On 2 August 2017, the Australian Government’s Black Economy Taskforce (BET) released a further consultation paper entitled *Black Economy Taskforce: Additional Policy Ideas*. The paper outlines 54 additional policy ideas based on recent industry roundtables held across Australia during the month of June, following the release of an interim report in March 2017.

The Taskforce is focused not only on “cash economy” activity but more broadly on the activities of individuals and businesses who operate outside the tax and/or regulatory system. The size of the Australian black economy has conservatively been estimated at around AU$25 billion annually, though this is highly likely to underestimate its scale.

The 54 ideas are grouped under four key themes which may give clues as to possible outcomes of the review which is due to conclude with a report to Government in October 2017. The first three reflect the framework of an increasingly digitally enabled tax and regulatory administration driven by access to deep sources of real time audit data:

1. **Hard wiring Government.** There is broad recognition that despite advances in technology and the existence of substantial potential sources of data, the various levels of government and regulatory enforcement agencies do not, or cannot exchange information in a way that is effective to combat the black economy.
2. **Modernizing the payments system.** The issues covered range from the use of technology to discourage the use of cash to incentivizing the use of non-cash payments.

3. **Incentives and deterrents.** These cover a broad range including limiting government procurement only to suppliers that are able to demonstrate good tax and regulatory compliance as well as supply chain transparency. In a small and geographically discrete market such as Australia where the Government is a major customer in many sectors, this could be a powerful incentive to change behavior.

4. **Changing social attitudes and education.** The BET observed that attitudes are changing to black economy behavior as it is less being regarded as a “victimless crime” as it increases the tax burden on others and contributes to inappropriate outcomes under the welfare system.

Key policy suggestions raised in the additional report include:

- Australian Business Number [ABN] reform: renaming ABNs to Australian Business Licences and providing integrity measures around the system of business registration
- Use of analytics and smart technologies to combat the black economy including accessing information generated by Sharing Economy platforms
- Creation of a whistle-blower hotline and incentives
- Action targeting the $100 note or currency changes generally
- Limiting government procurement to firms with good tax records
- Reforms targeted at activities including the sharing economy, “Phoenixing” (hiding assets during liquidation), labor hire company abuses and sham contracting, illegal tobacco trading, illegal and offshore gambling, and sectors such as building and construction, hospitality, security, agricultural laboring, cleaning services, child care, and abattoirs

Responses to this latest round of consultation are due by 14 August 2017. It is expected that responses will be incorporated in the BET’s final October report.

The Government will consider which of the final recommendations they would implement. There is currently broad political support in Australia for measures to tackle all forms of tax avoidance. However, certain measures, such as “hard wiring Government,” may present practical challenges and require time to implement.

Issues for business from what has increasingly become a focus on emerging digital technologies and their impact on the economy could include:

- Increased regulatory and compliance burden around payment withholding and disclosures on a transactional basis
- Possible limits on the use of cash and the continued evolution of the payments system
- Probity conditions and related supply chain transparency rules in government tendering
- An increased use of criminal sanctions for non-compliant behavior in business activities
- A re-setting of the cost base of businesses in those sectors that have previously been based on or competing with the black economy
- As has been experienced with multinational tax planning practices, a changing public attitude to the integrity and perceived fairness of the tax system
- The progression to an increasingly cash-less and digitally enabled economy with a transparent audit trail, effectively limited to participants with the required digital capability
- Significant revenue opportunities for those innovative enterprises that can enable the “hard wiring of Government,” the move to a cash-less economy and other initiatives to be implemented to tackle the black economy
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