



Restaurant
& Catering

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11 March 2014

General Manager
Tax System Division
The Treasury
Langton Crescent
PARKES ACT 2600
thirdpartyreporting@treasury.gov.au

Dear Sir/Madam

RE: Improving tax compliance – enhanced third party reporting, pre-filing and data matching Discussion Paper

Restaurant & Catering Australia (R&CA) welcomes the opportunity to provide comment to the Government's discussion paper on improving tax compliance. R&CA recognises the significant benefit to small businesses in providing pre-filing services when completing operator tax returns.

R&CA is the peak industry association representing the interests of 33,000 restaurants, cafés and catering businesses across Australia. The café, restaurant, and takeaway food sector generates \$34.8 billion¹ in annual receipts, with the food and beverage services sector employing 666,000 people.

Of particular interest to the association and its membership is the creation of third party reporting for sales generated through merchant debit and credit card services.

Payment methods in the restaurant and catering industry continue to evolve with credit card transactions forming an increasing component of business transactions. With the move towards a cashless society, the prevalence of credit card transactions continues to increase in these businesses, both large and small.

R&CA supports in principal the implementation of third party reporting for merchant debit and credit card sales in reducing the administrative burden, time, and cost associated with reporting these expenses to the Australian Tax Office (ATO).

However, R&CA would premise its support on the basis that small businesses are not be expected to provide this information directly to the ATO, or be the recipient of increased processing charges as a result of additional compliance costs being passed on from third party reporting entities.

¹ Australian Bureau of Statistics (ABS), *8501.0 Retail Trade Australia, Cafes, Restaurant & Takeaway Food Services*
RESTAURANT & CATERING INDUSTRY ASSOCIATION
AUS ABN 73 080 269 905 ACT ABN 78 368 403 792 NSW ABN 26 214 164 082 QLD ABN 52 830 089 419 VIC ABN 31 739 604 819
WA ABN 81 641 812 048



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R&CA's 2012 Benchmarking Survey found credit card charges account for approximately 1.3% of business expenses. Any increases in credit card processing charges as a result of compliance costs being passed on from third parties would render the change unbeneficial and potentially costly for the sector. R&CA supports third party reporting for merchant debit and credit services so long as the change is revenue neutral for restaurant operators.

R&CA congratulates the Government on taking the initiative to simplify tax compliance in Australia, and providing industry with an opportunity to comment on the proposed changes. Pre-filing services could potentially reduce the time and effort required by small businesses to prepare their tax return. R&CA believes, however, the greatest consideration in developing the regime will be the minimisation of compliance costs associated with third parties providing additional information to the ATO.

If you require any additional information on this submission, please do not hesitate to contact me on (02) 9966 0055 or jhart@restaurantcater.asn.au.

Yours faithfully

A handwritten signature in black ink, appearing to read 'John Hart', written over a white background.

John Hart
Chief Executive Officer