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Dear Mr Lange

**CERTIFICATION OF INDEPENDENT REVIEW: THE BLACK ECONOMY TASKFORCE FINAL REPORT**

I am writing to certify that the attached Black Economy Taskforce Final Report (the Report) undertook a process and analysis equivalent to a Regulation Impact Statement (RIS) for the measure to introduce a reporting regime for the sharing economy.

I certify that the Report has adequately addressed all seven RIS questions. Specifically, the Report has:

- Identified that the black economy creates a growing negative economic and social impact;
- Stated the objectives of Government intervention is to target factors that drive black economy participation ensuring those who are doing the wrong thing are held responsible and without imposing a blanket regulatory burden on people doing the right thing;
- Provided a list of 80 recommendations, with each recommendation considering the most appropriate way to combat black economy activity through effective regulatory systems; and
- Given thorough consideration to efficiency gains through recognising ongoing processes, existing taskforces and overlapping state and territory jurisdictions.

In regards to question 5, the Report initiated broad-scale consultations including:

- A dedicated reference group sourced from major industry associations across Australia;
- A national roadshow to all capital cities and some major regional centres;
- 144 bilateral meetings with companies and associations from a range of industries;
- An open submission process, eliciting 149 submissions from individuals and organisations; and
- Close engagement across 20 Australian Government agencies.

Further consultation was undertaken on the potential design of a sharing economy reporting regime, which included 25 targeted stakeholder consultations and 36 formal submissions (six of which were from sharing economy platforms).

In regards to question 6, the Report drew on consultations and submissions to consider the best options to implement a reporting regime on the sharing economy without imposing additional burden on platforms.

The sharing economy reporting regime aims to increase the transparency of payments made via platforms and to reduce under reporting by sellers of taxable amounts. To achieve this, the reporting regime follows the Report's recommendations that would require platforms to submit transactional and identification data to the Australian Taxation Office (ATO).

The ATO will take into account the need to minimise undue reporting requirements when determining what data is required, how regularly the data is required and the form it is to be provided in. Discretion will also be applied to grant temporary or transitional exemptions, such as start-ups, to enable flexibility and a light touch regulatory approach.

In arriving at the best approach, the Report considered alternative options for introducing a reporting regime including:

- withholding income tax from payments made to sharing economy users; and
- creating a bright-line test for the sharing economy to help distinguish between hobby and business activities for the purpose of assessing taxable income.

It was concluded that both of the options above would be relatively onerous, introduce further complexities and may be criticised as discriminating against transactions that occur on sharing economy platforms.

In regards to question 7, the reporting regime is largely being implemented in line with the Report's recommendations, including a phased in approach to allow the platform industry to adjust to the reporting regime. Starting from 1 July 2022, the regime will apply to ride-sourcing and short term accommodation platforms. This will include some platforms already covered by the ATO's existing data-sharing protocols. All other platforms (excluding market places at this stage) will follow from 1 July 2023 - including some smaller platforms which may require special reporting requirements as discussed above.

The measure will require legislation. Evaluation will occur through a 5-year review of the black economy measures as well as a targeted post-implementation review of the reporting regime.

I also note that the regulatory burden to business, community organisations or individuals from the reporting regime has been quantified using the Australian Government's *Regulatory Burden Measurement* framework. These have been self-assessed by my Department as they are less than \$2 million per annum and are provided in the table below.

<b>Average annual regulatory costs (from business as usual)</b>				
<b>Change in costs</b>	<b>Business</b>	<b>Community organisations</b>	<b>Individuals</b>	<b>Total change in costs</b>
Sharing Economy Reporting Regime	\$21,800	\$0	\$0	\$21,800
<b>Total, by sector</b>	<b>\$21,800</b>			<b>\$21,800</b>

A regulatory offset has not been identified. However, my Department is seeking to pursue net reductions in compliance costs and will work with affected stakeholders and across government to identify regulatory burden reductions where appropriate.

Accordingly, I am satisfied that the attached report now meets best practice consistent with the *Australian Government Guide to Regulation*.

Yours sincerely



Maryanne Mrakovcic  
Deputy Secretary  
Revenue Group  
The Treasury