

Unpacking Uber & Lyft's Predatory 'Take Rates'

by Dan Ocampo

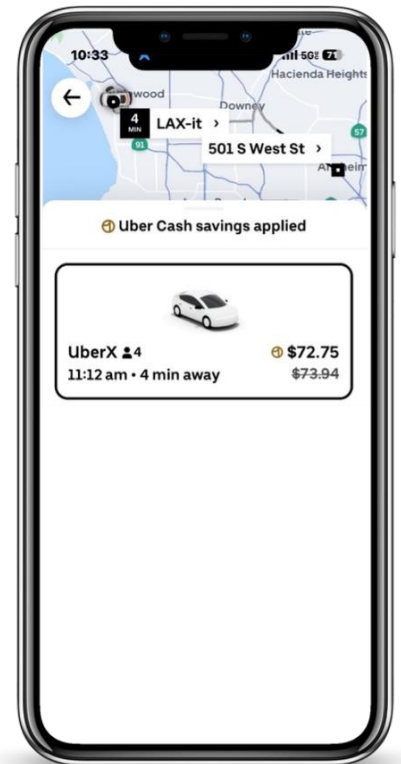
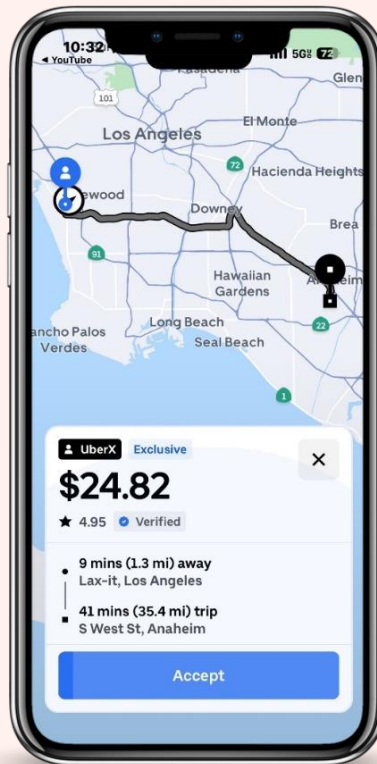
In 2024, the average Uber driver earned less than they had the prior year, while working more.¹ Lyft drivers worked fewer hours in 2024, but earned 14 percent less than they had in 2023.² Both companies regularly paid drivers wages less than the applicable minimum wage, while at the same time increasing 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.



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.

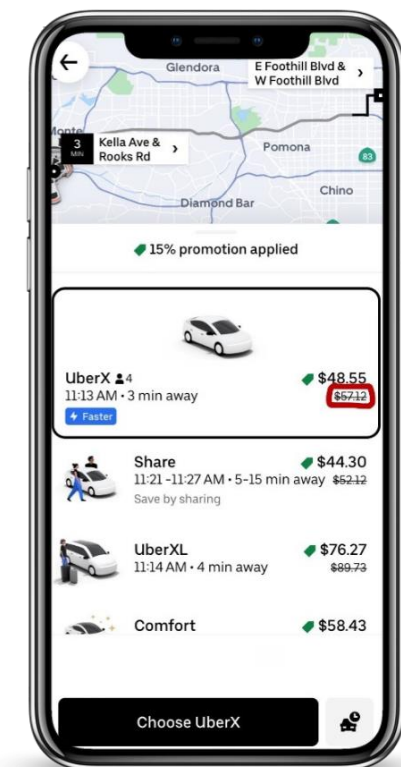
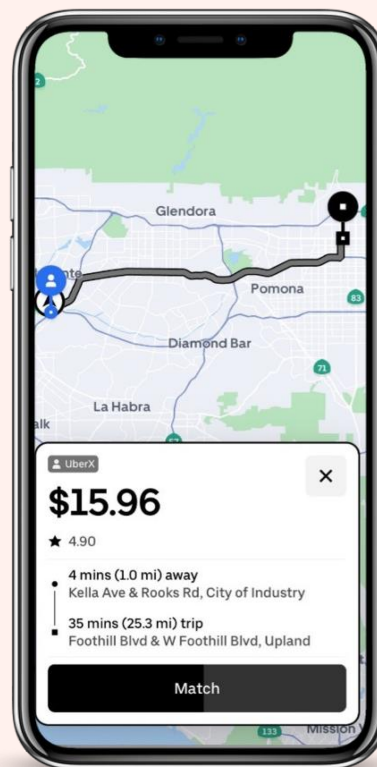
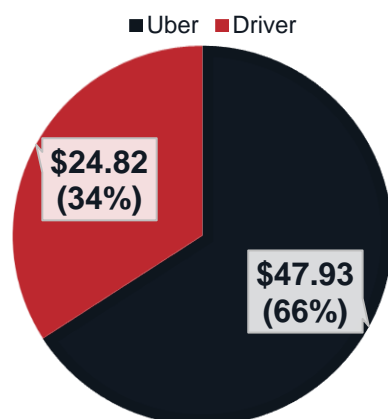


Image credit: Uber App

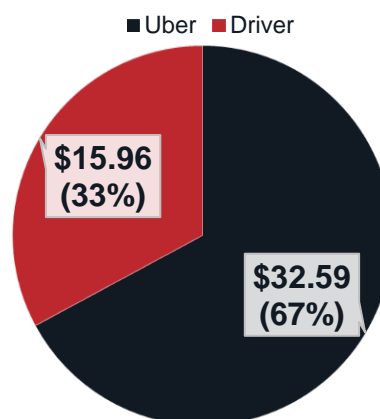
In the examples above, both trips show Uber paying drivers **less than a third** of the fare it charges the passenger. Most passengers would be stunned to learn that Uber paid such a small percentage of their fare to the driver who drove them. So would most drivers, since neither Uber nor Lyft tells 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,⁴ 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 2023,⁵ and climbing, and Uber's own financial data reveals its take rate (however calculated) for fiscal year 2024 was at a record high.⁶

UBER TRIP BREAKDOWN #1



UBER TRIP BREAKDOWN #2



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.⁷

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."⁸

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.⁹ 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. Prices based on secret algorithms allow Uber and Lyft to charge passengers more, pay drivers less, and pull in record profits.

States and Localities Move to Cap ‘Take Rates’

Responding to these trends, legislators in states and cities across the country are introducing bills that would cap company take rates. These measures—often introduced alongside requirements to disclose driver wages and take rates to workers and consumers—would guarantee app-based workers a minimum percentage of each fare. Bills in Chicago and Connecticut would guarantee drivers 80 percent and 85 percent of every consumer fare, respectively.

Worker demands for a higher percentage of each fare are in line with Uber’s previous policies. Before the shift to “upfront pricing” and an increasing reliance on secret algorithms to determine pay, Uber paid its drivers a set commission and promised drivers the company would pay drivers no less than 75 percent of what it charged the passenger. Just last year, Lyft made a promise similar to Uber’s, suggesting it would pay drivers at least 70 percent of what it charged the passenger.¹⁰ 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.



Photo credit: Rideshare Drivers United

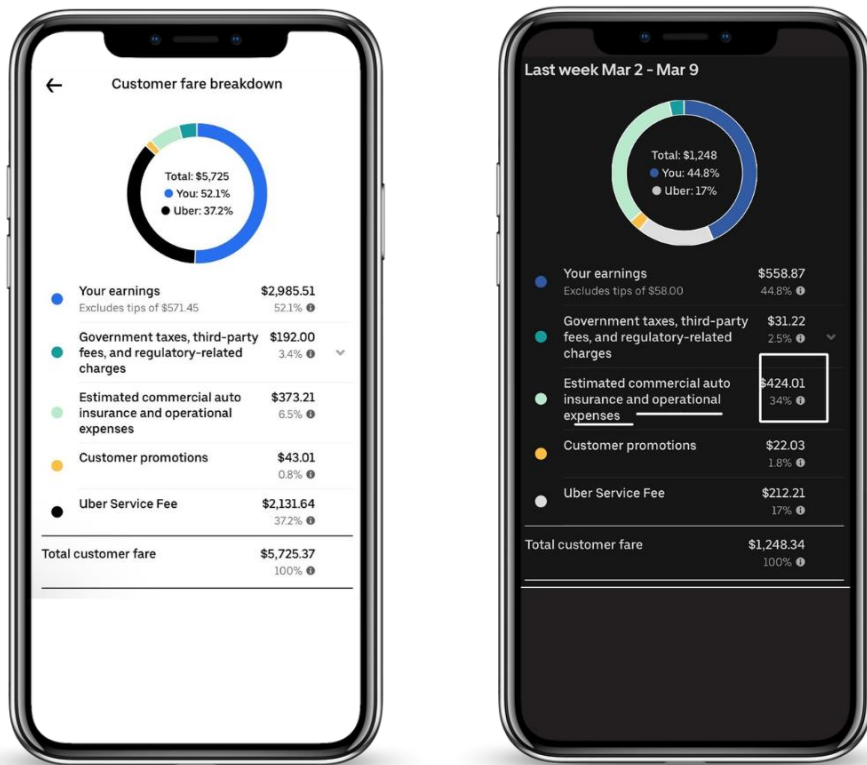


Image credit: Uber App

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,” money that 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.

Drivers Need a Federal Standard That Caps Uber and Lyft’s ‘Take Rate’

In response to Uber and Lyft’s pay policies, drivers across the country are organizing and demanding lawmakers take action. State and local legislators are listening to workers’ demands by working to pass laws that cap Uber and Lyft’s take rate, but a federal standard that applies to all app-based ridehail drivers is needed. Congress should follow state and local legislators in guaranteeing drivers nationwide a floor of at least 75 percent of each trip. App-based drivers provide essential transportation services and are entitled to a better deal. Creating a cap on Uber and Lyft’s take rate is an important step in ensuring app-based ridehail jobs are good jobs.

Endnotes

¹ *Gridwise 2025 Annual Mobility Report*, Gridwise Analytics (2025) <https://gridwise.io/analytics/2025-annual-gig-mobility-report/>.

² Id.

³ Ken Jacobs, Michael Reich, et al., *Gig Passenger and Delivery Driver Pay in Five Metro Areas*, U.C. Berkely Labor Ctr. (May 20, 2024), <https://laborcenter.berkeley.edu/gig-passenger-and-delivery-driver-pay-in-five-metro-areas/>.

⁴ Dan Ocampo, *Uber's Price-Gouging and What We Can Do About It*, NELP (Nov. 14, 2024), <https://www.nelp.org/ubers-price-gouging-and-what-we-can-do-about-it/>.

⁵ Len Sherman, *Uber's CEO Hides Driver Pay Cuts to Boost Profits*, Forbes (Dec. 15, 2023), <https://www.forbes.com/sites/lensherman/2023/12/15/ubers-ceo-hides-driver-pay-cuts-to-boost-profits/>; see also *Uber Takes Us for a Ride*, PowerSwitch Action (2024), <https://www.powerswitchaction.org/resources/uber-takes-us-for-a-ride>.

⁶ Uber Investor Report (Feb. 2025), <https://investor.uber.com/news-events/news/press-release-details/2025/Uber-Announces-Results-for-Fourth-Quarter-and-Full-Year-2024/default.aspx>.

⁷ Parag Mamnani, *Marketplace Fees 2025: Amazon, eBay, Etsy, Walmart Charges Explained* (Mar. 2025), <https://www.webgility.com/blog/marketplace-fees-amazon-ebay-etsy-walmart>.

⁸ Ellen Huet, *Uber Now Taking its Biggest UberX Commission Ever—25 Percent*, Forbes (Sep. 22, 2014), <https://www.forbes.com/sites/ellenhuet/2014/09/22/uber-now-taking-its-biggest-uberx-commission-ever-25-percent/>.

⁹ Len Sherman, *Uber's CEO Hides Driver Pay Cuts to Boost Profits*, Forbes (Dec. 15, 2023), <https://www.forbes.com/sites/lensherman/2023/12/15/ubers-ceo-hides-driver-pay-cuts-to-boost-profits/>.

¹⁰ “Earnings Commitment”, Lyft Website [last accessed 4/10/2025], <https://help.lyft.com/hc/en-us/all/articles/9785135090-earnings-commitment>.

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