

Why Uber deserves to lose its London licence

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Sadiq Khan, who I have known since we were on the same school governing body many years ago, has said he will have Uber's licence removed in London in three weeks time. This may not happen of course: there is an appeals process. I think it should.

I should say I have never used Uber, on principle. If I need a cab in London there are black ones. Or better still, buses. And trains. But that's not my point. My objection is to the fact the Uber does not charge VAT by seeking to exploit the gig economy.

I do not believe anyone who uses Uber contracts with their driver. They book and pay through Uber. I think the driver works for Uber. But Uber says they are the agent of the driver who, they claim, contracts with the passenger..

This matter for VAT. I won't go through all the ramifications. Jolyon Maugham, who has made this an issue, and I discussed it some time ago. He has pursued it, and all credit to him for doing so. The difference between the two contractual positions is that if Uber supplies the service then VAT is charged on the fare. If the driver does, as Uber claims, then the driver charges VAT only if registered. No one can, I suggest, make enough as a Uber driver to require registration. The result is that VAT is almost invariably not paid. And that, in my opinion, is a deliberate market distortions by claiming contracts are not as they appear to the end customer in a way intended to arbitrage the tax system to secure a deliberate competitive advantage the company should not enjoy.

This issue has not been resolved in tax law as yet: it is my suggestion that a wise government would consider legislation on the issue. In the meantime the attitude that it reveals about Uber's approach to regulation suggests to me that it is not an appropriate organisation to hold a private hire licence in London, not least when, as a matter of fact, it claims it does not provide private hire at all, but its drivers do.