

DLK ADVISORY

SHARING ECONOMY REPORTING REGIME COMMENCES SOON



As a part of the government's strategy to combat the tax compliance risks posed by the sharing economy, it has now legislated requirements for operators of electronic distribution platforms to provide information on transactions made through their platforms to the ATO. Sharing economy usually involves two parties entering into an agreement for one to provide services and/or loan personal assets to the other, for payment. This measure was originally introduced by the previous government but lapsed when the election was called.

To meet the definition of an electronic distribution platform, it must:

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- deliver service through electronic communication (ie platforms operating over the internet including through applications, websites or other software); and
- allow entities to make supplies available to end-user consumers through the platform.

A service is not considered to be an electronic distribution platform if it only advertises or creates awareness of possible supplies, operates as a payment platform, or serves a communication function. Generally, electronic distribution platforms facilitate transactions between two otherwise unrelated parties in the sharing economy and act in a quality assurance role to ensure a seamless experience for both parties, regardless of whether the payment is processed by the platform or a third-party operator.

Examples of sharing economy electronic platform operators in a variety of sectors include Uber, Airbnb, Car Next Door, Menulog, Airtasker, and Freelancer, to name a few.

Practically, electronic platform operators will be required to provide various information through the Taxable Payments Reporting System (TPRS) on certain transactions that occur through the platforms. Generally, it will only include transactions where the electronic platform facilitates a supply that is connected to Australia for consideration between two entities. However, it will not include supplies of goods where ownership of the goods is permanently changed, where title is transferred, or if the supply is a financial supply. The information obtained from TPRS will be used in ATO data-matching and help identify entities that may not be meeting their tax obligations.

The information will need to be reported to the Commissioner either annually, or at such other times as the Commissioner determines. Currently, businesses in the building and construction industry, cleaning, security, and information technology services are required to report annually by 28 August each year under the TPRS. Therefore, it is envisaged that electronic platform operators will follow the same reporting deadlines.

Transactions in relation to the supply of taxi travel and short-term accommodation will be required to be reported to the ATO under TPRS from 1 July 2023. Electronic platform operators that deal in all other transactions will not have to report relevant transactions to the ATO under TPRS until 1 July 2024. This difference in application dates reflect the fact that data-matching protocols already exist between the ATO and operators of platforms that commonly facilitate taxi travel and short-term accommodation, hence, these entities do not need a lengthy lead time to ensure compliance.

CONTACT

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