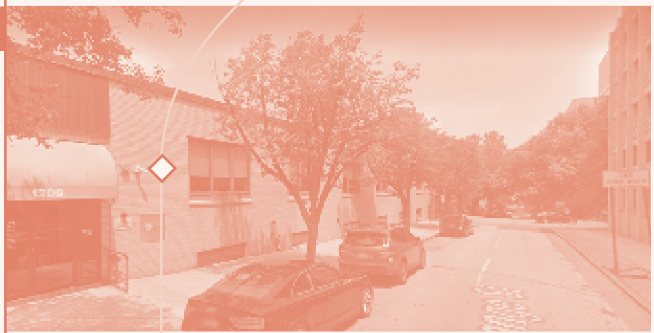
US$27.6 billion loss, driven by a $28.7 billion "impairment loss on investment in a subsidiary",[74] which likely reflected that capacity of those assets to deliver future earnings to company. These transactions are not mentioned in the filings of the ultimate parent, although they seem central to the idea that Uber is a technology company.

1209 North Orange Street, Wilmington

5:09pm on 2 June 2023

Ownership of Rasier NZ is transferred from "Uber Singapore Technology Pte Ltd" to "Uber International Holdings Corporation", with "Uber Technologies Inc." as its ultimate holding company.[75]

5:09pm



The Corporations Trust Center, "home to some 285,000 companies"

Annual reports for the ultimate parent company, Uber Technologies Limited, have never listed Rasier and Portier NZ as subsidiaries (only "significant" subsidiaries are required on US public filings).[76] Rasier and Portier NZ did previously appear as subsidiaries in the filings of Uber NL Holdings 1, but even that key subsidiary isn't mentioned in the parent company reports.[77] Rasier and Portier's new immediate parent became Uber International Holdings Corporation, and its ultimate parent Uber Technologies Inc. list the same San Francisco address on the NZ Companies Register, but US regulatory filings indicate they're both incorporated in the US state of Delaware.[78]

The State of Delaware Division of Corporations search show that "Uber International Holding Corporation" was registered in January 2023 by a registered agent called "The Corporation Trust Company", with a listed address of 1209 North Orange Street, Wilmington.[79] The google street view for that address shows a small nondescript brick office building called the "Corporations Trust Center"[80] – a subsidiary of Dutch information services firm Wolters Kluwer.[81] In 2016 The Guardian reported that this small building was home to some 285,000 companies, then including "Apple, American Airlines, Coca-Cola, Walmart and dozens of other companies in the Fortune 500 list of America's biggest companies."[82]

Delaware intellectual property holding companies

2025

6:53pm on 2 June 2025

The ownership of Rasier NZ again changes from "Uber International Holding Corporation" to "Uber International Technologies Corporation".[83]

Rasier and Portier NZ's current immediate parent "Uber International Technologies Corporation" was only incorporated on 4 December 2024, also at the address of 1209 North Orange St, Wilmington.[84] Both the parent and ultimate parent list the same San Francisco address on the NZ Companies Register[85] (the former is sufficiently "significant" to be listed on Uber's 2024 annual report),[86] but Delaware's limited disclosure requirements mean we cannot see filings for either of these firms to determine whether they are recipients of service fee revenue from New Zealand. Limited disclosure also mean it's unclear whether the intellectual property is held by Uber International Holding Corporation, Uber International Technology Corporation, or some other Delaware-incorporated intellectual property holding company.

Delaware's popularity amongst US multinationals has surged even further in recent years, following the US Tax Cuts and Jobs Act (2017), which fundamentally shifted the US international tax system. The TCJA introduced a new minimum tax on low-taxed foreign IP income (GILTI) and a 100% deduction for certain foreign dividends, incentivising US multinationals to hold intellectual property and repatriate profits to the US, while also allowing a one-time repatriation tax on prior foreign earnings.[87] Where previously American companies – including in the IP-driven tech and Pharma sectors – may have shifted their IP to holding companies in the Netherlands or Ireland, the significant tax cut provided on the repatriation of foreign profits under the TCJA encouraged many to bring their IP back to the US, including Apple, Microsoft, Google/Alphabet, Nvidia, Pfizer, Johnson & Johnson and Oracle. Many onshoring firms have chosen Delaware as their state of choice because of the tax and secrecy benefits it enables. Its courts are also notoriously pro-business. Additionally, Delaware IP holding companies "whose activities … are confined to the maintenance and management of their intangible investments" are exempt from state corporate tax,[88] meaning only the federal rate applies. Companies with significant tax assets may be able to further shield themselves from federal tax liabilities.

Information on the value of Uber's IP was more clearly articulated under Uber's former Dutch structure. Parent company filings were silent on the corporate reorganisation and shifting of IP rights to Delaware (mentioned in Dutch and Singaporean filings). The latest (2024) parent company filings list a gross carrying value of only US$890 million for its "developed technology", reduced by US$690 million in "accumulated amortisation" to a net carrying value of just US$200 million (NZ$334 million).[89] It is difficult to reconcile this seemingly small value with the US$36 billion in total consideration outlined in the 2019 deal and the US$16 billion to finance it, or the large sums exchanged to Uber Singapore Technology Pte Ltd (US$10.7 billion in 2021 and 2022) or the US$28 billion impairment charge endured by Singapore Technology Pte Ltd during the company's "capital reorganisation". It seems unusual that a tech company that earns tens if not hundreds of billions a year from its technology would ascribe such a low value to it.

Uber's decision to shift its IP to Delaware likely reflects the tax benefits to tech firms under the TCJA. 2024 filings note that there is still some $2.7 billion in cash held by foreign subsidiaries that may be repatriated in the future, but the company believes its US cash balance is sufficient to funding working capital needs.[90] The remaining tax assets accumulated in the Netherlands may mean Uber could need to continue to shift where its intellectual property assets are located and service fee income is booked. It therefore seems possible (perhaps almost inevitable) that Uber may either revert ownership of its NZ subsidiaries back to the Netherlands or to a third distinct location at some point in the future.

Global tax cooperation appears to be in a state of flux. In January 2025 the Trump administration announced it was walking away from the OECD global tax negotiations,[91] threw its support behind making expiring provisions of the TCJA permanent,[92] and has made retaliatory threats against "discriminatory" digital service taxes.[93] At the same time leadership appears to shifting to the Global South, with negotiations at the UN appearing to be enabling greater democratic engagement from some of the countries that have been worst impacted by multinational tax planning and beggar-thy-neighbour tax deregulation.[94] NZ has already dropped the proposed digital service tax in response to the Trump threat, but the role it will play in future global cooperation remains unclear.

Part Three
Has Uber earned profits in New Zealand?

The characterisation of Uber as a technology company and not a transport company is present throughout its NZ regulatory filings, distorting the scale both of revenue and profit. This section reviews the numbers outlined in Rasier and Portier NZ's filings, estimating NZ gross booking revenue to better understand its scale and operations. It looks at the small profit and tax figures and argues that the 'driver as consumer' model also appears to misclassify profits earned in New Zealand as "intercompany service fees", allowing them to be transferred to – presumably Delaware – apparently sidestepping NZ taxation.

Uber's NZ filings

The latest filings for Rasier NZ suggest that the firm earned reported revenue of $109.9 million in 2023, a 31 percent increase on the previous year.[95] This seems small, but as we've already learnt, there is more going on here than immediately evident. Its "cost of providing services"– which for a transport company would normally include the cost of labour, direct material costs like fuel, and other overheads – came to just $321,107 that year, as these costs are booked on drivers' own accounts. That left a gross profit of $109.5 million, or a startling gross profit margin of 99.7 percent.[96] Published financial statements currently provide us with four years of Rasier NZ's financial data, and for each of these years Rasier has had gross profit margins of 99 percent or more.[97]

The same year, Rasier NZ earned "profit before tax" – the profit a company has left after deducting all other non-tax expenses – of just $2.2 million, roughly a 2 percent margin of the total $109.9 million that Rasier NZ earned in revenue.[98] The sum total of Rasier NZ's pre-tax profit for the four years we have data for is only $5.5 million, off

almost half a billion in stated revenue figures. As with the above revenue figure, it seems unusual that a technology giant that has so fundamentally transformed the NZ private transport market would have such low profits. In 2023, Rasier NZ incurred an income tax expense of $604,279, roughly in line with the corporate tax rate of 28 percent of the $2.2 million in pre-tax profit earned that year. The total income tax expense incurred over the four-year period Rasier NZ has reported came to only $1,682,316.

Rasier NZ's other expenses in 2023 included $7 million in advertising and marketing (covering refunds, referrals and end-user promotions)[99] and roughly a million in legal costs. The bulk of Raiser's $109.9 million in reported revenue in 2023 was consumed by $99.7 million in "intercompany service fees".[100]

Intercompany service fees account for 83 - 94% of revenue...

Figure 04 Rasier financial statements

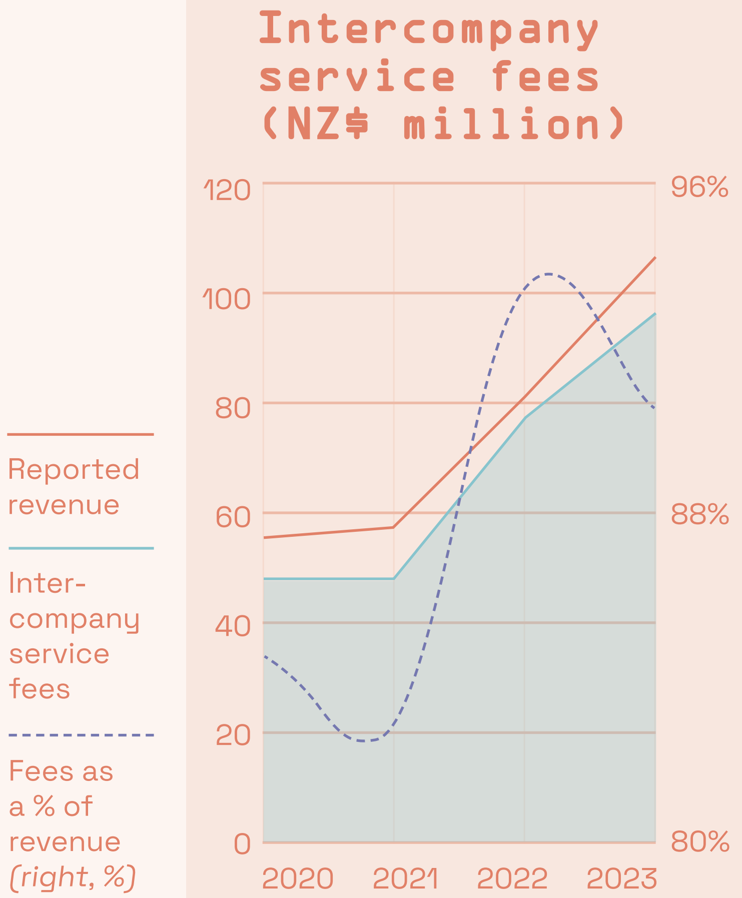
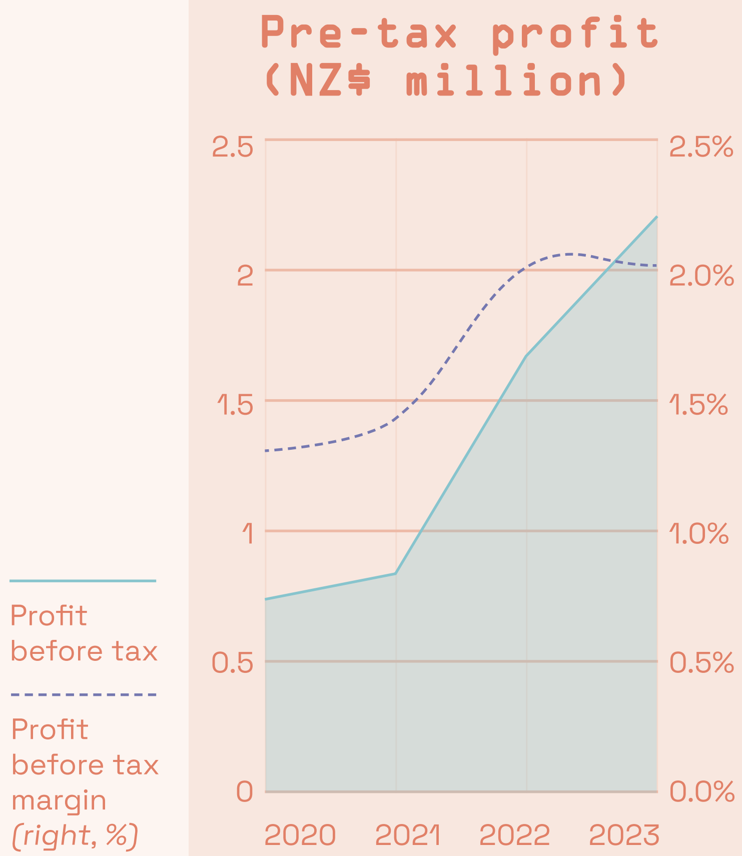


Figure 05 Rasier financial statements



... but pre-tax profit accounts for only 1-2%.

These fees account for 91 percent of Rasier NZ's reported revenue in 2023 and have consistently accounted for over 80 percent of reported revenue over the last four years. There's next to no information on what they are for, except that we know they are paid to another Uber subsidiary.[101]

Estimating NZ gross booking revenue

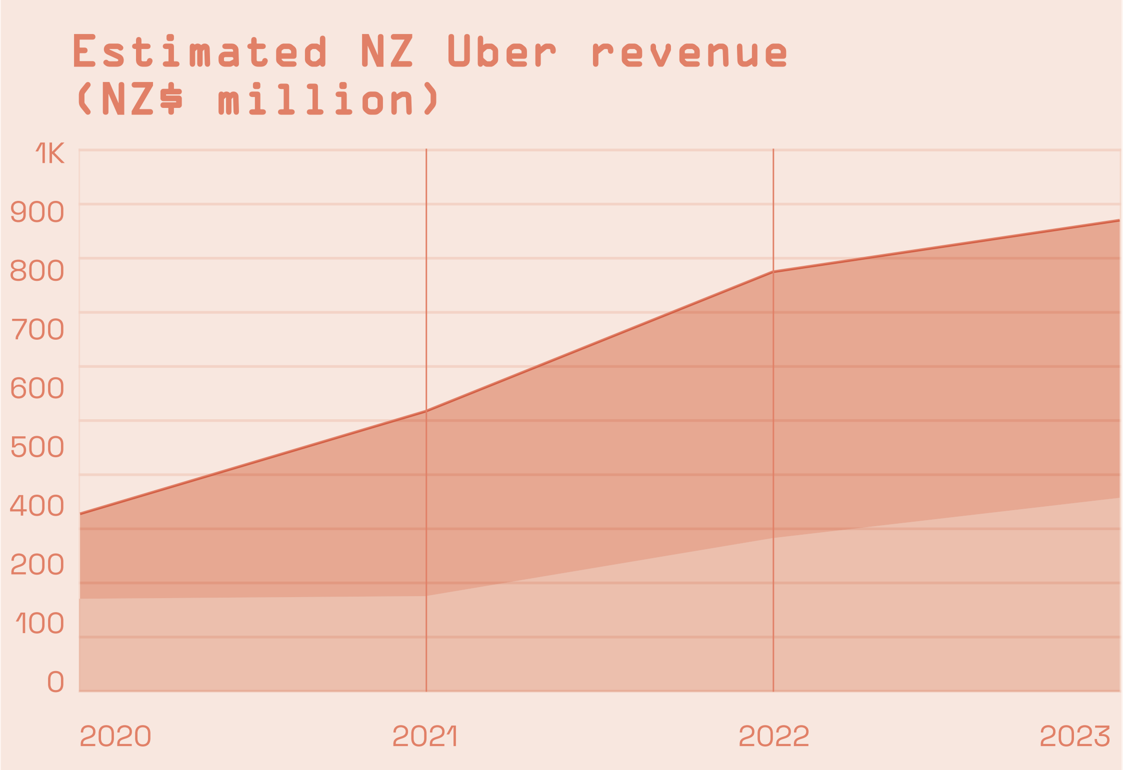
Rasier NZ's revenue figures make more sense when we recall that "revenue" means "the fee the Company expects to receive in exchange for the Company providing the service to Driver Partners"[102] or service fee revenue. Just like their ultimate parent, Rasier and Portier NZ's accounts both advise that "end-users are not the Company's customers", and that the company "has no performance obligation to end-users" but that a "contract exists between the Company and a Driver Partner", and under that contract the Company's "sole performance obligation in the transaction… is to connect Driver Partners with end-users".[103]

Those intercompany services fees are the service fees charged to the driver partner. Uber's website states that while service fees can vary from trip to trip, its "goal is to keep the service fee as close to 25% as possible."[104] In New Zealand its service fee has been 28 percent since at least December 2018. If service fees charged to drivers are roughly 28 percent of the fare, then we estimate that gross booking revenue for Rasier NZ (i.e. Uber's NZ rideshare operations) would have been $356 million in 2023, making it the 123rd largest business in the country that year.[105] The difference between this estimated gross booking revenue and the service fee revenue reported by Rasier is substantial – an estimated $246.5 million. This would include the cost of fuel, vehicle usage (either finance cost or maintenance costs and depreciation) insurance, mobile data and other costs, while whatever is left over is effectively labour remuneration. We think this figure is likely a more accurate account of the "cost of providing services" than the $321,107 mentioned in Rasier NZ's 2023 accounts.

Portier NZ's financial statements are a little different to Rasier NZ's, because they include the cost that Uber pays food suppliers for the delivered goods within the "cost of providing services". "The company promises delivery services to Merchant Partners and Eaters for a fee, and separately subcontracts with Delivery Partners to provide such delivery services."[106] Both Portier's reported revenue - $255.3 million - and its cost of providing services - $152.2 million - are significantly larger than that reported by Portier, but using the intercompany service fees of $100.5 million we can undertake a similar analysis to Rasier above.

	Reported revenue	Intercompany service fees (28%)	Estimated gross booking revenue
Rasier NZ	$109.9m	$99.7m	$356m
Portier NZ	$255.3m	$100.5m	$511.1m
Uber NZ *(Rasier and Portier NZ combined)*	**$365m**	**$200.2m**	**$867.1m**

Figure 06 Rasier and Portier financial statements



Based on this calculation estimated delivery costs could have reached $358.9 million in 2023, which, when added to the $152.2 million in food costs (the "cost of providing services") brings Portier NZ's estimated gross booking revenue to $511.1 million. Adding this number to Rasier NZ's estimated $356 million brings Uber's estimated gross booking revenue to a total of $867.1 million, substantially larger than the combined $365 million reported by Rasier and Portier NZ. Based on this calculation, Uber NZ would have been the 61st largest company in NZ in 2023, similar in size, for example, to national grid operator Transpower ($913m).[107]

Intercompany service fees as domestic profits

Rasier and Portier NZ's 2023 financial statements list $200.2 million in "intercompany service fees", which accounts for some 23 percent of the total estimated revenue above. No further detail is provided on what happens to these feed. Based on the foregoing analysis that Uber has likely shifted its intellectual property assets to a Delaware intellectual property holding company, it seems reasonable to assume that these fees are also being transferred to Delaware, although we cannot confirm which subsidiary it is. Without these transactions, Rasier and Portier NZ would have booked this income as profit and could have paid around $56m in corporate tax in 2023.[108]

There doesn't appear to be anything illegal about this practice. Regardless, this level of tax planning certainly isn't available to smaller domestic firms trying to break into the transport sector. Where the misclassification of the employment relationship undermines workers' wages and rights, the misclassification of the profits that appear to be generated by Rasier and Portier NZ as intercompany services fees undermines public revenue collection and decent public services. This limited tax liability represents a clear competitive advantage for the company.

Costing Uber's tax planning

Budget 2025 highlighted the challenges of funding an advanced economy with growing health and superannuation costs. Much criticism has been levelled at changes to the pay equity regime, which unions say will reduce women's incomes $12.8 billion over the next four years. Budget documents forecast a half a billion dollar decline in corporate tax receipts in 2025.[109]

Rasier and Portier NZ incurred an income tax expense of only $1.2 million in 2023 off less than $5 million in reported pre-tax profits. Together these companies report service fee revenue of $365 million, but we estimate total revenue could be closer to $867 million. $200.2 million of this – some 23 percent – now appears to be transferred to a Delaware-incorporated IP holding company in "intercompany service fees", even though it derives from economic activity that has taken place in New Zealand. Uber's misclassification of profit - the fact it's able to book NZ profits in Delaware - presents a serious challenge to regulators.

To generate revenue, Uber relies on massive and sustained public investment in infrastructure like highways, roads and bridges. It also relies on taxpayer-funded public services, in the health, education, welfare and justice sectors (to name a few). Many drivers also receive various forms of income support. Another $56 million (and rising) in the coffers a year could have made a meaningful contribution towards delivering these services and infrastructure. Alternatively, it could have funded the reintroduction of free or heavily-subsidised public transport for those aged 5-15. That policy was implemented by the previous government as a cost-of-living response to rising transport costs and was ended in March 2024 by the coalition government. This kind of an investment in public services would not only help children get to school – a key government objective – but would take thousands of private cars off the road every school day.

The recent decision to ditch the proposed Digital Services Tax will further impact tax revenue. The DST would have been imposed at a rate of 3% on digital services revenues connected to New Zealander users and was estimated to net NZ$479 million over a four-year forecast period,[110] or roughly $120 million a year. A 3 percent levy on Uber's intercompany service fees revenue ($200.2 million in 2023), would have netted the Government another $6 million a year in 2023, while a broader digital tax based on Uber's gross booking revenue would likely be closer to $30 million a year.

Finally, it is unclear whether these intercompany service fees are subject to non-resident withholding tax applied to royalties. In the context of digital services, a royalty is a payment made for the use of an intellectual property right. We cannot see this on the NZ reporting, but it may appear on other reporting in other jurisdictions (although the filings for these subsidiaries do not appear to be publicly available). NZ currently levies non-resident withholding taxes on royalties paid to the US at a rate of 5% (but 10% on royalties paid to the Netherlands). Applying this to the $200.2 million in intercompany service fees paid in 2023 would net the NZ government an additional $10 million in tax revenue that year.[111]

Vying for influence

Uber is well-connected in pro-market lobby groups and thinktanks in New Zealand.

Uber is, for example, a member of The New Zealand Initiative,[112] which describes itself as a "business-backed research organisation, but not lobby group" that brings "a pro-market perspective to policy debates without pushing specific industries or companies' interests."[113] Finance Minister Nicola Willis is a former Director of the Initiative,[114] and Prime Minister Christopher Luxon's Chief Policy Advisor Matt Burgess is a former Initiative senior economist.[115]

A 3 April 2025 tweet from the Initiative showed Workplace Relations and Safety Minister Brooke van Velden at a session at an Initiative "retreat" discussing "how a freer labour market and smaller government approach could transform workplace relations and drive NZ's productivity forward".[116]

The Taxpayers Union (TPU) does not list corporate members but appears to have taken a keen interest in issues of concern for Uber. In 2017 they published a report arguing that using rideshare services could save the taxpayer $3.3 million a year.[117] Former Finance Minister Ruth Richardson, who slashed social spending and deregulated the labour market, has just been announced as the TPU's new chairperson.[118]

A slew of TPU media releases appear to promote the Uber business model. A July 2024 release noted that "[s]ervices like Uber offer drivers the ability to be their own boss",[119] while a release following the Court of Appeal's decision called on the Government to "act quickly to reaffirm freedom of contract so that drivers maintain the ability to effectively be their own boss – choosing when and where to work, for how long, and which rides to accept and refuse."[120]

The TPU has been similarly critical of the idea of a Digital Services Tax, arguing against unilateral measures in an August 2023 release that notes "[m]ost of the firms targeted under this proposal would be large US-owned firms, a country which had not been afraid to use protectionist measures against New Zealand in recent history."[121] When the DST was scrapped the TPU declared that Revenue Minister "Simon Watts Is A Taxpayer Hero (For Now)".[122]

Ministerial diaries shows that Minister Van Velden has on separate occasions met with the NZ Taxpayers Union,[123] Uber,[124] and the NZ Initiative.[125]

In May 2025 it was reported that the NZ Treasury were considering a deal with Uber or another ride-share service "to support a ride-share initiative designed to deliver convenient, cost-effective, and environmentally sustainable transport solutions for Treasury staff within Wellington".[126] In the article, Taxpayers Union spokesperson James Ross notes that there needed to be "a broader procurement overhaul across the public sector to ensure taxpayers are getting bang for buck."[127]

Conclusion

"The group has received many submissions about international taxation and the tax practices of multinational companies and digital firms. It is clear from the submissions that many people feel a deep sense of unfairness about the way in which the tax system deals with these firms. This is a worrying phenomenon: perceptions of unfairness have the potential to erode public support for the tax system as a whole."

Tax Working Group, 2019[128]

The Supreme Court's decision will be watched closely by businesses and unions alike. It's potential impact is bigger than just the NZ private transport market. If the Uber model can be sustained there, it can likely be extended into other sectors. Uber itself is expanding into retail delivery and health transport. If we accept the ultra-flexible labour model in the private transport market, then why not allow rideshare bus drivers or ambulances? Labour hire services are already common in some higher risk sectors like logistics, construction, and manufacturing, butt hese relationships are much more clearly defined than the kind of independent contractor relationship envisioned by the platform economy. Uber-ising high risk sectors carries extraordinary risks to human safety.

The decision may also have broader implications. If the Supreme Court rejects the classification of the 'driver as consumer' and find Uber and its NZ subsidiaries to be employers, there may be pressure on Uber to reflect this in financial reporting. We estimated 2023 gross booking revenue to be $867 million. 23 percent of that – 200.2 million – was paid to related parties as "intercompany services fees", presumably to a Delaware IP holding company where its intellectual property is now held. That year Rasier and Portier incurred a corporate income tax expense of just $1.2 million.

Pressure is building on the company in other jurisdictions, with two different studies published in recent weeks noting that recent opaque algorithm changes appear to have substantially increasing the company's margins in both the UK[129] and the US.[130] This may, ironically, have the effect of bringing service fee income more closely into line with gross booking income, but clarifying this requires detailed investigative work, and information can be difficult to come by. As this report has shown the consolidation of Uber's intellectual property in Delaware appears to have reduced transparency. With 2024 reporting for Rasier and Portier NZ yet to be published on the Companies Register at the time of writing, we urge Uber to begin reporting its gross booking revenue in future Rasier and Portier NZ financial statements.

The digital challenge

Taxing digital firms with complicated multinational structures remains a crucial global challenge. The latest accounts for the NZ subsidiaries of Google, Amazon, Facebook and Tesla reported just $8 million in combined tax expense, despite combined annual revenues of $3 billion.[131] Google NZ's 2024 accounts note a billion dollars in related party service fees, but only $87 million is booked as revenue.[132] Netflix doesn't even report results in New Zealand, despite hundreds of millions in estimated revenue from NZ consumers.[133]

Dropping the Digital Service Tax may have addressed broader geopolitical tension but has not addressed the revenue and fairness problems created by letting digital companies operate outside of the mainstream tax system. While global tax cooperation is of crucial importance in tackling both global and domestic issues, leadership remains unclear, evidenced by the recent decision in which the US agrees to drop proposed retaliatory provisions in exchange for an exemption from key parts of the OECD global tax agreement.[134] Regardless, if digital service delivery remains an escape route from the regulation and taxation, firms will increasingly be incentivised to restructure their business models to take advantage of this.

NZ is particularly lucky to have a strong corporate tax transparency ally in the region. For more than a decade, Australia has required annual reporting of corporate tax payments by large companies, and tools like the Diverted Profits Tax, for example, may have compelled Uber to report revenue on the basis of gross bookings rather than service fees (and made Netflix report results at all). Last year the Australian government passed world-beating public country-by-country reporting rules, that will require companies with global annual revenue of A$1billion and domestic revenue over A$10 million to report the revenues and profits of subsidiaries in a list of 41 countries and financial centres that "are typically associated with tax incentives, tax secrecy and other matters likely to facilitate profit shifting activities".[135]

With pressure on public services reaching a boiling point, increasing transparency on corporate tax payments and transaction is an important objective that has been missing from the Government's agenda. Implementing similar transparency measures to our Australian counterparts could greatly strengthen Inland Revenue's ability to ensure digital firms pay their fair share and uphold their end of the social contract.

Our ability to effectively tax Uber represents an important bellwether in that regard.

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