NELP NATIONAL EMPLOYMENT LAW PROJECT

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Unpacking Uber & Lyft's Predatory 'Take Rates'

by Dan Ocampo

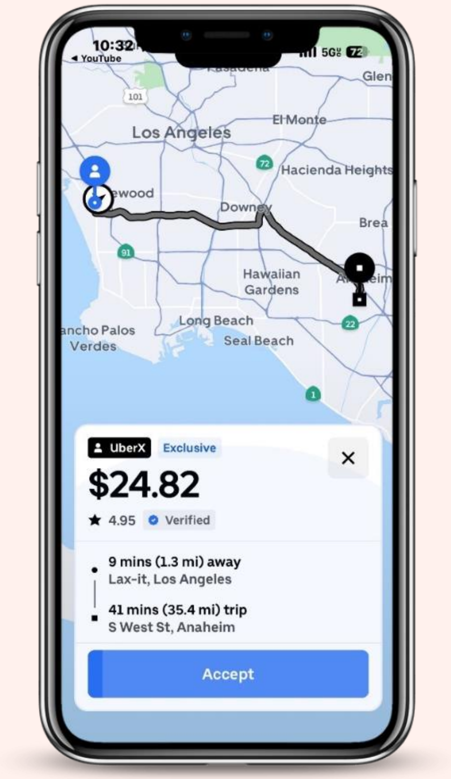
In 2024, the average Uber driver earned less than they had the prior year, while working more.[1] Lyft drivers worked fewer hours in 2024, but earned 14 percent less than they had in 2023.[2] Both companies regularly paid drivers wages less than the applicable minimum wage, while at the same time increasing consumer prices by over 7 percent.[3]

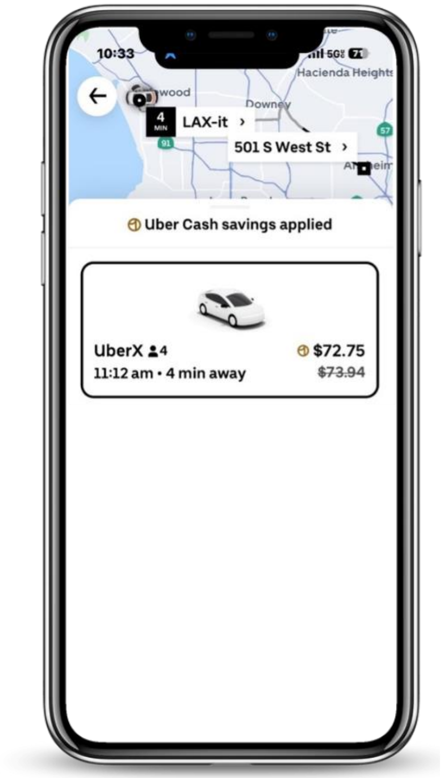
The disconnect between driver wages and consumer fares raises an important question: What cut of a passenger's Uber or Lyft fare actually goes to drivers? It's a question only Uber or Lyft can answer definitively because only they have access to wage data for all of their drivers—data they have consistently refused to disclose. But new survey data, driver reporting, and corporate earnings statements give us a much better sense of Uber & Lyft's "take rates."

In short, both companies take around 40 percent on average, and sometimes 65 or 70 percent on individual rides, many times more than they used to take only a few years ago. Data from a recent study show that Uber's take rate is now 42 percent, up from 32 percent before the company's switch to "upfront pricing"—their new system of AI-powered algorithmic wage-setting.[4]

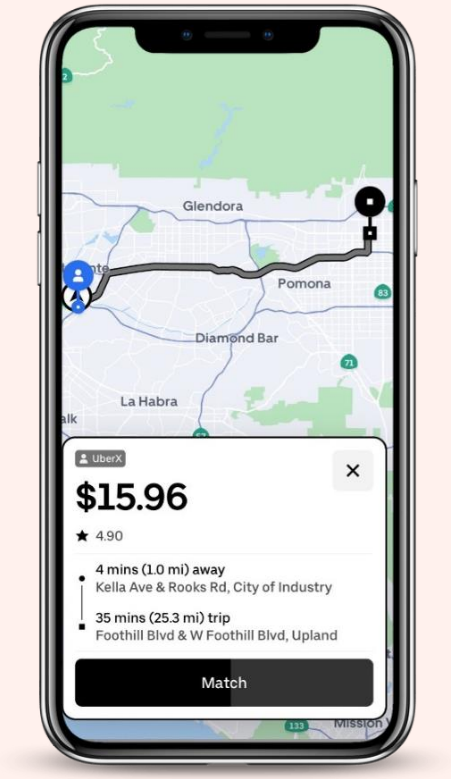
Photo credit: Rideshare Drivers United

These side-by-side comparisons of Uber trips show the stark difference in what passengers pay for a trip on the one hand, and what Uber pays the drivers in wages on the other. In the first, Uber is charging a passenger $72.75 and paying the driver only $24.82. That makes Uber's cut—or its "take rate"—66 percent, while it pays the driver a mere 34 percent.





The second shows Uber charging a passenger fare of $48.55 (apparently reduced from a rate of $57.12) but paying the driver only $15.96. Without the 15 percent promotion applied to the trip, Uber would have taken a whopping 72 percent and paid the driver a mere 28 percent. And even with the "promotion," Uber's take rate is 67 percent, while the driver gets just 33 percent.



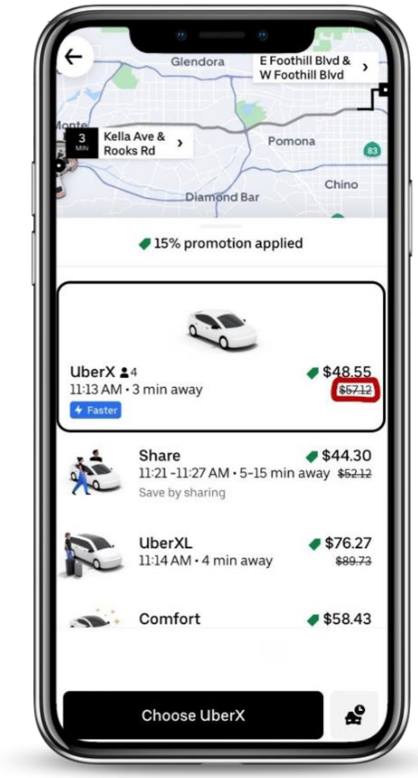
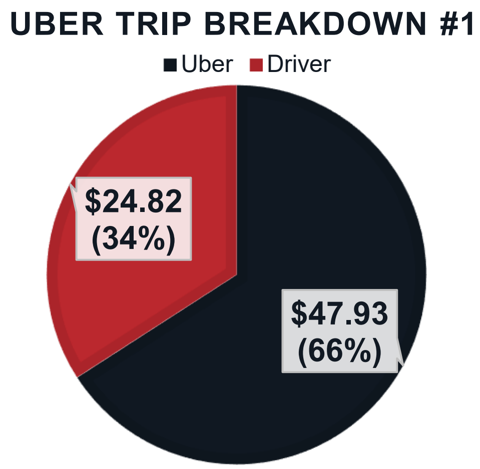
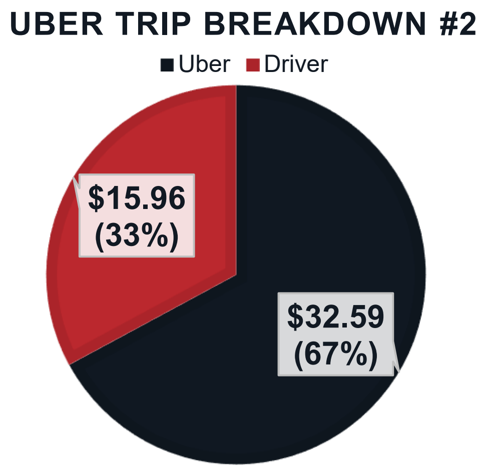


Image credit: Uber App

In the examples above, both trips show Uber paying drivers **less than a third** of the fare it charges the passenger. Most passengers would be stunned to learn that Uber paid such a small percentage of their fare to the driver who drove them. So would most drivers, since neither Uber nor Lyft tells drivers what passengers pay for their services.

While these are just two examples of outrageous price- and wage-gouging by ridehail companies in recent years,[5] they are part of a clear trend. The best data available (from Gridwise and YipitData) show Uber's average take rate at 40 percent in 2023,[6] and climbing, and Uber's own financial data reveals its "take rate" (however calculated) for fiscal year 2024 was at a record high.[7]





Uber's 'Take Rate' Over Time

Uber initially attracted drivers by offering them a set percentage of each customer fare, with promotional commissions as high as 90 percent. Uber paid drivers 90 percent of whatever fare it charged consumers for the ride, and the company took the remaining 10 percent.

Low commissions make sense. Ridehail companies own no vehicles and have minimal capital expenditures. In contrast, they require drivers to take on the capital risk of buying a car and paying it down, and to pay for maintenance, gas, and insurance, all while the value of the car is depreciating. And the companies tout themselves as "network companies," simply connecting riders and drivers, denying that they are in the business of providing taxi or transportation services.

This early commission was styled as a marketplace service fee that drivers paid to access such platforms, comparable to service fees paid to access digital platform marketplaces, like Amazon, where sellers typically pay between 8 and 15 percent, or Airbnb, where hosts pay around 15 percent.[8]

But Uber increased this commission, first to 20 percent, then, in 2014 up to 25 percent on each ride. Forbes reported the 2014 increase with disbelief at the time: "Drivers who sign up for UberX in San

Francisco… will fork over *an unprecedented 25 percent* of their earnings to Uber… That's the highest-ever UberX commission."[9]

Then in 2022, a sea change occurred. Uber and Lyft both overhauled their consumer pricing and driver pay systems, introducing the misleadingly named "upfront pricing" and decoupling passenger fares from driver pay.[10] There was no longer any fixed "commission" or service fee; the companies relied on their troves of data and increasingly sophisticated yet opaque algorithms to calculate and determine both driver pay and passenger fares separately, without any connection between the two.

The results have been clear. Uber and Lyft charge passengers more and pay drivers less, and both companies' profits are way up.

What Does the Data Say?

Driver pay is down since the introduction of upfront pricing:

- From 2023 to 2024, the average Uber driver's earnings fell from $531 per week to $513 per week. Wages for the average Lyft driver fell further, from $370 per week in 2023 to $318 per week in 2024.[11]
- Recent survey data backs this up, showing that the vast majority of drivers (72 percent) report that in the last three months, it was more difficult to earn the same amount of money than it was a year ago on the Uber app.[12]
- This is a global trend, a recent study from the University of Oxford found hourly driver pay in the United Kingdom fell by over £3 per hour, from £22.20 to £19.06—before expenses.[13]

Uber's take rate is way up:

- According to a recent study from Columbia Business School, Uber's take rate increased from about 32 percent at the start of upfront pricing to 42 percent by the end of 2024.[14]
- The Oxford study suggests Uber's take rate in the United Kingdom increased over the same period, but from a lower floor, to around 30 percent. But it also showed that Uber was capturing more "surplus value" from drivers, by consistently taking its highest take rate on the highest value trips.[15]
- This data is increasingly hard to come by. Prior to 2025, Uber published its global rideshare "take rate" with each quarterly shareholder report. As of Q1 2025, it's no longer including this data.[16]

Profits at both Uber and Lyft are way up:

- After many years of low and negative profits, Uber is now profitable. In 2023, the company booked record free cash flow of over $3 billion, and more than doubled that record in 2024, with almost $7 billion. Q1 2025 data suggests Uber is likely to earn even more this year.[17]
- Lyft also has been making record profits in the last couple years, declaring a full-year net profit of $23 million in 2024.[18]

Requiring Disclosure of the 'Take Rate' and Capping It

In 2025, Congress introduced legislation that would create more transparency for app-based workers—including increased transparency around take rates. Called the **Empowering App-Based Workers Act**, it would tackle these predatory labor and consumer practices in two ways. First, it would require Uber and Lyft to disclose their per-trip take rate to both drivers and consumers after each ride. Drivers would also receive detailed regular pay statements with the weekly average take rate, and the companies would have to submit regular reports disclosing this data—in anonymized and aggregate form—to federal regulators.

Second, the bill would cap the companies' take rate at 25 percent, guaranteeing that they pay drivers at least 75 percent of what they charge the passenger for any given ride.

75 Percent Guarantee / 25 Percent Take Rate Cap

Before the sea change wrought by "upfront pricing" described above, Uber paid its drivers a set commission and had long promised drivers that it would pay drivers no less than 75 percent of what it charged the passenger. Although 75 percent is still far less than the 90 percent guarantee of Uber and Lyft's early days, drivers seek to hold the companies to that promise as a national floor. That's what this bill would do and the need for a real cap is clear. In 2024, Lyft made a promise similar to Uber's, suggesting it would pay drivers at least 70 percent of what it charged the passenger.[19] But instead of actually giving drivers the 70 percent cut it guaranteed, it gave them 70 percent of the fare *after subtracting unspecified costs and fees*, engaging in deceptive math to make its guarantee effectively meaningless.

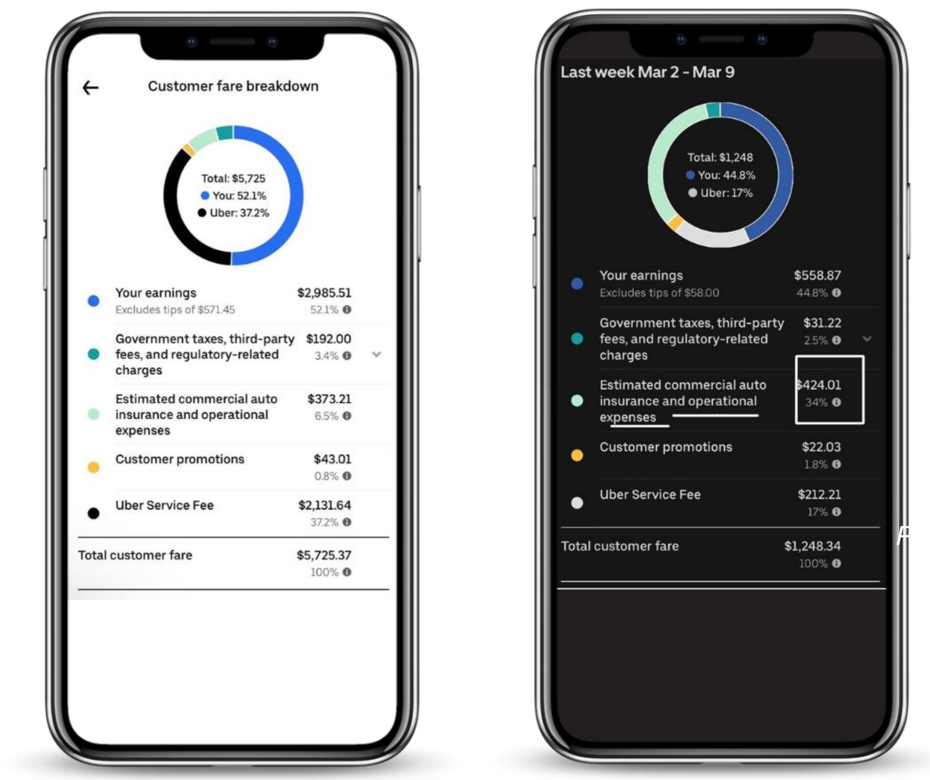


Image credit: Uber App

The images above, detailing two “pay stubs” from Uber, show why the 70 percent guarantee is deceptive. Uber records its take rate as 17 percent, while the driver gets 45 percent, confusingly leaving behind 38 percent of the consumer fare attributed to neither the driver nor the company’s share. In the company’s telling, this $500 accounts for its taxes and “operational expenses,” business expenses that Uber claims should not be considered part of the company’s take rate. But drivers also have taxes and operational expenses—gas, vehicle maintenance and depreciation, insurance, and more—that Uber did not subtract before calculating the driver’s share of the earnings. This kind of one-sided logic is misleading at best. If Uber pays one of its drivers 45 percent of total consumer fares over the course of a week, its take rate is 55 percent.

The Take Rate Cap is a Federal Floor, Not a Ceiling

Given variations in cost of living, state and local governments may have reason to set lower take rate caps in their jurisdictions, and nothing in this bill would prevent that. Likewise, nothing in the bill exempts any company from paying minimum or overtime wages for all work time to their employees. The bill simply lays down a federal baseline, meant to outlaw the most exploitative and predatory wage and price practices Uber and Lyft are currently engaged in. Drivers who provide these essential transportation services are entitled to a better deal, and this bill is a great start.

Photo credit: Rideshare Drivers United

Endnotes

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