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June 2, 2017 3:22 p.m. Updated 06/02/2017

This time Lyft, not Uber, is accused of wage theft

Ride-hail rival accused of improperly charging sales tax on interstate trips and keeping the money

By

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The New York State sales tax and BCF surcharge are listed as "surcharge" deductions from the driver's pay on interstate trips—the exact same way they are listed on New York City to New York City trips.

This has been a bad couple of weeks for relations between ride-hail companies and their drivers.

Late last month Uber admitted that it had been underpaying New York City drivers for two and a half years—an admission that came nearly a year after the issue was first raised in a lawsuit by the New York City Taxi Workers Alliance.

And earlier this week, a different labor group accused Lyft of charging state sales tax on interstate trips and keeping the money, even though no tax is supposed to be charged for trips that end outside of New York. The group, along with Assembly member Robert Rodriguez, called on state Attorney General Eric Schneiderman to investigate.

There was, at least, a silver lining for Uber. After months of nearly nonstop bad news for the ride-hail giant, it's in the clear on this issue: Uber used to collect sales tax on interstate trips simply because its system was designed to include the fee. But the company turned over the money to the drivers, according to a person familiar with the matter.

It's not clear how much money is at stake in Lyft's practice of keeping the 8.875% surcharge on interstate fares, which is one reason the labor group wants the attorney general to investigate. But the group, the Independent Drivers Guild, pointed out that it has 16,000 members who drive for Lyft, and that the ride-hail service completed 60,000 trips per day in New York City, according to the most recent data from the Taxi and Limousine Commission.

"This is an egregious and deliberate tax scam that amounts to wage theft affecting thousands of our members," said Ryan Price, executive director of the guild, in a statement. "By disguising these pay deductions as state taxes, Lyft willfully deceived drivers in order to rob them of their earnings and further enrich the company." The guild, which is an affiliate of the Machinists Union, receives funding from Uber.

Lyft—a distant No. 2 behind Uber in the ride-hail market, but a consistent winner when it comes to public relations—denied that there was any scam. The company insisted that, on interstate trips, the surcharge was an administrative fee used to cover costs.

"There is no merit to this allegation," a spokesman said in a statement. "Our driver agreement lays out what commissions and fees apply to driving on the Lyft platform, and we've consistently abided by the agreement since entering the New York market in 2014."

A former TLC commissioner says that Lyft could be violating state consumer-protection laws as well as Federal Trade Commission laws regarding deceptive sales practices. "Conveniently calling a sales tax an administrative fee after the fact, without informing passengers what they are paying for, could be a violation of multiple state and federal consumer protection laws, for deceptive practices carrying steep civil fines," said Matthew Daus, a partner at Manhattan law firm Windels Marx, which has taxi industry clients.

A spokesman for Schneiderman said the attorney general's office was reviewing the guild's request.

Uber, for its part, has stopped adding the surcharge on interstate trips, one result of a new payment system that clearly breaks out its fares, fees and charges. According to the company, it was while working on the new system that Uber found it