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Dear Ellis,

**RE: Consultation Paper RBA Review of merchant card payment costs and surcharging – Submission**

Thank you for the opportunity to comment on the 15 July 2025 Merchant Payment Costs and Surcharging Consultation Paper. National Billing Group (NBG), which trades as CabFare is a boutique specialist Merchant Aggregator with a merchant account with an acquirer which is used to process debit and credit card payments for the underbanked sector of point-to-point transport services.

CabFare offers in vehicle payment solutions in this sector on both terminals and via tap to pay app on smart phones via an App developed specifically for the sector. We offer terminal services exclusively in Australia but operate the tap to pay app internationally in the USA.

Accordingly, we believe we are best positioned to provide commentary in relation to this sector compared to other submitters who have peripheral knowledge of the unique characteristics of the regulatory and business environment confronting point-to-point transport services, especially in relation to Q10 and Transparency of Merchant Fees in this industry.

To assist the RBA, we have set out at Attachment A the Structure of the Sector and the Regulatory requirements of 9 State and Territory Governments, and separate requirements of the Australian Taxation Office, and compliance with AUSTRAC's AML/KTF. Most of these elements are unique to this sector and are not faced by merchants in other industries.

We believe this information is important to assist the RBA frame messaging with respect to non-cash payments in the point-to-point transport services sector as part of its wider implementation to remove the RBA's current prohibition on 'no-surcharge' rules for debit, prepaid and credit cards for designated card schemes.

**RBA's Focus on Transparency in terms of Reform is Correct and Essential**

It is pleasing to note that the overwhelming thrust of the RBA's policy and regulatory reforms are premised on Transparency with an objective to deliver a more informed market reducing some of the information asymmetry that exists today. The asymmetry results from an industry structure where the interests of the Schemes, Card Issuers, and Acquirers are tightly coupled and for the most part dominated by a few very large players. It is further exacerbated when Scheme Rules are not only secret but as flagged by the RBA, run to 800+pages. In such an environment, the Merchant and Cardholder is entirely dependent on the regulator to represent their interests.

It is also essential that transparency is foremost if Australia is to operate with a payment system that promotes innovation, competition, and is managed in a cost efficient and effective manner by all actors. Relying on "trust me" assertions by large incumbents be they schemes, or card issuers/acquirers will always deliver sub optimal outcomes particularly in relation to innovation and competitive outcomes.

Turning to some of the specific matters raised by the RBA we address Questions 2,3,4,7,8,9,10,12,13,14 in this submission.

## RBA's Proposal Interchange Fees (Q2, Q3, Q4)

The PSB proposes the following actions on interchange:

1. Reduce interchange on domestic debit (and prepaid) card transactions to a weighted-average benchmark of 6 cents per transaction with a cap of 6 cents or 0.12 per cent of transaction value on individual interchange fees.
2. Reduce the cap on domestic credit card transactions to 0.3 per cent of transaction value and remove the weighted-average benchmark of 0.5 per cent.
3. Introduce a cap on foreign-issued card transactions acquired in Australia of 0.2 per cent of transaction value for *debit* and 0.4 per cent for *credit* for card-present transactions, and 1.15 per cent for *debit* and 1.5 per cent for *credit* for card-not-present transactions.
4. Amend the net compensation provisions to include international transactions and capture Australian issuers sponsored by overseas entities.

## NBG's General Comments on this Proposal.

In terms of domestic interchange fees, what is proposed falls well short of what could be delivered to small and medium merchants who carry the burden of interchange fees. The RBA fails to explain why small and medium merchants should cross subsidise large merchants. Competitive neutrality would contend that removing this anomaly and placing all merchants on a zero-interchange fee regime is a long overdue reform.

NBG does not support the continuation of interchange fees in any form especially in a highly mature card market.

The public benefits for maintaining "interchange Fees" are not demonstrated whilst the counterfactual of abolishing them (i.e. set them to Zero) delivers significant public benefit. The arguments advanced in the RBA paper to justify retaining interchange fees in the form proposed equally support setting the interchange fee to Zero for all cards, domestic or international, for all merchants.

A Zero interchange fee would go some way to limiting the impact on small/medium sized merchants having to increase costs to consumers to compensate for covering the impact of a no surcharging policy package.

It is instructive that the Payment System Participants that have argued most vociferously to prohibit merchants cost recovering via surcharges are the same parties that argue equally vociferously to maintain the status quo on interchange fees.

Eliminating interchange fees would be a positive contribution by the RBA to limiting potential CPI impacts resulting from the no surcharging policy implementation. This aligns with its wider monetary policy objectives so is a small but important lever that it can deliver on.

Arguably moving to a simple Zero fee will drive down the administrative costs in banks delivering savings they can apply to cover their interest free periods enjoyed by a small number of card holders. Further, we are confident that based on past form, they will be more than capable of identifying other sources of fees to keep their bottom line whole. It is instructive that in the past 12 months the CBA has increased fees on its basic no frills Mastercard by 22%.

### *Commercial Cards*

There is no compelling argument for Commercial Cards to be treated differently to other cards. This would not be an issue if all interchange fees are set to Zero.

### *International Card Interchange Fees:*

NBG supports reforms to lower International Card Interchange Fees particularly for in-store card present transactions and tokenised transactions.

### *3 party schemes*

We agree that 3 party schemes should be transitioned to Zero interchange fees especially as they will become part of the wider regulatory reforms arising from the wider Payment Systems Regulation Act reforms. Moving now makes sense. The 3 party schemes, like Amex do not have formal interchange fees embedded in their business model so their card holder members will not experience any significant price shock if interchange fees are altered.

This change will encourage more merchants to accept these cards if fees fall, increasing competition for the 4 party schemes and lessening cardholder friction points.

## NBG Response to Questions for consultation

**Q2:** *Do the proposed changes to interchange regulation promote the public interest by improving competition and efficiency in the payments system?*

### **NBG Response to Q2:**

- i The RBA's Proposed interchange fee caps for both Domestic Debit and Credit card transactions are too high to deliver any significant public benefit especially to small and medium merchants who carry the burden of existing excessive interchange fees. We have argued above that fees on both Debit and Credit cards can now be set at Zero in a highly mature card market in Australia.
- ii But if the RBA is pressured to retain some form of interchange fee, then the following would be a preferred policy outcome:
  - a All merchants, regardless of size, should face the same interchange fees.
  - b All cards, debit and credit, should be on the same interchange fee.
  - c All domestic and commercial card interchange fees should be on the same interchange fee
  - d The RBA should set a flat fee of \$0.01 per transaction for in-store (including tokenised) and card not present tokenised transactions.
  - e There is no justification for ad valorem interchange fees for in store (including tokenised) and card not present tokenised transactions undertaken on domestic and commercial card transactions.
  - f Higher fees should be considered for card not present transactions which are not tokenised to fund any higher risk burden.
  - g The interchange fees on commercial cards should be aligned with all domestic cards.
  - h The RBA's proposed reforms on International Cards are supported offering a reasonable compromise.

**Q3:** *Are there further considerations for smaller issuers that the RBA should take into account to enhance competition and efficiency in the payments system?*

### **NBG Response to Q3:**

- i We have detailed above that there is no case to continue to allow large Merchants to face a Zero interchange fee regime whilst small/medium do the heavy lifting on funding cardholder benefits.
- ii Tokenised payments should not be subject to higher fees unless it can be demonstrated that this type of transaction carries a higher risk profile than other payment methods.

- iii Weighted average mechanisms can mask higher fees being levied on these transactions particularly tokenised in store. Small and Medium merchants, where convenience and friction free customer service is foremost, led the consumer adoption of tokenised payment mechanisms. A zero or flat fee of \$0.01 per transaction achieves that outcome.
- iv A Zero interchange fee would go some way to limiting the impact on small/medium sized merchants of “no surcharging”.
- v A Zero interchange fee would limit the likelihood of small/medium sized merchants increasing prices to consumers to offset the impact of the proposed no surcharging policy package.

**Q4:** *Do the proposed changes to the net compensation provisions effectively achieve the RBA’s objectives and promote the public interest? Will Australian issuers sponsored by overseas entities be able to comply with the changes?*

**NBG Response to Q4:**

NBG agrees with the RBA’s proposal. It should plug any regulatory lacuna and limit the ability of indirect issuer participants, sponsored by overseas entities, to engage in regulatory gaming and regulatory bypass.

## RBA's Proposal Transparency of Scheme Fees (Q7 & Q8)

The PSB proposes that the RBA set an expectation that scheme fees should not rise without clear explanation.

### Questions for consultation

**Q7:** *Does the proposed expectation on scheme fees achieve the RBA's objectives of competition and efficiency in the payments system?*

#### NBG Response to Q7:

The RBA is proposing a soft power model of regulatory intervention. Whether that can be effective with the Schemes is moot.

The schemes repeatedly argue that they have been the “white hot crucible” of innovation in payments. The reality is that they have been the followers standing on the innovation shoulders of others. The obvious recent example is tokenised transactions and tap to pay on smart phones. This did not arise within the schemes but arose from technology companies who delivered ApplyPay, Samsung Pay, and GooglePay. These were all outside the established ecosystem of payments. As history has demonstrated, the schemes and many of their members in Australia have proven to be reluctant adopters of technology change.

At present VISA's posture with respect to the RBA's soft power suggests that “Regulatory Capture” has occurred. As its December 2024 submission states that *“As an entity regulated by the RBA, Visa has a close relationship with the Bank and regularly shares information, including related to pricing. We are committed to a constructive relationship with the RBA”*<sup>1</sup>.

**It is therefore unlikely that competition and efficiency in the payment system will emerge with soft power moral suasion alone, and instead will require clear regulatory settings, enforceable obligations, and active oversight by the RBA.**

**Q8:** *Should the PSB consider further regulatory measures in relation to the level of scheme fees to promote competition and efficiency in the payments system?*

#### NBG Response to Q8:

It is instructive that Visa argued in its original submission to the RBA that it is not minded to opening itself to greater scrutiny arguing everything is commercially sensitive.

*“While Visa is committed to transparency across our business, broad disclosure mandates –particularly in the area of pricing – can give rise to significant competitive concerns.”* They went on *“Despite the complexity and the numerous participants and fee schedules involved, the potential for reverse engineering specific scheme fee price points and the rebates received by individual issuers and acquirers remains significant. As a result, competitors and other ecosystem participants with sufficient market knowledge and analytical capabilities could deconstruct aggregate data to derive insights into our pricing strategies and rebate structures”*<sup>2</sup>

Visa's arguments are commonplace amongst monopolists in the same vein as claims that they welcome competition. The RBA's goal of promoting competition and efficiency will not be achieved unless the two dominant players in this structured oligopoly are required to provide greater transparency and accountability on their fees. It will be key to driving efficiencies in their operation and technology.

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<sup>1</sup> Page 20 Visa Submission to the RBA dated 3 Dec 2024.

<sup>2</sup> Page 21 VISA Submission to the RBA dated 3 Dec 2024

There has been a historical pattern to create complexity rather than simplicity in the industry by Card Issuers and Schemes. It almost borders on the “if you can’t convince, then confuse” paradigm. Making something complex is a tool of control and enables hiding the systemic inefficiencies.

At present Visa believes that it is adequate to share fees with a very limited group *“our scheme fees are already available to network participants, including issuers and acquirers, via Visa Online and our billing portal”*<sup>3</sup>. That is a very narrow cohort and all of them share a mutual dependency. This position excludes Merchants and Cardholders and consumer groups.

VISA’s position on transparency on Scheme Fees is in stark contrast to its position on Surcharging. They oppose Surcharging on the basis that it *“has negative impact on both consumers and merchants. Specifically, surcharging reduces transparency of the costs”*<sup>4</sup>. Obviously, transparency is not a two-way street in terms of its Scheme fees as far as card holders or merchants are concerned. It is perverse that schemes like Visa argue for the removal of surcharging by merchants which provides a mechanism for transparency of fees to the market, while at the same time it’s Visa which argues that they cannot be transparent about their fees for commercially sensitive reasons.

**NBG’s proposition is that:**

**The PSB must consider further regulatory measures if it is serious in achieving an outcome that delivers a more efficient, competitive, and innovative payment system in Australia.**

A more proactive and interventionary approach is required from the RBA if it wishes to achieve two objectives. Namely increasing transparency in the system and limiting increases in Scheme Fees. Relying on “soft power” alone will fail to deliver the necessary outcome. Twenty-Five years of “soft Power” has delivered the position the market faces today. If Australian Merchants are giving the Scheme’s their desired outcome of “No Surcharging” then the Schemes need to pay a higher price for the benefits they believe it will deliver to them. A dramatic lowering of Scheme Fees, particularly for Acquirers, is needed. That in turn can be passed through to merchants offsetting price increases as merchants transition to no surcharging.

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<sup>3</sup> Page 25 VISA Submission to the RBA dated 3 Dec 2024

<sup>4</sup> Page 29 VISA Submission to the RBA dated 3 Dec 2024

## RBA's Proposal Transparency of Merchant Fees (Q9 & Q10)

The PSB proposes the following actions to improve the transparency of merchant service fees:

1. Require acquirers that process more than \$10 billion in card payments annually to publish their merchants' average costs of acceptance, broken down by merchant size and card type on a quarterly basis on their website (see Appendix D: Draft Standards).
2. Amend requirements for acquirers' cost of acceptance reporting on merchant statements to include (in addition to a breakdown of fees by card network) a breakdown of domestic and international transactions (see Appendix D: Draft Standards).

### Questions for consultation

**Q9:** *Does the proposed requirement for acquirers to publish their merchants' cost of acceptance enhance competition and efficiency by helping merchants search for a better plan? In particular, the RBA welcomes feedback on:*

- *whether the size threshold for acquirers is appropriate*
- *whether the category breakdowns (merchant size and card type) are likely to be useful to merchants without compromising commercial sensitivity*
- *whether the quarterly frequency of publication is appropriate*
- *what an appropriate implementation timeline would be.*

#### NBG Response to Q9

*The threshold of Acquirer size and category of breakdowns proposed is appropriate as this will highlight the divide in the cost of acceptance of large merchants and others. Ideally it will enable questioning of "special arrangements" with large merchants by the competition regulator.*

*Quarterly publication is not excessive and aligns with other published key economic data from the Australian Bureau of Statistics providing analysts with another data point to assess firm and industry performance. The figures should be provided to Merchants by the 15<sup>th</sup> day of the month following a quarters end.*

*For Merchants, aside from stimulating switching behaviour, it will enable Merchants, particularly small/medium merchants to assess whether their selling price of goods is adequately set to ensure full cost recovery of surcharging from customers.*

*The existing implementation timeframe is for the No Surcharging policy to take effect on 1 July 2026. Accordingly, the first reporting period should cover the period 1 July 2026 to 30 September 2026 with reports being available by 15 October 2025.*

**Q10:** *Does the proposal to amend the cost of acceptance reporting on merchant statements to include a breakdown for domestic and international cards promote competition by helping merchants receive more information about the fees they pay? Is there a public interest case to exempt taxi fares from this requirement?*

#### NBG Response to Q10

*Including a breakdown for domestic and international cards promotes competition by helping merchants receive more information about the fees they pay?*

*In certain industries it will better inform merchants by identifying the impact of international cards on their fee cost base enabling weighting adjusted product pricing to ensure full cost recovery. For in-store*

transactions, it will provide “post factum” information potentially to develop location or product-based pricing models to recover higher costs from international cards. That will take sophisticated analytic tools and thinking beyond the reach or capabilities of most small/medium merchants. For this group they will continue to blend these cards into higher prices for all customers irrespective of payment type or card type.

Availability of this information may over time promote switching behaviour by some Merchants as acquirers or payment facilitators emerge offering specialist services for different sectors that may provide analytic tools for merchants. For most merchants they will be led to switching by a third party contacting them and seeking their business. That is churning behaviour, unlike in consumer markets, is likely to be driven by external factors and marketing.

### Is there a public interest case to exempt taxi fares from this requirement?

As stated at the beginning of this response NBG, which trades as CabFare is a boutique specialist Merchant Aggregator with a merchant account with an acquirer which is used to process debit and credit card payments for the underbanked sector of point-to-point transport services. NBG is one of only 4 parties in Australia able to meet the very specific regulatory requirements for processing payment in this industry.

CabFare offers in-vehicle payment solutions in this sector on both terminals and via tap to pay app on smart phones, developed specifically for the sector. We offer terminal services exclusively in Australia but operate the tap to pay app internationally including in the USA.

To assist the RBA and to correct much disinformation and the misleading statements by some commentators and advocates, we are providing the PSB an overview of this complex industry including its payment arrangements and how they operate. This is set out at Attachment A

### Who is the Merchant that processes Card Payments Instruments in Taxis?

- i None of the taxi drivers, or the taxi operators or the taxi booking service providers are the Merchant providing the card payment service in a Taxi. They are Sponsored Merchants of a Merchant Aggregator.
- ii Accordingly, these parties have zero exposure to the various Merchant Service Fees charged by acquirers.
- iii The only party incurring Merchant Service Fees costs is the party providing a noncash payment service in a taxi. That is the Merchant Aggregator.
- iv This noncash payment service is a separate service to the provision of point-to-point transport by the Taxi. Accordingly, the Passenger is charged separately by the Merchant Aggregator as a Service Fee. This is described by regulators of taxis as a non-cash payment surcharge. (See Attachment A for more detail)
- v A standard retail EFTPOS machine from an acquirer does not meet any of the requirements set by the ATO or State Regulators for the Taxi Industry, nor does it satisfy the obligations under the Australian Consumer Law, as outlined by IPART and detailed in Attachment A.
- vi Under these arrangements the Merchant Aggregator is the market facing merchant who delivers on the requirements of the ATO and State Regulators. This requires specialist extra functionality on the EFTPOS machine and back-office systems.
- vii The quantum of the service fee paid by passengers on all card payments for taxi fares are set by State pricing regulators using cost-based methodologies used across other regulated industries.
- viii The regulated service fee on card payments for taxi fares funds the services delivered by the Merchant Aggregator and is not a card surcharge as commonly understood in the wider card payment industry. This is a point of nomenclature confusion that the RBA needs to be aware of in implementing its reforms to deliver the No Surcharging policy package

We believe this information is important to assist the RBA frame its messaging with respect to non-cash payments in the point-to-point transport services sector. *Unless the RBA makes it clear that the non cash*



payment surcharge service fees for card payments will continue to apply in Taxis after the no surcharge reforms come into operation, there is a real risk of disputes between Taxi Drivers and Passengers, particularly at late night endangering the driver and passenger safety.

**Accordingly, Clause 2.7 of Standard No 3 needs to remain to ensure that the State and Territory regulatory framework for Taxis is kept whole.**

# Policy Options and Proposed Implementation Timeline

## Questions for consultation

**Q12:** *Does the PSB's preferred package meet its objectives of competition, efficiency and safety in the payments system? Are there any variations to the package that the PSB should consider that would yield higher net public benefits? Is there any additional evidence that the RBA should consider before finalising its decision?*

**NBG Response:**

The policy package could be enhanced by:

Either reducing Interchange Fees to Zero (our preferred option)

or

To a flat postage stamp fee of \$0.01 per transaction irrespective of transaction size or card type.

Having a more proactive approach from the RBA in terms of increasing transparency and driving down the costs of Scheme Fees and not relying on "soft power" to influence Scheme behaviour is critical to delivering the outcomes the RBA is seeking. Twenty-Five years of "soft Power" has delivered the position the market faces today. If Australian Merchants are giving the Schemes their desired outcome of reintroducing "No Surcharging" rules to the Australian market.

Accordingly, the Schemes need to pay for the benefits the Schemes believe No Surcharging rules will deliver to them. This can only be achieved with a significant reduction in the Scheme Fees faced by Acquirers. In turn these can be passed through to merchants and all consumers.

**Q13:** What is your feedback on the proposed implementation timeline for these reforms?

**NBG Response:**

If these reforms proceed, there must be a clear information campaign beforehand to explain to both merchants and cardholders exactly what is changing.

The challenge for the RBA and the ACCC will be ensuring that Schemes, Card Issuers, and Acquirers do deliver what is promised and not misrepresent to cardholders and merchants what the changes mean.

**Q14:** *Do the draft standards in Appendix D achieve the intended policy objectives? Are there factors that have not been properly addressed or considered in the drafting of the proposed standards?*

**NBG Response:**

We have addressed the specific issue raised by the RBA with respect to Taxis.

We are available to discuss in further detail any of the matters we have raised in this submission especially in relation to card payments in the Taxi Industry and the wider point-to-point transport services.

Kind regards

**David R Hamilton**  
**Chief Strategy Officer**  
**National Billing Group**  
27 August 2025

## A Deep Dive into Taxi and For Hire Car Industry Structure and Regulation

The Structure of this industry sector is underpinned by the Regulatory requirements of 9 State and Territory Governments, and the separate requirements of the Australian Taxation Office, including compliance with AUSTRAC's AML/KTF. This makes its card processing requirements significantly different to all other industries.

### Commercial Passenger Vehicle Industry Structure:

Broadly this industry is divided into two classes of service delivery - "Taxi Services" and "For Hire Vehicles". The latter group encompasses ride sharing services (e.g. Uber) limousine/hire car services and chartered private minibuses. The "For Hire Vehicles" can only take passengers who have pre-booked the journey and are prohibited from accepting jobs on the street or at a rank. There may be a pickup zone at some private designated areas such as Airports to facilitate passengers identifying the correct car.

Taxi Services are defined by State Regulations which apply a requirement that there is a fare calculation device installed (aka a meter) in the vehicle. This sets the price paid by a passenger at the end of the trip and allows adjustment for additional services, tolls incurred, and special government industry fees levied on passengers on a postage stamp basis.

Taxi services cannot charge more than the metered fare but are able to offer a pre negotiated discount.

Taxi Services can accept not only pre bookings but also pick up passengers on the street at a rank or via a hail. As stated above Uber type vehicles cannot.

### Commercial Passenger Vehicle Industry State and Territory Regulatory Structures:

There are 9 separate sets of regulations covering the Commercial Passenger Vehicle industry. Whilst there are similarities, each has some unique features. Each regulator is responsible for licensing and enforcement of both Taxi and For Hire Services, in particular driver and operator and booking operator performance

For Taxi Services, the States regulations define variously how fares are to be paid (e.g. require that drivers offer in-taxi car payment facilities), the components that constitute the fare (i.e. the Fare Box), and in certain jurisdictions the details to be on the receipt provided to a passenger.

*Price Regulation of the Fare Box:* Each State has its own independent pricing regulation mechanism. (e.g. NSW uses its Independent Regulation and Pricing Tribunal (IPART), Victoria uses the State's Essential Services Commission (ESC), QLD uses Department of Transport & Main Roads (DTMR)).

These regulators determine the components of the fare box and review it annually or biannually.

The Fare Box does NOT include any provision for cost recovering Merchant Service Fees that are the subject of this review by the RBA.

So, whilst requiring the driver to offer card payment services and to provide a compliant receipt for a journey, there is no provision to cover Merchant Service Fees in the Fare Box.

### Non-Cash Surcharging Regulation in Taxis by State Governments

Separately, State Pricing Regulators (IPART, ESC etc) have been legislated to set the fees to be paid by a passenger when paying with a non-cash method in a Taxi.

These bodies undertake a building block analysis of the costs to process non-cash transactions in this industry biannually. The most recent IPART review was undertaken in June 2025 and the ESC review in August 2024. IPART set the fee at 5% (GST Inc) and the ESC at 4% (GST Inc). Interestingly these fees (ex GST align with the Boston Consulting Group study of the total cost of acceptance for small and medium

sized merchants in Australia of 3.6% to 4.5% (ex GST)<sup>5</sup>. This indicates that the IPART and ESC pricing tools are delivering a valid outcome for consumers based on the costs incurred by the Merchant Aggregator providing the merchant services in Taxis.

### Receipting Requirements in Taxis.

The receipt requirements for a card payment in Taxis vary across Australia. In NSW at present there is no requirement but in its June 2025 determination, IPART recommended to the Minister that its receipts in NSW should be brought into line with some other jurisdictions in order to reduce the complaints and allegations of overcharging on taxi fares, particularly at Sydney Airport.

At present in NSW, it is legal for a driver to provide a standard retail EFTPOS receipt. Unfortunately, these receipts are inadequate to investigate passenger complaints and support investigations and to manage chargebacks, as there is no detailed trip evidence. Further, the ABN on the receipt is frequently that of another entity (e.g. recently the ATO identified that the use of the Bunnings ABN was often used by Sydney Taxi Drivers using “standard retail” EFTPOS services).

In other States, standard retail EFTPOS receipts do not meet State regulators requirements. Separately, Australia wide EFTPOS receipts do not meet the Australian Taxation Offices’ (ATO) specific requirements for Taxi and Hire Vehicle receipts.

Separately Australian Consumer Law requires sufficient information on the receipt/tax invoice for a consumer to be able to understand the elements that have given rise to a fee/charge. A standard EFTPOS receipt in a Taxi or Limousine fails that test.

### What is required on a Taxi Receipt:

To assist, the following detail has been set out by IPART in its most recent determination<sup>6</sup>. This will align it with Australian Consumer Law, ATO requirements, and other States regulations. The receipt requirements involve:

A Digital or paper receipts provided at the conclusion of any rank or hail taxi service which clearly itemises all applicable cost components for the trip’s fare, including:

- a. The metered fare
- b. Road tolls
- c. Extras, such as the Sydney Airport Ground Transport Access Fee
- d. Passenger Service Levy
- e. GST
- f. Any non-cash payment surcharges

For all taxi service (including booked) to clearly provide the following driver/vehicle identifications:

- g. Taxi service provider
- h. Taxi service provider’s contact number or website
- i. Taxi plate number
- j. Driver ID

### The Australian Taxation Offices’(ATO) Position on the services being provided:

The ATO’s GST rulings on the provision of Card Payment services are clear. The ATO views that there are two distinct services b delivered in a taxi both of which are separately subject to GST. These are:

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<sup>5</sup> Boston Consulting Group Sam Stewart, Jean Dobbeni, Federico Folch White Paper “*The Hidden Cost of Cash and the True Cost of Electronic Payments in Australia, Europe, New Zealand and the UK – Addendum*” at Page 10 **Exhibit C(i) - Cost of acceptance by merchant size (in-store use case) - Australia & New Zealand**

<sup>6</sup> Page 61 to 63 IPART Maximum fares for rank and hail taxi services from 1 July 2025 published May 2025

- i. The service of transporting a passenger from Point A to Point B. This is the fare calculated on the meter based on the regulated Fare Box.
- ii. The Second discrete service is that of receiving the payment of the fare by Card Payment. This is also subject to GST and is the fee regulated by the State Pricing regulators as a Non-Cash Surcharge.

#### *Regulation of Fares in For Hire Vehicles (i.e. Uber and Limousines)*

These fares are unregulated and are already covered by the ACCC/RBA regulatory framework on surcharging. Accordingly, they will simply transition to the new arrangements when they come into force on 1 July 2026 when fares are paid by card in a vehicle or on an account.

### Payment Instruments processed in Taxis

Aside from Four Party Scheme cards and Three-Party cards (AMEX etc) there is a significant volume of fares processed outside the PSB's regulatory regime. This covers "Cabcharge" cards and vouchers as well as State and Territory subsidy schemes for disability and non-emergency medical transport. This latter group involves a co-payment arrangement with part payment by a Government issued card, processed over an industry specific EFTPOS Terminal or via an App, with the balance taken from the rider in cash or on the same payment terminal using their scheme card as a separate transaction.

#### In summary:

- i None of the taxi driver, or the taxi operators or the taxi booking service providers are the Merchant providing the card payment service in a Taxi. They are Sponsored Merchants of a Merchant Aggregator.
- ii Accordingly, these parties have zero exposure to the various Merchant Service Fees charged by acquirers.
- iii The only party incurring Merchant Service Fees costs is the party providing a noncash payment service in a taxi. That is the Merchant Aggregator.
- iv This noncash payment service is a separate service to the provision of point-to-point transport by the Taxi. Accordingly, the Passenger is charged separately by the Merchant Aggregator as a Service Fee. This is described by regulators of taxis as a non-cash payment surcharge. (See Attachment A for more detail)
- v A standard retail EFTPOS machine from an acquirer does not meet any of the requirements set by the ATO or State Regulators for the Taxi Industry, nor does it satisfy the obligations under the Australian Consumer Law, as outlined by IPART and detailed in Attachment A.
- vi Under these arrangements the Merchant Aggregator is the market facing merchant who delivers on the requirements of the ATO and State Regulators. This requires specialist extra functionality on the EFTPOS machine and back-office systems.
- vii The quantum of the service fee paid by passengers on all card payments for taxi fares are set by State pricing regulators using cost-based methodologies used across other regulated industries.
- viii The regulated service fee on card payments for taxi fares funds the services delivered by the Merchant Aggregator and is not a card surcharge as commonly understood in the wider card payment industry. This is a point of nomenclature confusion that the RBA needs to be aware of in implementing its reforms to deliver the No Surcharging policy package