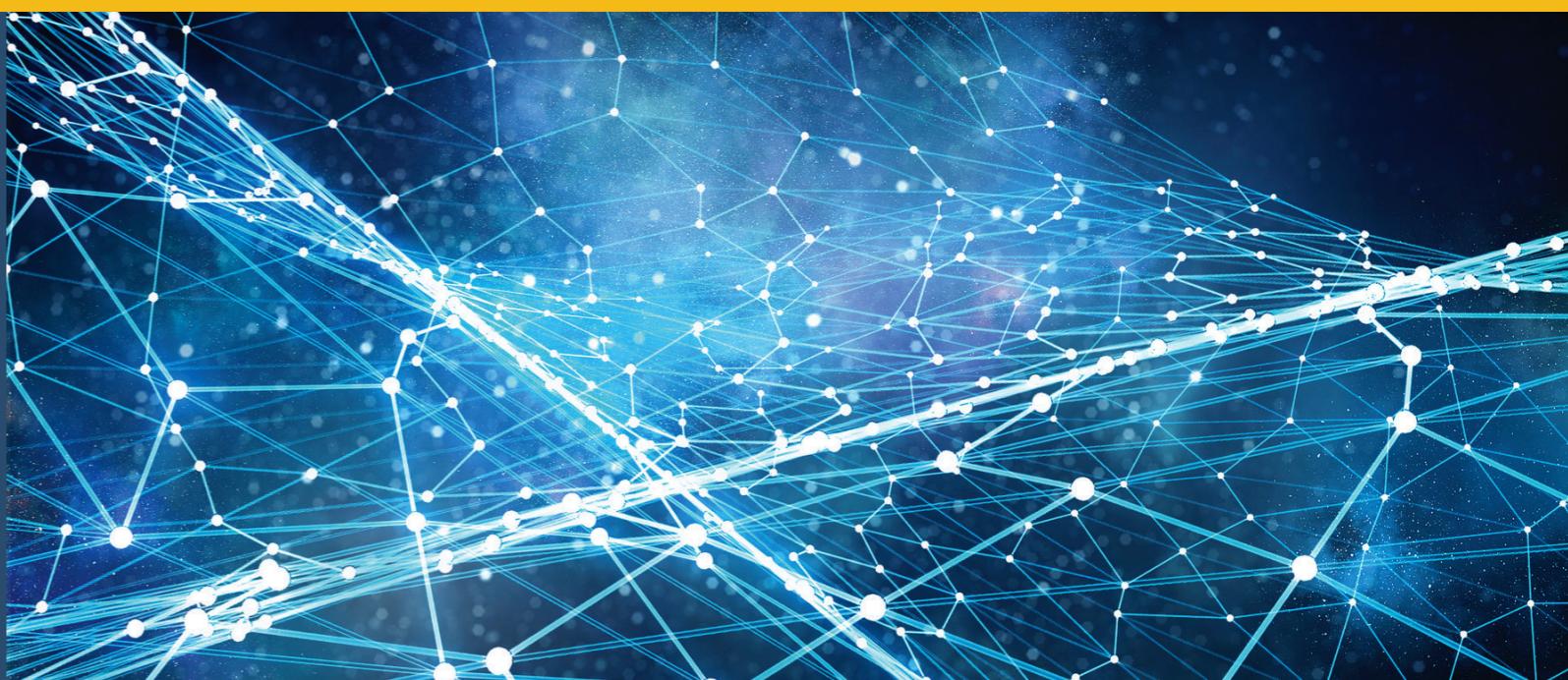




Australian Government

# Tackling the black economy

*Government Response to the Black Economy Taskforce Final Report*





Australian Government

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Government Response to the Black Economy Taskforce Final Report

May 2018

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### **Cover photo**

Australian Border Force and Dutch Customs target international mail items for illicit drugs. Photo supplied by Australian Border Force.

# Contents

<b>Contents .....</b>	<b>iii</b>
<b>Foreword .....</b>	<b>1</b>
<b>Government Response to the Black Economy Taskforce Final Report.....</b>	<b>3</b>
The need for action .....	3
What the Government is doing .....	4
Strengthening business identity verification.....	6
Bolstering reporting architecture to support up-to-date information .....	7
Encouraging the transition to a digital society.....	8
Levelling the playing field.....	9
More transparent and targeted enforcement and prosecution.....	10
Disrupting illegal activity .....	11
<b>Detailed Government Response to the recommendations of the Taskforce Final Report .....</b>	<b>13</b>
Government response to supplementary recommendations .....	40



# Foreword

I am pleased to release the Australian Government's response to the Black Economy Taskforce Final Report.

Drawing on the comprehensive work of the Taskforce, led by Mr Michael Andrew AO, this response provides the first whole-of-government blueprint for tackling the black economy. I wish to thank Mr Andrew and his team for producing this Report. I also wish to thank the hundreds of people, businesses and associations who contributed to the many meetings and roundtables held by the Taskforce.

The Government established the Black Economy Taskforce in December 2016 following an initial investigation by the Board of Tax which showed that a concerted effort was needed to halt or reverse growth in the black economy.

The Taskforce report illustrated the complexity of the problem, with 80 recommendations (including supplementary recommendations) spanning the whole economy.

It highlighted how the black economy is harming those less able to protect themselves and penalising those doing the right thing. These people bear the cost of the individuals and businesses dishonestly participating in the black economy. While the financial costs for businesses and individuals are significant, it is the societal costs that really bite. The black economy undermines trust and creates an uneven playing field.

This Government response aims to target the black economy in its many forms. Action will benefit the economy, community, business and all levels of government. But business as usual approaches will not work. The Government response takes a smarter approach by addressing the underlying causes of the black economy to better target those doing the wrong thing while reducing the compliance burden for those doing the right thing.

I am confident that this multi-pronged approach will deliver results for all Australians.



A handwritten signature in black ink, appearing to read "Kelly O'Dwyer".

The Hon. Kelly O'Dwyer MP  
Minister for Revenue and Financial Services  
Minister for Women  
Minister Assisting the Prime Minister for the Public Service



# Government Response to the Black Economy Taskforce Final Report

## The need for action

The Interim and Final Reports of the Black Economy Taskforce have built a compelling case for the Government to take action.

The Taskforce estimates that the black economy could have doubled since 2012 to now represent up to \$50 billion in 2015-16 dollars. This is disturbing. The black economy results in a loss of revenue, which could be used to provide better services to the community and lower taxes. This penalises honest Australians who meet their tax and other regulatory obligations.

Even more disturbing are the Taskforce's findings on the harm the black economy is causing individuals and businesses.

The black economy creates an uneven playing field for business. Operating in the black economy gives an unfair competitive advantage to unscrupulous businesses that are able to undercut competitors by not following the rules. This puts pressure on the margins of honest businesses and affects their profitability – a direct burden on their livelihood.

This in turn can encourage other businesses to begin operating in the black economy to stay competitive, with flow on effects for those who deal with these businesses. The exploitation of vulnerable employees through the underpayment of wages and loss of entitlements is another part of the black economy which is of concern to the Government.

The Taskforce Report highlights that the black economy is growing and if not dealt with effectively, could develop a dangerous momentum which is already being seen in particular parts of the economy. In recent years, changes in technology have supported the rise of the sharing economy and the gig economy, while wage growth and corporate profits have been subdued. Combined with social shifts, this has tended to normalise black economy behaviour such as not disclosing income.

These factors, and others, have driven growth in the black economy and provided incentives and new opportunities to engage in fraudulent behaviour.

The black economy is not limited to tax fraud. Rather, it is a complex, multi-faceted phenomenon operating across Australia's workplace relations, financial, welfare, procurement and migration systems. See Box 1 for examples of black economy activity.

### Box 1: Understanding the black economy

There is no internationally agreed definition of the black economy but it generally refers to activities which take place outside the tax and regulatory systems such as:

- Demanding or paying for work cash in hand to avoid obligations
- Not reporting or under-reporting income
- Underpayment of wages
- Sham contracting – presenting an employment relationship as a contracting arrangement
- Illegal phoenixing – liquidating and re-forming a business to avoid obligations
- Bypassing visa restrictions and visa fraud
- Identity fraud
- ABN, GST, and duty fraud
- Excise evasion
- Money laundering
- Unregulated gambling
- Counterfeit goods
- Illegal drugs
- Illicit tobacco and illegal gambling

The black economy is also a source of funds for criminal behaviour, providing a facilitating role by creating a ready source of cash that can be funnelled into illegal activity. The black economy is ever changing and will require ongoing action to effectively combat its growth.

## What the Government is doing

In recognition of the need for urgent action, the Government responded to the Interim Report by announcing three measures in the 2017-18 Budget. These measures banned electronic sales suppression tools which enable businesses to ‘hide’ transactions, tackled tax evasion in high risk industries through a requirement that businesses report payments to contractors in the courier and cleaning industries, and extended ATO audit and compliance programs for a year to better target black economy risks while the Taskforce finalised its findings.

The Government agrees with the Taskforce that a new approach is needed to this complex problem. Successfully combatting the black economy requires an approach which brings together the multiple arms of government across Australia and leverages private sector expertise. The black economy operates across borders and state jurisdictions, moving interstate or overseas to avoid regulatory action by government and law enforcement agencies. Government action must be more coordinated and more agile in response.

Through this response, the Government is undertaking the first broad-spectrum initiative to address this pervasive and opaque part of the economy. The Government recognises that this is not a problem that can be fixed with piecemeal action but which requires a comprehensive set of initiatives to address the varied elements of the black economy and the underlying drivers of behaviour.

In 2017-18 alone, the Government has taken action on a number of fronts.

The Government introduced strong new penalties that apply to employers who dodge their obligation to pay superannuation guarantee for their employees and legislated against GST fraud in both the precious metals industry and the new residential premises construction sector.

We have announced tough new laws to address illegal phoenixing, worked with States and Territories to combat illegal gambling, progressed a digital identity solution to prevent black economy behaviour before it occurs, continued to address the exploitation of migrant workers through a dedicated taskforce, and put in place higher penalties for those who contravene workplace laws.

The Government response recognises that continued action is needed to halt or reverse growth in the black economy. As part of a long term reform program, the Government has announced in the 2018-19 Budget that it will:

- strengthen business identity verification;
- bolster reporting architecture;
- encourage the transition to a digital society;
- level the playing field for business;
- deliver a more targeted, stronger and more visible approach to enforcement; and
- disrupt illegal activity.

A number of longer term measures will also be implemented progressively over the coming years.

The Government understands that combatting the black economy must be done in concert with the wider community. The need for action is clear but further consultation will be undertaken on these

longer term measures to determine the best way of implementing them. This includes responding to the Taskforce recommendations to pay wages into bank accounts, consideration of further reporting processes for the gig economy and national standards for procurement.

In implementing these recommendations, the Government recognises that most people and businesses in our community are doing the right thing. Action on the black economy therefore must avoid imposing more regulation on businesses unless it is necessary. The Government will seek to use smart technology wherever possible to address the underlying causes of the black economy and target those doing the wrong thing. Education will also form an important part of the Government's approach to discourage participation in the black economy. Early intervention through targeted tax literacy programs can help businesses get it right from the start.

The Government response provides a significant opportunity to change attitudes within the community. Decisive action across the black economy sends a clear message that participation in the black economy is not acceptable. It is hurting ordinary Australians and must stop. Greater resourcing and clever use of data will greatly increase the chances of those who engage in the black economy being caught.

## Strengthening business identity verification

Faster, more accurate identification of business is at the core of the Government's new approach. Better identity verification offers the opportunity to prevent black economy behaviour before it occurs. Being assured that who you are dealing with is legitimate is the cornerstone of most business-to-business interactions.

Our identity verification systems are in need of reform to ensure that they keep pace with technological changes. The Government has commenced reforms that will examine how to best overhaul the multiple business registers across government. Some of these registers still rely on paper-based forms, involve manual processing and are not adequately linked to enable the identification of fraudulent behaviour. The aim is to create a modern, streamlined approach to business registration.

Streamlining and modernising the current register system will offer benefits to business and government and will make it easier to identify businesses that are creating multiple entities or hiding behind fraudulent credentials to avoid their obligations.

These reforms will be complemented by reforms to the Australian Business Number (ABN) system. The current ABN system was introduced in 2000 mainly as a business identifier and to support the implementation of the GST. There have not been any significant changes since this time despite the fact that the ABN system is now used by businesses, the community and governments for a range of purposes and needs to be reliable. ABN data is increasingly being used for purposes outside the tax system including infrastructure planning, program implementation, disaster management, policy design and regulatory compliance.

Consultation will be undertaken on a new ABN framework, including the potential introduction of an ABN renewal scheme.

New requirements for company directors to hold a unique Director Identification Number will work hand-in-hand with these reforms to provide better data on who owns and controls businesses. This will be a key step in combatting illegal phoenixing.

### **Box 2: The cost of crime**

The annual cost of identity crime in Australia is estimated to be \$2.2 billion. In 2014-15 alone, there were close to 100,000 incidents of identity fraud identified by Australian Government agencies.

Identity crime is a key enabler of serious and organised criminal activities, which have been estimated to cost Australia at least \$36 billion annually.

ABN reforms are at the heart of improving business identity – they will create a more accurate record of the over 7 million entities with active ABNs. This will ensure that the millions of users of ABN data can be assured that it is accurate and up-to-date. In 2016-17, 770 million searches of ABN data were initiated through the ABN Look-up service.

Personal identity reforms will complement ABN and other business reforms discussed above. The Government's Digital Transformation Agency is progressing a new system of digital credentials – Govpass – which will make proving your identity in order to access government services simpler, safer and more secure.

## Bolstering reporting architecture to support up-to-date information

The bedrock of any system must be reporting arrangements. Just like our systems for identity verification, reporting systems must also change to reflect the new economy where self-employment, contracting and labour hire firms are increasingly part of the labour mix.

In recognition of this, the Government is expanding the contractor payment reporting system – the taxable payments reporting system (TPRS). In the 2017-18 Budget, in response to the Taskforce's Interim Report, the Government announced the expansion of the TPRS to the courier and cleaning industry.

As part of this response, the TPRS will be further expanded from 1 July 2019 to three new industries. Security providers and investigative services, road freight transport, and computer system design and related services have all been identified as industries where contractors are at higher risk of either not reporting or under-reporting income. Businesses will now need to report to the ATO payments made to contractors providing services in these industries. This will allow the ATO to check that contractors are complying with their tax obligations.

Expansion of the TPRS represents part of the progressive program of reform to reporting arrangements. Further reporting arrangements for high risk parts of the economy (e.g. the gig economy) will be considered over time. Given the potential for growth in the gig economy, it is important that participants are complying with their obligations at this early stage of a growing industry. This ensures that all businesses pay the right amount of tax regardless of their business model or industry.

These reforms build on other Government policies. The Single Touch Payroll initiative will be rolled out to employers with 20 or more employees from 1 July 2018 and to employers with fewer than 20 employees from 1 July 2019. This will provide business with a faster, simpler and cheaper way of complying with their reporting obligations while also reducing opportunities for black economy participants to hide activity.

### Box 3: Success of the TPRS

The TPRS was first introduced in the building and construction industry and raised an additional \$2.3 billion in tax liabilities in its first year alone (2012-13). This included:

- \$265 million from outstanding returns lodged;
- \$506 million in GST;
- \$1,128 million Pay As You Go wages; and
- \$357 million Pay As You Go instalments.

Further amounts were collected for that income year in subsequent years.

Current data suggests that expanding the TPRS will continue this success. For example, ATO analysis of contractor data for the IT industry (computer system design and related services) for the last three financial years has found that non-lodgement by contractors has increased to about 30 per cent. Incomes reported by IT contractors to the ATO are also significantly lower than average wages reported by industry market research.

## Encouraging the transition to a digital society

Cash provides an easy, anonymous and largely untraceable mechanism for conducting black economy activity. Cash payments make it easier to under-report income and avoid tax obligations. This allows businesses transacting in cash to undercut competitors and gain a competitive advantage. The Taskforce identified examples of large undocumented cash payments being made for houses, cars, yachts, agricultural crops and commodities. These practices perpetuate black economy activities and hurt honest businesses.

The Government will introduce a cash payment limit of A\$10,000 on payments made to businesses. This will not cover individual-to-individual transactions. The cash limit is aimed at reducing opportunities for criminals to launder the proceeds of crime into goods and services or for businesses to hide transactions to reduce their tax liabilities.

Cash will still remain a legitimate means of purchasing goods and services. However, advances in digital technology are increasingly providing a viable alternative to cash. For instance, the New Payments Platform offers real-time transactions for users. Electronic transactions also offer a number of benefits for Australians, often being safer, easier and more cost-effective. Consumer preferences are already driving this change with Australians being amongst the highest users of digital transactions in the world.

Many businesses have also adopted digital transaction systems, acknowledging the distinct advantages they offer. These include lower risk of theft and quicker, more streamlined record keeping and reporting. The Government established a Small Business Digital Taskforce to support this transition. The Taskforce looked at how to make it easier for small businesses to adopt digital technologies.

The Government will consult on how best to implement the new cash payment limit and related reforms such as mandating the payment of salary and wages into bank accounts.

### Box 4: Transitioning to digital

Australians have embraced the change to a digital society.

In 2007, around 69 per cent of Australian transactions were in cash. Only 9 years later, in 2016, around 37 per cent of Australian transactions were in cash.

This represents an unprecedented increase in digital transactions.

While countries like the United States and Sweden are still higher users of digital commerce, Australians love technology and will likely follow suit. We are the biggest users of ‘tap and go’ technology and are spearheading initiatives like ‘Osko’ which will allow real-time individual-to-individual transactions as part of the New Payments Platform.

Despite Australians embracing this change, there is a small cohort of people who continue to rely on cash to enable or fund their participation in the black economy.

Australia is not alone in contemplating a cash limit. A number of other countries such as France, Portugal, Greece, Spain, Italy and Belgium have cash limits varying from A\$1,600 to A\$4,800. Israel and the UK have also been reported to be contemplating or consulting on cash limits.

## Levelling the playing field

The black economy creates an uneven playing field and challenges the basic premise that everyone in Australia is entitled to a ‘fair go’. The Taskforce report highlights the unfairness created by the black economy on society, business and individuals. The Government is committed to levelling the playing field for businesses and individuals that do the right thing.

High profile actions in recent years against multinational tax avoidance have sent a strong message that those doing the wrong thing will be caught. However, action on other black economy issues such as paying cash in hand to avoid obligations or underpaying employees has been less public. The Government response seeks to emphasise that these behaviours are just as harmful and are even more pervasive. Black economy participants who choose to engage in these behaviours are hurting honest Australians.

The Government has already taken action to address the exploitation of vulnerable workers through the *Fair Work Amendment (Protecting Vulnerable Workers) Act 2017*. The Act introduced higher penalties for contraventions of workplace laws and enhanced evidence gathering powers for the Fair Work Ombudsman to facilitate investigations and protect vulnerable employees. The Government’s Migrant Workers Taskforce also continues to investigate how to improve conditions for this vulnerable group.

Through this response, the Government will introduce further measures aimed at levelling the playing field for business. This will ensure that participants in the black economy do not get access to the same rights as those who meet their obligations.

Businesses will no longer be able to claim deductions for wages paid to employees or for payments made to contractors where they have disregarded their withholding obligations. This will send a message to businesses that engaging in the black economy and facilitating others’ non-compliance is unacceptable.

The Government will make Australian supply chains fairer by preventing businesses tendering for large government contracts if they have not met their taxation obligations. Businesses tendering for Australian Government contracts over \$4 million (inclusive of GST) will be required to provide a statement from the ATO confirming that they have a satisfactory tax record. This will increase the public’s confidence that honest businesses are being awarded government contracts. It will also set an example for other businesses to follow suit in quality procurement practices.

This will be supported by the creation of a national framework for private supply chains which will guide businesses in developing responsible supply chain management practices.

### Box 5: Changing supply chain culture

In 2016-17, total Australian Government procurement was almost \$47.4 billion from 64,092 contracts. The majority of these contracts were over \$4 million.

This places the Australian Government as one of the largest procurers of goods and services in Australia and in a position to influence broader supply chain behaviour.

While businesses are currently required to act in accordance with the law, introducing a specific requirement will ensure that tax compliance is taken into account when awarding contracts. Statements will be issued through an automated system within two to four days to minimise any compliance costs.

Changes to supply chain practices can have a big impact on culture, affecting numerous layers of businesses across multiple industries.

## More transparent and targeted enforcement and prosecution

The black economy is more diverse, more complex and influenced by a wider range of factors than at any time in history. The uptake and spread of new business models can facilitate black economy activities. The Taskforce found that new approaches are needed to match the growth in black economy activity. For instance, by providing education focused on small business owners, youth and migrants to discourage them from entering the black economy.

The Government will deliver more targeted, stronger and more visible enforcement. A new hotline will be supported by new IT infrastructure to ensure that community information can be transformed into metadata which can then feed into enforcement action. Advances in technology, such as data fusion, will be used to convert this new data into a comprehensive picture of black economy participants and behaviours. The Government is also considering how it can increase data sharing across key agencies, including with State and Territory Governments. These changes will offer agencies across government more seamless identification of black economy participants.

Enhanced data capabilities will be accompanied by an increased physical presence. New mobile strike teams and a black economy audit force will visit geographic areas and businesses that have never been visited before.

These measures will be combined with a new Black Economy Standing Taskforce to deliver a more coordinated approach to addressing black economy behaviours. The Taskforce, to be led by the ATO, will work with other enforcement agencies like the Australian Federal Police and the Australian Transaction Reports and Analysis Centre to stamp out the worst offenders.

The Government will also review the current provisions that provide civil, criminal and administrative penalties for black economy activity to ensure sanctions available reflect the harm done. As part of this process, consideration will be given to developing more effective prosecution processes and introducing new criminal offences, civil penalties or administrative penalties.

### **Box 6: A success story – the Serious Financial Crimes Taskforce**

Cross-government taskforces, like the new Black Economy Standing Taskforce, bring together data, knowledge, resources and experience. This means greater ability to identify and address serious breaches of the law.

Other taskforces, like the Serious Financial Crimes Taskforce (SFCT), have been highly successful. Through its enforcement action, the SFCT has had five successful criminal prosecutions and collected over \$203 million in cash (as at 31 March 2018).

Taskforce agencies – the Australian Criminal Intelligence Commission, the Australian Taxation Office, the Australian Federal Police and the Australian Transaction Reports and Analysis Centre – have worked closely with domestic and international partners to analyse data related to the Panama Papers and the Paradise Papers.

Over 80 matters related to the Panama Papers are underway. In addition, 53 taxpayers have indicated that they want to come forward to make a disclosure, with \$40 million in liabilities expected to come from this.

## Disrupting illegal activity

Illegal and criminal activities are often seen as separate from black economy behaviours such as demanding or paying cash in hand for work so as to avoid obligations. However, traditional views which quarantined the cash and criminal economies are outdated, with criminals looking to exploit weaknesses across the tax, regulatory, visa, employment, welfare and financial systems. Legal or system-based weaknesses are often used to derive funds, or other benefits, which can then be funnelled into illegal activity.

The Government response takes a new approach by seeking to address criminal behaviour across the entire black economy. Targeted enforcement action to stamp out criminality remains a key part of this strategy. Illicit tobacco and illegal gambling are increasingly becoming pressure points, requiring dedicated strategies to prevent these activities from fuelling other black economy activity.

Illicit tobacco undermines efforts to address the harmful health effects of smoking and results in a significant loss to revenue every year. This is why the Government is launching a comprehensive package to stamp out illicit tobacco. This builds on the stronger penalties for illicit tobacco and increased enforcement announced in the 2016–17 Budget.

The new package will help prevent leakage of imported tobacco from licensed warehouses by moving the taxing point to the border and requiring a permit for importation. On-the-ground resources will support these measures and prevent other sources of illicit tobacco such as domestic tobacco crops and smuggling. Together, these measures will protect the integrity of the tobacco duty regime, remove a key source of funding for organised crime, and support existing tobacco control policies such as plain packaging.

Illegal offshore gambling is growing rapidly as advances in technology have allowed more people to access offshore gambling facilities. Unlicensed operators are increasingly linked to organised crime gangs and are using illegal gambling as a source of funds for their activities. The Government has successfully implemented the first stage of reforms to curb illegal gambling and will continue working with State and Territory Governments to agree a joint Commonwealth, State and Territory National Consumer Protection Framework for online wagering by mid-2018.

### **Box 7: Targeting illicit tobacco**

The Government's comprehensive package combatting illicit tobacco will build on the efforts achieved to date. Since 1 October 2015, the Australian Border Force Tobacco Strike Team has seized almost 109 tonnes of smuggled tobacco and almost 248 million smuggled cigarettes. This is equivalent to \$246 million in duty forgone.

The new Illicit Tobacco Taskforce, which will replace the Tobacco Strike Team, will strengthen the ability of agencies to investigate, prosecute and ultimately dismantle the criminal groups responsible for a large part of the illicit tobacco trade.

Since 1 July 2016, the ATO has undertaken 32 seizures totalling 215 tonnes of illicit tobacco with estimated duty forgone of \$179 million. Additional funding for the ATO will provide additional investigative resources which will be used in the fight against domestic illicit tobacco.

On-the-ground action has been making a difference. In March 2018, government agencies seized \$30 million worth of illegally grown tobacco in the largest cross-agency operation ever.

This will be supported by legislation that will impose tougher penalties for possessing, buying, selling and producing illicit tobacco. This includes up to 10 years imprisonment and up to 5 times the duty that would have been payable.



# Detailed Government Response to the recommendations of the Taskforce Final Report

Recommendation	Government Response
<p><b>Taskforce recommendation 2.1 — A project to measure and track the black economy</b></p> <p>The ABS should lead a black economy data project to update the most recent estimates, develop measurement techniques and establish arrangements for ongoing monitoring of the black economy.</p>	<p>The Government <b>agrees</b> that improved information about the size and scope of the black economy will assist in understanding its impacts on the economy and in developing further measures to effectively combat black economy activity.</p> <p>The establishment of a Black Economy Standing Taskforce and a hotline (refer to the Government's response to recommendations 16.2 and 16.3) will provide additional information on the potential size of the black economy.</p>
<p><b>Taskforce recommendation 3.1 — An economy-wide cash payment limit</b></p> <p>The Government should introduce a cash payment limit that removes the ability of any individual or business to make a single transaction in cash in excess of \$10,000. The limit should apply to all payments made to businesses for goods and services. Transactions in excess of this amount would need to be made through the banking system.</p>	<p>The Government <b>agrees</b> to introduce a cash payment limit of A\$10,000 on payments made to businesses. Consultation will be held with the community and industry on the most effective way to implement this limit. Consultation will also consider whether exemptions are warranted.</p>
<p><b>Taskforce recommendation 3.2 — Mandating the payment of salary and wages into bank accounts</b></p> <p>The Government should mandate that all salaries and wages are paid directly into the employee's financial institution account.</p>	<p>The Government <b>agrees in principle</b> that the payment of salary and wages into bank accounts is preferable to the payment of cash. Consultation will be held with industry on options to encourage the electronic payment of salary and wages, noting the particular impact on small business.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 3.3 — The future direction of interchange fees</b></p> <p>In its next review of card payments regulation, the Reserve Bank of Australia (RBA) should consider whether there are further actions it could take to put downward pressure on interchange fees that would be in the public interest.</p>	<p>The Government <b>supports</b> measures to place downward pressure on non-cash payment costs and will refer this recommendation to the Payments System Board for consideration.</p>
<p><b>Taskforce recommendation 3.4 — Bringing down the cost of debit card transactions for businesses</b></p> <p>The RBA's Payments System Board should consider regulating to ensure downward pressure on the cost of debit card payments. In particular, where debit cards allow for the authorisation of the transaction to occur via two different networks, merchants should be given the ability to send the transaction via the lower cost network.</p> <p>The RBA should also seek to ensure that effective price competition among payment networks is maintained for dual network debit card usage in the context of mobile wallet technology.</p>	<p>The Government <b>supports</b> measures to place downward pressure on non-cash payment costs and will refer this recommendation to the Payments System Board for consideration.</p> <p>The Payments System Board, in its February 2018 meeting outcomes statement, has indicated that it expects to make a decision at its May 2018 meeting as to whether the market is providing some new necessary functionality for tap-and-go debit card payments or whether the RBA should issue a draft standard for consultation.</p>
<p><b>Taskforce recommendation 3.5 — Incentives to move to a non-cash business model</b></p> <p>The Government should offer incentives to small businesses to adopt entirely non-cash business models, including tax instalment timing relief and preferential treatment as trusted taxpayers.</p>	<p>The Government <b>agrees in principle</b> with supporting small businesses moving to a non-cash model where appropriate for their business.</p> <p>The Small Business Digital Taskforce report has looked at how to make it easier for businesses to adopt digital technologies.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 3.6 — Gaining a better understanding of the use and role of high value banknotes</b></p> <p>The RBA should undertake research, in conjunction with government agencies, financial intermediaries and others, to develop a better understanding of the use, role and location of the \$50 and \$100 notes.</p>	<p>The Government <b>supports</b> the RBA undertaking continued research in this area in collaboration with relevant agencies and establishment of adequate information sharing arrangements.</p> <p>The Government welcomes the release of the RBA Bulletin in March 2018 which included a discussion on the use of high denomination banknotes, drawing on input from the Bank of Canada and the Bank of England. The Government recognises the importance of this work and will seek the RBA's assistance in updating this information.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 4.2 — ABN reforms</b></p> <p>The Government should strengthen the integrity of the ABN system to provide confidence in the identity and legitimacy of Australian businesses. Action should be through a number of immediate measures to improve the integrity of the current ABN system, including provision of TFN on application; removing entitlement from specific groups since they are not entitled to carry on an enterprise (as required for eligibility); periodic renewal; more timely cancellations; and better data matching.</p> <p>A number of medium term reforms should then be progressed, such as introducing an ABN renewal fee and ensuring that there is a single issuer of ABNs and one consolidated business registry.</p>	<p>The Government <b>agrees</b> that the ABN system needs to be as robust as possible in order to ensure the integrity of the tax system.</p> <p>The Government will consult with stakeholders on the Taskforce's recommendation to inform the scope of reforms to the ABN system. This will include issues such as regular renewals of an ABN, when an ABN should be revoked and the potential for a registration and renewal fee.</p>
	<p><b>Taskforce recommendation 4.3 — Creation of a single business register</b></p> <p>The Government should integrate the Companies Register, Australian Business Register (ABR) and Business Names Register into a single register maintained by a single agency.</p> <p>In the interim, agencies must continue their efforts to improve the integrity of the separate registers. Other business registers should be progressively integrated over time.</p> <p>The Government <b>agrees</b> and is currently exploring delivery approaches to modernise business registers, including establishing a whole-of-government registry platform that will deliver modernised business registration and licensing services for the Australian community. A detailed business case to modernise and combine the business registers administered by the Australian Securities and Investments Commission and the Australian Business Registrar will be developed in 2018-19. Modernising the business registers will make it easier for businesses to interact with government, and forms part of the National Business Simplification Initiative.</p> <p>The Government is also developing a Director Identification Number (DIN) as part of the Modernising Business Registers program.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 5.1 — Development of a black economy data strategy</b></p> <p>The Government should implement a black economy data strategy which includes:</p> <ul style="list-style-type: none"> <li>In the short term: Modernising the secrecy provisions of relevant agencies; developing a central list of which agency collects which data; and Commonwealth and State and Territory Governments working together to identify specific areas where policy harmonisation or simplification would lead to an alignment of data definitions.</li> <li>In the medium term: Improving data and information sharing between States and Territories and the Commonwealth.</li> <li>In the long term: Introducing a whole-of-government Data Sharing Act; and considering migrating government records onto block chain technology as the technology matures.</li> </ul>	<p>The Government <b>agrees</b> that improved data sharing across key agencies, including with State and Territory Governments is an important mechanism for combatting the black economy.</p> <p>As part of the response to the Productivity Commission's Inquiry on Data Availability and use, the Government has announced it will:</p> <ul style="list-style-type: none"> <li>Establish a National Data Commissioner to implement and oversee a simpler, more efficient data sharing and release framework.</li> <li>Introduce legislation to improve the sharing, use and reuse of public sector data while maintaining the strong security and privacy protections the community expects.</li> <li>Establish a new National Data Advisory Council to advise the National Data Commissioner on ethical data use, technical best practice, and industry and international developments.</li> </ul>
<p><b>Taskforce recommendation 5.2 — Improving government data analytics</b></p> <p>The Government should continue to prioritise improvements to the data analytics capability of the regulatory and law enforcement agencies that deal with black economy activity, especially the ATO.</p> <p>The data analytics functions of regulatory and law enforcement agencies responsible for policing black economy activities are at various levels of maturity. Government should ensure that these agencies are adequately funded so that they can procure and leverage cutting edge data analytics technology, develop smart algorithms and train or acquire staff with the right data literacy skills.</p>	<p>The Government <b>agrees in principle</b> that improved data analytics in regulatory and enforcement agencies enhances the ability of agencies to detect black economy activity.</p> <p>As noted in the Government's response to recommendation 5.1, there are important processes underway which will facilitate better sharing and use of data.</p> <p>Across the Australian Public Service, in partnership with public, private and research sectors, the Government is committed to optimising the use and reuse of data, to release non-sensitive data and to collaborate with the research sector to expand the value of public data.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 6.1 — Expansion of reporting systems</b></p> <p>To reduce the transparency gap in our reporting arrangements, the Government should:</p> <ul style="list-style-type: none"> <li>• progressively expand the TPRS to further high risk industries and sectors;</li> <li>• extend the third party reporting regime applying to some government entities to all government entities; and</li> <li>• allow for the removal of TPRS reporting obligations from industries which have increased their reporting compliance and are meeting benchmarks.</li> </ul>	<p>The Government <b>agrees</b> and will expand the taxable payments reporting system (TPRS) as well as allowing for fillable online forms.</p> <p>The TPRS will be expanded to the following industries which have been identified as being at higher risk of not declaring their income: security providers and investigative services, road freight transport, and computer system design and related services. This will apply from 1 July 2019.</p> <p>The Government will further consider if TPRS should be expanded to other industries. The Government would need to be assured that compliance is likely to be sustained before considering removing the reporting requirements.</p> <p>The Government considers that the current third party reporting regime strikes the right balance between increasing transparency and compliance risks while maintaining consistency of reporting obligations across the private and public sector.</p>
<p><b>Taskforce recommendation 6.2 — A sharing economy reporting regime</b></p> <p>Operators of designated sharing ('gig') economy websites should be required to report payments made to their users to the ATO, DSS and other government agencies as appropriate. The Government should also continue to raise users' awareness about the potential tax obligations from participation in sharing economy activities.</p>	<p>The Government <b>agrees</b> that there needs to be greater transparency of payments made through sharing economy websites and will consult with stakeholders on how this recommendation could be implemented.</p> <p>Given the potential for growth in this area of the economy, it is important that participants in the sharing economy and the gig economy are complying with their obligations at this early stage of a growing industry.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 7.1 — A strategy for consumers</b></p> <p>Consumers should be encouraged, through an educational campaign as well as specific incentives and deterrents, to become drivers of compliance and not be complicit in black economy activities. They need to recognise the risks of participating in the black economy.</p>	<p>The Government <b>agrees</b> that consumers need to understand the risks associated with participating in the black economy as well as the loss of revenue which could otherwise be spent on essential government services.</p> <p>Actions such as the cash payment limit will highlight to consumers that there are costs to the community of participating in the black economy.</p>
<p><b>Taskforce recommendation 7.2 — A strategy for small business</b></p> <p>The Government should introduce a regulatory safe harbour for small businesses which are prepared to take prescribed steps to reduce the compliance risk they represent (for example, by moving to largely non-cash business models).</p> <p>Other elements of this strategy include: education (a pilot course for vocational education students), a new to business initiative (for new businesses and start-ups) and incentives for entirely non-cash businesses.</p>	<p>The Government <b>agrees in principle</b> to a strategy for small business. The Government is already taking steps to reduce the compliance burden on small businesses.</p> <p>The Government is also progressing the National Business Simplification Initiative (NBSI). The Better Business Services pillar of the NBSI is looking at ways to simplify how businesses receive and access government information and services. The Department of Industry, Innovation and Science is consulting with the private sector and the States and Territories on opportunities to deliver better digital services to help small businesses start and grow.</p> <p>The new Business Registration Service has streamlined Commonwealth registration services – making it easier to start and run a business. The Modernising Business Registers program (refer to the Government's response to recommendation 4.3) aims to create a contemporary digital Australian business registry service, reduce complexity for business and enable better access to registry data.</p> <p>The Australian Taxation Office has a process in place for working with stakeholders, including the tax profession, to identify safe harbours. Administrative safe harbours outline practical ways to make it easier for taxpayers to comply with the law.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 7.3 — Amnesty for business</b></p> <p>The Government should offer time-limited and targeted amnesties for small businesses. An amnesty should be followed by an enforcement blitz.</p>	<p>The Government <b>does not support</b> this recommendation.</p> <p>Instead, the Government will make it harder for people to operate within the black economy. It will be in their best interests to voluntarily come forward to the relevant regulators before being identified and potentially subject to significant civil or administrative penalties or criminal prosecution.</p>
<p><b>Taskforce recommendation 7.4 — A strategy for tax practitioners</b></p> <p>The Government should:</p> <ul style="list-style-type: none"> <li>• take action against implicated advisers and promoters;</li> <li>• take more visible action against egregious tax practitioners and make clearer their ethical responsibility to report suspected illegal activities and tax evasion; and</li> <li>• increase the capacity of the Tax Practitioners Board (TPB) to take sufficient effective action against egregious tax practitioners by increasing its resources and interactions with the ATO.</li> </ul>	<p>The Government <b>agrees</b> that the Tax Practitioners Board (TPB) plays an important role in combatting the black economy.</p> <p>The TPB will receive additional funding to allow it to receive a greater number of black economy referrals arising from increased compliance on black economy activity.</p>
<p><b>Taskforce recommendation 7.5 — Removing tax deductibility of non-compliant payments</b></p> <p>Businesses should not be able to claim tax deductions for payments made to employees if they did not report and withhold properly.</p> <p>Similarly, payments to contractors should not be deductible if the correct ABN was not provided, the payer has not withheld part of the payment under the ‘no ABN withholding’ requirements, or there is no invoice.</p>	<p>The Government <b>agrees</b> and will remove the ability to claim a tax deduction where businesses disregard their withholding requirements.</p> <p>This will ensure that businesses not doing the right thing are not given the same benefits as those that do.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 7.6 — Improving record keeping practices</b></p> <p>The requirements for tax record keeping practices should be clear and simple.</p> <p>The Government should require businesses to maintain records that include key features of all transactions. This could include the item sold, what was paid for it, underlying GST, the amount, date, ABN, and preferably time. Penalties for breaches of these rules should be designed so that the ATO has a range of administrative sanctions available at its discretion.</p>	<p>The Government <b>agrees</b> that the requirements for tax record keeping should be clear and simple and that businesses should adhere to strong record keeping practices.</p> <p>The Government will consider how these factors are best balanced against the need to keep reporting and compliance costs low.</p>
<p><b>Taskforce recommendation 8.1 — Targeted, stronger and more visible enforcement strategy</b></p> <p>The Government should implement a multi-pronged strategy to increase the level and visibility of enforcement and prosecutions, covering tax, industrial relations, welfare and immigration and financial regulatory compliance.</p> <p>The strategy needs to make better use of intelligence and be focused on problem areas.</p>	<p>The Government <b>agrees</b> that targeted, stronger and more visible enforcement and prosecutions are important in highlighting that participation in the black economy is against the law and has detrimental effects across the community.</p> <p>The Australian Taxation Office will be funded to deliver a new approach to enforcement. This will include new mobile strike teams targeting black economy behaviours supported by an audit force with broader coverage and reach into all areas of Australia. This will be complemented by contemporary tax and business education programs.</p> <p>The existing high levels of cooperation between agencies will be further supported by the Government's new multi-agency Black Economy Standing Taskforce (refer to the Government's response to recommendation 16.2) and the Illicit Tobacco Taskforce (refer to the Government's response to recommendation 13.2).</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 8.2 — More effective prosecution processes</b></p> <p>Prosecution processes should be made more effective by designating the ATO as a criminal law enforcement agency; giving the ATO powers to obtain bank information; and reviewing the evidence gathering powers of other regulators.</p> <p>A specialist tax tribunal should be created as part of the Federal Court.</p>	<p>The Government <b>agrees</b> to conduct a review of the current provisions that provide civil, criminal and administrative penalties for black economy activity. As part of this process, consideration will be given to developing more effective prosecution processes and introducing new criminal offences, civil penalties or administrative penalties.</p> <p>The Government will consider the expansion of the jurisdiction of the federal courts to deal with black economy matters as part of this review.</p>
<p><b>Taskforce recommendation 8.3 — Reverse onus of proof</b></p> <p>The Government should consider reversing the onus of proof for all/some elements of a small number of serious black economy offences and harmonising the various unexplained wealth provisions.</p>	<p>The Government <b>notes</b> this recommendation and will consider this as part of a review of existing offences (refer to the Government's response to recommendation 8.2).</p> <p>A national cooperative scheme on unexplained wealth is currently being progressed. This scheme will extend the Commonwealth's ability to pursue unexplained wealth matters across State and Territory jurisdictions through a limited text-based referral from the States; enhance information sharing arrangements between participating jurisdictions for unexplained wealth investigations; and encourage greater cooperation between jurisdictions in conducting these investigations.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 8.4 — The introduction of new black economy offences</b></p> <p>The Government should consider introducing a new class of mid-range black economy offences to give law enforcement agencies a broader range of more appropriate offences and sanctions to deploy against black economy behaviours.</p> <p>The Government should also consider introducing a new class of strict liability offences for low to mid-range black economy offences to reduce the time and cost of enforcement. These offences should be supplemented with civil penalties and infringement notice regimes to penalise breaches of these offences.</p>	<p>The Government <b>agrees in principle</b> and will undertake a review of existing offences (refer to the Government's response to recommendation 8.2) which will also consider the need for more effective prosecution processes and the need for new black economy offences.</p>
<p><b>Taskforce recommendation 8.5 — Transparency of beneficial ownership</b></p> <p>Entities and trusts should be obliged to disclose their legal and controlling owners at the request of the authorities consistent with Australia's international obligations. Failure to comply with the request should attract significant sanctions.</p>	<p>The Government <b>agrees in principle</b> and is committed to improving transparency around who owns, controls and benefits from entities to assist relevant authorities in combating illicit activities.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 9.1 — Increasing the integrity of Government procurement</b></p> <p>The Government should promote good tax behaviour by excluding businesses with a bad tax record (and convictions of bribery and corruption) from its procurement processes. This has two components:</p> <p>Commonwealth contracts should include a clause that requires contractors and their suppliers to comply with all tax legislation and regulation for the duration of the contract.</p> <p>For large contracts, tenderers must also provide evidence of their tax record as part of the procurement process including adopting Tax Transparency Code requirements.</p>	<p>The Government <b>agrees</b> with this recommendation.</p> <p>The Government will develop and consult on a policy that will make it mandatory for businesses involved in government contracts over \$4 million (inclusive of GST) to provide evidence of a satisfactory tax record.</p> <p>The Government wishes to lead by example in ensuring responsible supply chain management and require businesses to satisfy general compliance with their tax obligations. The Australian Taxation Office will consult with the Department of Finance and stakeholders in implementing this measure.</p>
	<p><b>Taskforce recommendation 9.2 — Supply chain integrity</b></p> <p>The Government should establish national probity standards that private supply chain certification credentials should comply with to ensure responsible supply chain management practices are followed. This would include minimum standards, use of trusted trader certification, and publication of misconduct.</p> <p>The Government <b>agrees</b> and will consult with industry to develop appropriate standards for supply chain practices. Further action to ensure supply chain integrity will build on current integrity measures already in place such as the Voluntary Tax Transparency Code, OECD country-by-country reporting obligations and Commonwealth Procurement Framework requirements. Action in response to recommendation 9.1 will also support private sector supply chain integrity.</p> <p>The Department of the Treasury will consult on and develop a national standard which industry associations can use to develop schemes suitable for their industries.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 10.1 – Tackle illegal phoenix behaviour</b></p> <p>The Government should tackle illegal phoenix activities through:</p> <ul style="list-style-type: none"> <li>• better early warning systems through combining government and private sector information, including through enhanced suspicious matter reporting and better data sharing;</li> <li>• extending the promoter penalty regime to the ‘controlling minds’;</li> <li>• potential new offences relating to the proposed Director Identification Number; and</li> <li>• greater enforcement of offences and recovery of debts, including through greater expertise in the ATO in debt collection, improvements to the Assetless Administration Fund and establishing an Insolvency Advisory Panel.</li> </ul>	<p>The Government agrees in principle with this recommendation.</p> <p>The Government will implement a comprehensive package of reforms which focus on deterring, disrupting and penalising those who engage in illegal phoenixing activity. The reforms follow public consultation in 2017. The Government’s Phoenix Taskforce has sophisticated data matching tools to identify, manage and monitor suspected phoenix operators, and enable streamlined sharing of tax information between 27 Commonwealth and State and Territory agencies, including the Australian Taxation Office, the Australian Securities and Investments Commission and the Fair Work Ombudsman.</p> <p>As announced in the 2017-18 MYEFO, the Government will provide an additional \$3.1 million over three years from 2018-19 to increase funding for the Assetless Administration Fund. This will bolster ASIC’s role in curbing illegal phoenixing activity.</p> <p>The Government will also require company directors to register for a unique Director Identification Number (DIN). This is being progressed through the Modernising Business Registers initiative (refer to the Government’s response to recommendation 4.3).</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 10.2 — Change the Alienation of Personal Services Income rules and strengthen enforcement</b></p> <p>The Government should:</p> <ul style="list-style-type: none"> <li>• review the Alienation of Personal Services Income rules, and reconsider the options for reform canvassed by the Board of Taxation;</li> <li>• require taxpayers as part of the ABN application (and renewal) process to indicate that they are an independent contractor. The ATO should subsequently scrutinise a sample of cases where taxpayers self-assess against the ‘results test’ and ‘unrelated clients test’; and</li> <li>• the ATO should undertake a test case to resolve uncertainty and contention about how the APSI rules work.</li> </ul>	<p>The Government <b>does not support</b> a review of the Alienation of Personal Services Income rules at this time.</p> <p>The Government will consult on options to require taxpayers to indicate they are an independent contractor as part of the Australian Business Number application (and renewal) process.</p> <p>The Australian Taxation Office is preparing updated guidance on the application of the APSI rules based on cases since the commencement of the rules.</p>
<p><b>Taskforce recommendation 10.3 — Bolster the sham contracting penalty provisions</b></p> <p>The Government should implement the Productivity Commission’s recommended changes to the sham contracting provisions of the <i>Fair Work Act 2009</i>.</p>	<p>The Government <b>agrees in principle</b> with amending the <i>Fair Work Act 2009</i> to increase the penalties for breaches of the sham contracting provisions. Higher penalties would act as a deterrent to sham contracting arrangements.</p> <p>The Government will consult on the detail of any changes.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 10.4 — Black economy activities by visa holders</b></p> <p>The Government should:</p> <ul style="list-style-type: none"> <li>• consider more compliance activity to determine whether visa holders are acting consistently with their obligations;</li> <li>• provide a tax file number to visa holders with work permissions immediately upon their arrival; and</li> <li>• ensure visa holders who have committed tax evasion are not eligible for future visas, including permanent residency.</li> </ul>	<p>The Government <b>notes</b> this recommendation and will await the outcome of the cross-agency Migrant Workers' Taskforce.</p> <p>Foreign nationals convicted of an indictable taxation offence would be referred for consideration of visa cancellation and may have their visa cancelled. Where a foreign national's visa has been cancelled, they may be subject to a temporary or permanent exclusion period that prevents the grant of a further visa.</p> <p>The ATO already has programs in place using data held by the Department of Home Affairs to check that visa holders are complying with their tax obligations.</p>
<p><b>Taskforce recommendation 10.5 — Labour-hire</b></p> <p>The Government should give in-principle support for industry-led certification schemes for labour hire firms, which are credible, rigorous and strictly enforced. Certified firms could be treated as 'trusted traders'.</p>	<p>The Government <b>notes</b> this recommendation and will await the outcome of the cross-agency Migrant Workers' Taskforce.</p> <p>Under its terms of reference, the Migrant Workers' Taskforce is examining labour hire practices for companies that employ migrant workers, and is considering particular industries or groups of vulnerable workers where there are systemic problems with exploitation and underpayment.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 10.6 — Strategy to counter the exploitation of vulnerable workers</b></p> <p>The Government should implement a strategy to protect vulnerable workers, including:</p> <ul style="list-style-type: none"> <li>• educating high risk visa holders and migrant communities about the dangers of the black economy;</li> <li>• working closely with migrant community organisations;</li> <li>• where appropriate, providing amnesties to people trapped in the black economy;</li> <li>• improving supply chain integrity through a framework of standards and ‘trusted traders’ concept (see recommendation 9.2) and</li> <li>• providing in-principle support for industry-led certification of labour hire (see recommendation 10.5).</li> </ul>	<p>The Government <b>notes</b> this recommendation and will await the outcome of the cross-agency Migrant Workers’ Taskforce.</p> <p>The Government has implemented a strategy to protect vulnerable workers through the implementation of its Protecting Vulnerable Workers policy. This includes the enactment of the <i>Fair Work Amendment (Protecting Vulnerable Workers) Act 2017</i>, increased funding to the Fair Work Ombudsman and establishment of the Migrant Workers’ Taskforce.</p> <p>The Government does not support providing amnesties to non-citizens because of the pull-effect and adverse consequences such arrangements create. Amnesties have the potential to create incentives for malpractice, undermining the integrity of Australia’s visa programs and perversely encouraging non-compliance, and leading to increased worker exploitation.</p> <p>The Government has put in place reporting arrangements to ensure that temporary visa holders with a work entitlement attached to their visa can report work-related exploitation without fear of their visa being cancelled.</p>
	<p><b>Taskforce recommendation 10.7 — Markets and food trucks</b></p> <p>Stall holders at large and organised markets and food trucks should be required to display their ABNs. Market operators should also be required to maintain a list of stallholders which can be reported to the ATO as required.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 10.8 — Strengthen charities oversight</b></p> <p>The Government should strengthen the oversight of charities, including through better risk assessment capabilities.</p>	<p>The Government <b>agrees in principle</b> that strong oversight of charities is important and should be informed by effective risk assessment.</p> <p>On 20 December 2017, the Government announced a statutory review of the Australian Charities and Not-for-profits Commission (ACNC). The review will consider whether the ACNC has the right powers to address the risk of misconduct by charities and not-for-profits, or those that work with them.</p> <p>A report on the review's findings and recommendations is required to be made to the Government by 31 May 2018.</p>
<p><b>Taskforce recommendation 11.1 — Behavioural economics framework</b></p> <p>Commonwealth departments should use behavioural economics principles to identify behavioural biases that incentivise black economy behaviour when developing policy and designing administrative processes.</p> <p>Consideration should also be given to the need to address these biases in the development of policy and administrative reforms taking account of broader policy objectives.</p> <p>Departments should also incorporate robust high quality evaluation techniques to identify the behavioural impacts of policy and administrative decisions to determine where current approaches need to be changed.</p>	<p>The Government <b>agrees</b> that government departments and agencies should use behavioural economic principles where applicable to identify behavioural biases when developing policy and designing administrative processes.</p> <p>Individual departments and agencies are best placed to determine when and how to use behavioural economic principles, including working with the Department of the Prime Minister and Cabinet and leveraging off the work of agencies already operating under these principles.</p>
<p><b>Taskforce recommendation 11.2 — Campaign to address cultural norms</b></p> <p>The Government should undertake a high profile, national cultural change campaign to address the cultural norms and community perceptions that normalise and justify black economy behaviour.</p>	<p>The Government <b>agrees</b> it is important that efforts to address black economy activity are carried out across all levels of the economy and society.</p> <p>The Government will look at strategic opportunities to raise awareness of the black economy, as well as long-term solutions to educate consumers on the risks in participating in these activities.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 11.3 — New-to-business program</b></p> <p>The Government should develop and implement a new-to-business program which helps new businesses to understand and comply with their tax and other legislative obligations in the early years of their existence.</p> <p>This program should be built upon a systemic, evidenced based framework, taking account of where existing strategies have failed and identifying how they can be better targeted.</p>	<p>The Government <b>agrees in principle</b> with this recommendation. The Australian Taxation Office is developing tax literacy education and basic business skills with a focus on industries where a lack of tax literacy has been identified (refer to the Government's response to recommendation 11.5).</p>
<p><b>Taskforce recommendation 11.4 — Industry, community group, advocacy and union partnerships</b></p> <p>Regulators should develop formal partnerships with peak industry, advocacy and union bodies to jointly identify and address black economy behaviours and attitudes.</p>	<p>The Government <b>supports</b> regulators working with peak industry, advocacy and union bodies to jointly identify and address black economy behaviours and attitudes.</p>
<p><b>Taskforce recommendation 11.5 — Vocational training tax literacy pilot</b></p> <p>Tax literacy education and basic business skills should be incorporated into Technical and Further Education (TAFE)/Vocational Education and Training (VET) curriculums through required industry certification skill sets for courses of study in fields where black economy activity or lack of tax literacy has been identified.</p>	<p>The Government <b>agrees</b> with this recommendation. The Australian Taxation Office will develop appropriate tax literacy education and basic business skills with a focus on industries where black economy activity or a lack of tax literacy has been identified.</p> <p>The program will focus on contemporary tax and business education programs targeted at small business owners, youth and migrants to help them get it right from the start, using a range of channels including industry groups, financial institutions, business mentor and support groups and the vocational education and training sector.</p> <p>The program will draw on recent research about the needs of small business and the causes of tax compliance problems to build knowledge and business acumen. The education program will complement the Government's Financial Literacy Strategy.</p>

Recommendation	Government Response	
<p><b>Taskforce recommendation 12.1 – National Criminal Database</b></p> <p>The Government should establish a National Criminal database, potentially by expanding the National Criminal Intelligence System.</p>	<p>The Government agrees in principle with this recommendation.</p> <p>In June 2015, the Government announced \$9.8 million of funding over two years under the <i>Proceeds of Crime Act 2002</i> to the Australian Criminal Intelligence Commission (ACIC) to pilot a new National Criminal Intelligence System (NCIS). The pilot program ceased on 30 June 2017.</p> <p>Following an evaluation of the pilot program, in July 2017, the Government provided a further \$9.8 million of funding over two years under the <i>Proceeds of Crime Act 2002</i> for the National Information Connectivity and Security Trial. The Trial will build on the work of the NCIS Pilot Program and lay the foundation for future connectivity between partner systems and the ACIC's intelligence and operational systems.</p> <p>The intent of the NCIS is to strengthen criminal information and intelligence sharing across law enforcement agencies, jurisdictions and the criminal intelligence community. As well as connecting the existing data holdings and making searching across these highly efficient, NCIS will also offer enhanced analytical and collaboration services.</p> <p>Through NCIS, the law enforcement and intelligence community will have an improved ability to work together across jurisdictions on common outcomes – improving safety and critical incident decision making, and allowing the earlier detection and prevention of criminal and national security threats.</p>	<p>The Government agrees that international cooperation between law enforcement agencies is important.</p> <p>The ACIC and other law enforcement agencies participate in the Five-Eyes Law Enforcement Group, which facilitates cooperation across law enforcement agencies. In addition to existing forums and means of international cooperation, relationships with overseas partners are continually being developed and grown.</p>
	<p><b>Taskforce recommendation 12.2 – Greater international cooperation between law enforcement agencies</b></p> <p>Australian law enforcement agencies should deepen relationships with their international counterparts, particularly the US Office of Foreign Assets Control.</p>	

Recommendation	Government Response
<p><b>Taskforce recommendation 12.3 — Strengthen anti-money laundering laws</b></p> <p>The Government should make money laundering more difficult by:</p> <ul style="list-style-type: none"> <li>• extending money laundering laws to the trust accounts of real estate agencies, accountants and solicitors;</li> <li>• imposing Know-Your-Customer obligations on these professionals;</li> <li>• cracking down on unregulated money exchanges; and</li> <li>• banning cash transactions over \$10,000 (see recommendation 3.1).</li> </ul>	<p>The Government <b>agrees in principle</b> with this recommendation and is progressing implementation of the recommendations from the statutory review of the anti-money laundering and counter-terrorism financing (AML/CTF) regime. The Government is implementing reforms in two phases to strengthen, streamline and simplify Australia's AML/CTF regime.</p> <p>The Government has delivered the first phase of reforms with the passage of the <i>Anti-Money Laundering and Counter-Terrorism Financing Bill 2017</i> in December 2017.</p> <p>The Government will consider this recommendation in the second phase of the consultation, design and implementation for the AML/CTF reforms which will continue through to 2019.</p>
<p><b>Taskforce recommendation 12.4 — Boosting the ATO's powers</b></p> <p>The Government should provide the ATO with powers to compel information from third parties such as banks for the purposes of criminal investigations; and access telecommunications metadata. See also Recommendation 8.2.</p>	<p>The Government <b>agrees in principle</b> to consider providing the Australian Taxation Office with additional powers for serious financial crimes and will include this as part of its review of the existing penalties and offences regime (refer to the Government's response to recommendation 8.2).</p>
<p><b>Taskforce recommendation 12.5 — Harmonisation of anti-bikie gang laws</b></p> <p>The Commonwealth, States and Territories should harmonise laws applying to bikie gangs by following the jurisdiction with the most rigorous provisions.</p>	<p>The Government <b>notes</b> this recommendation including previous consideration by the Council of Australian Governments (COAG) and the actions by some States to adopt similar sanctions already in place in other jurisdictions.</p> <p>The Commonwealth supports State and Territory efforts to develop stronger legislative responses to serious and organised crime, including the threat posed by Outlaw Motorcycle Gangs. In particular, the Australian Federal Police led National Anti-Gangs Squad (NAGS) works in conjunction with State police gang taskforces, to enhance and support investigations, and provide access to the information, intelligence and capabilities of federal agencies. In 2016, the Australian Government committed a further \$39 million to the NAGS.</p>

Recommendation	Government Response
<b>Taskforce recommendation 12.6 — Sanctions for serious tax evasion by non-citizens</b> <p>Provisions for cancelling visas of those convicted of serious tax offences should be strengthened and such people should be removed from Australia. Additionally, such a conviction should prejudice any future applications for visas, including permanent Australian residency or Australian citizenship.</p>	<p>The Government <b>notes</b> this recommendation.</p> <p>The Government has in place a range of powers to ensure that the Australian community is protected from harm. Every person who lives in Australia, whether that person is a foreign national, a citizen by birth or a citizen by application, must uphold and obey the law. If a person commits serious offences, they are accountable for their actions and are liable to be dealt with in accordance with Australian law.</p> <p>All foreign nationals who wish to enter or remain in Australia must satisfy the character requirements under the <i>Migration Act 1958</i> (the Act). If a person does not pass the character requirements, the Act provides for a range of refusal and cancellation powers.</p> <p>Foreign nationals convicted of an indictable taxation offence are referred for consideration of visa cancellation and may have their visa cancelled. Where the conviction results in a term of imprisonment for 12 months or more, foreign nationals will be subject to mandatory cancellation provisions. If a person's visa is cancelled while they are in Australia, then the person is removed as soon as reasonably practicable.</p> <p>Where a foreign national's visa has been cancelled, they may be subject to a temporary or permanent exclusion period that prevents the grant of a further visa.</p>
<b>Taskforce recommendation 12.7 — Reform proceeds of crime laws</b> <p>The Government should reform proceeds of crime laws by: extending the period for freezing orders from 3 days to 14 days; allowing for the extension of freezing order until relevant financial institutions have provided data sought by enforcement authorities; and giving courts the discretion to freeze some of the funds held in a particular bank account.</p>	<p>The Government <b>notes</b> this recommendation and will consider this as part of the review of existing penalties and offences (refer to the Government's response to recommendation 8.2).</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 12.8 — Deem criminal earnings to be offshore profits</b></p> <p>The Government should examine the feasibility of deeming criminals' offshore earnings to be Australian sourced. The Controlled Foreign Company tax rules should be modified to attribute offshore criminal proceeds to Australia for tax purposes.</p>	<p>The Government <b>agrees</b> to examine options by which offshore earnings from criminal activity could be taxed or penalised in Australia where the crimes are committed in Australia. In this regard, consideration will be given to the controlled foreign company tax rules, proceeds of crime provisions, source rules and other domestic tax rules applicable to criminal activities, and the extent to which legislative amendment may be necessary.</p> <p>The Government <b>agrees</b> to the enactment of tobacco control measures. On 15 February 2018, the Government introduced the <i>Treasury Laws Amendment (Illicit Tobacco Offences) Bill 2018</i> to give effect to its commitment in the 2016–17 Budget to strengthen illicit tobacco offences. On 28 March 2018, the Minister for Law Enforcement and Cyber Security introduced the <i>Customs Amendment (Illicit Tobacco Offences) Bill 2018</i>. These complementary Bills will harmonise illicit tobacco offences contained in the <i>Excise Act 1901</i> and the <i>Customs Act 1901</i>. This will give effect to a stronger and more consistent approach to penalties for domestic and imported illicit tobacco.</p> <p>The new legislation increases the range of enforcement options available for illicit tobacco offences, including the introduction of offences for possession of equipment used to manufacture tobacco, selling, buying, manufacturing and producing illicit tobacco and a civil penalty for possession of tobacco where the person cannot provide documents such as a tax invoice to demonstrate that the tobacco is for personal use.</p> <p>The new offences will assist in pursuing successful convictions in relation to illicit tobacco. The Australian Taxation Office and the Department of Home Affairs will no longer be required to prove the origin of the illicit tobacco to successfully prosecute offenders in the domestic market.</p> <p>The Government will also be focusing on measures to directly address tobacco smuggling.</p>

Recommendation	Government Response	
<p><b>Taskforce recommendation 13.2 — Coordinated enforcement to combat illicit tobacco</b></p> <p>The Government should establish an illicit tobacco agency reporting to the Home Affairs department.</p> <p>Alternatively, the Government should provide funding to enable the continuation of the Tobacco Strike force incorporating the ATO's tobacco resources into this strike force.</p> <p>Another option would be to create a prescribed cross-agency Tobacco Taskforce, with clear lines of accountability and lead responsibility for targeting illicit tobacco.</p> <p>The Government should include the Department of Home Affairs as a 'law enforcement agency' for the purposes of the Surveillance Devices Act so that it is able to authorise the use of surveillance devices for enforcement related purposes, such as monitoring suspected tobacco shipments where they have a reasonable suspicion of the importation or handling of illicit tobacco.</p> <p>The Government should conduct an enforcement blitz once improved illicit tobacco legislation has been implemented.</p>	<p>The Government <b>agrees</b> to the need for coordinated enforcement to combat illicit tobacco and will establish the Illicit Tobacco Taskforce which will operate as a cross-agency Taskforce with accountability and lead responsibility for targeting imported illicit tobacco.</p> <p>The Illicit Tobacco Taskforce will comprise members from a number of law enforcement and border security agencies to ensure it has the capabilities it needs to effectively combat the trade in illicit tobacco.</p> <p>The creation of the Illicit Tobacco Taskforce will deliver a multi-faceted approach that leverages whole-of-government capabilities and powers to proactively target, disrupt and prosecute serious and organised crime groups at the centre of the illicit tobacco trade.</p> <p>The Government will introduce a package of interconnected measures that target the three main sources of illicit tobacco (smuggling, leakage from licensed warehouses and domestic production).</p>	<p>The Government <b>does not support</b> this recommendation.</p> <p>The Government is introducing a range of measures to combat illicit tobacco. The Government will review the success of these measures before considering further measures such as tracing cigarettes.</p>
<p><b>Taskforce recommendation 13.3 — Tracing cigarettes</b></p> <p>The Government should examine the feasibility of introducing technology which marks packs and cases to show when excise has been correctly paid.</p>	<p><b>Taskforce recommendation 13.4 — Move the taxing point for tobacco excise</b></p> <p>The Government should tax tobacco at the time that it enters an Australian port.</p>	<p>The Government <b>agrees</b> and will introduce changes to ensure importers pay all duty and tax liabilities for imported tobacco at the border. This new measure will be effective from 1 July 2019.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 13.5 — Shisha tobacco</b></p> <p>The Government should reduce the level of duty which applies to shisha tobacco so that it is taxed at approximately the same rate as cigarettes.</p>	<p>The Government <b>notes</b> this recommendation.</p>
<p><b>Taskforce recommendation 14.1 — Enforce existing illegal gambling laws</b></p> <p>The Government should examine how to make further use of existing laws, including tax law, anti-money laundering regulation and laws against multinational profit shifting, in combatting illegal gambling.</p>	<p>The Government <b>agrees in principle</b> with this recommendation.</p> <p>Existing multinational tax evasion provisions under the transfer pricing rules and the recently enacted Diverted Profits Tax and Multinational Anti-Avoidance Law will address international gambling entities inappropriately avoiding a taxable presence in Australia.</p> <p>The Government also made amendments to the <i>Interactive Gambling Act 2001</i> (IGA) in 2017 to strengthen the enforcement powers of the Australian Communications and Media Authority (ACMA) to better respond to illegal offshore wagering. This responds to the Government's commitments in response to the 2015 <i>Review of Illegal Offshore Wagering</i>.</p> <p>The Government will continue to examine ways to make further use of existing laws in combating illegal gambling.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 14.2 — Implement recommendations set out in the Review of Offshore Gambling</b></p> <p>The Government should:</p> <ul style="list-style-type: none"> <li>• require Internet Service Providers (ISPs) to block offshore sites that are offering illegal gambling services to Australians; and</li> <li>• encourage banks to prevent transactions to and from offshore wagering websites.</li> </ul>	<p>The Government <b>agrees in principle</b> with this recommendation.</p> <p>Following the release of the <i>2015 Review of Illegal Offshore Wagering</i>, the Government consulted with ISPs to assess potential options including voluntarily disrupting access to illegal offshore online wagering providers through the use of website blocking or warning pages. The Government will announce its final position on the feasibility of voluntary ISP blocking in due course.</p> <p>The Government is also assessing the potential options and practicality of payment blocking strategies and has consulted with banks and other financial institutions. The feasibility of these measures will need to be balanced against their relative costs, benefits and effectiveness. The Commonwealth, State and Territory governments have also agreed in-principle to the introduction of a National Consumer Protection Framework for online wagering in Australia containing a suite of ten consumer protection measures. Final agreement to the National Framework is expected in mid-2018.</p>
<p><b>Taskforce recommendation 14.3 — Separating unregulated gambling from legitimate activity</b></p> <p>The Commonwealth Government should prevent regulated gambling sites from accepting bets sourced from unregulated sites.</p> <p>State-based racing regulators should publicly warn off people from attending racetracks and prosecute them if they are found to be using unregulated gambling sites.</p> <p>Australian law enforcement agencies should exchange information about unregulated gambling with their international counterparts.</p>	<p>The Government <b>agrees in principle</b> with this recommendation, noting that the Commonwealth does not have a direct role in regulating wagering services licensed under State and Territory laws.</p> <p>As part of amendments to the <i>Interactive Gambling Act 2001</i>(IGA) in 2017, the Australian Communications and Media Authority (ACMA) now has a range of deterrence powers to disrupt illegal offshore wagering. This includes notifying licensing authorities in overseas jurisdictions about licensees who are breaching the provisions of the IGA (see the IGA and section 59D of the <i>Australian Communications and Media Authority Act 2005</i>). The ACMA also has a whitelist of licensed providers, to better communicate to the public who is licensed in Australia.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 14.4— Better use of gambling data</b> Information contained in stored value cards and betting vouchers should be analysed to seek out potential criminal networks.</p>	<p>The Government <b>agrees in principle</b> with this recommendation. Currently, licensed wagering operators are required to exercise customer due diligence including transaction monitoring under the <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i>.</p>
<p><b>Taskforce recommendation 14.5 — Prevent gambling being used to shelter tax evasion</b> The Government should require taxpayers to keep records of their gambling activities once winnings exceed \$50,000 per year.</p>	<p>The Government <b>agrees in principle</b> with this recommendation.</p> <p>One of the consumer protection measures under the proposed National Consumer Protection Framework for online wagering is the provision of activity statements for online wagering on demand and on a regular basis. This measure will allow consumers to readily track their wagering spending and behaviour, as a harm minimisation tool, however it could also assist taxpayers who gamble online to keep comprehensive records of their online gambling activities.</p>
<p><b>Taskforce recommendation 16.1 — Advisory board</b> The Government should establish a central agency led advisory board, including both public and private sector representatives, to monitor emerging trends and risks in the black economy and prepare a five yearly report on these.</p>	<p>The Government <b>agrees</b> and will establish an Advisory Board comprising public and private sector representatives to oversee the implementation of the Black Economy Taskforce recommendations.</p> <p>The Advisory Board will assist in the implementation of the report's recommendations, in particular those relating to business. The Advisory Board will also be involved in providing advice in the development of an update on the black economy to government in five years.</p>

Recommendation	Government Response
<p><b>Taskforce recommendation 16.2 — Standing Taskforce</b></p> <p>The Government should establish a standing taskforce to identify, respond to and prosecute serious, complex black economy fraud.</p>	<p>The Government <b>agrees</b> that the black economy needs to be addressed through a whole-of-government approach.</p> <p>The Government will establish a multi-agency Black Economy Standing Taskforce led by the Australian Taxation Office and comprising key departments including; the Department of Home Affairs, the Department of Human Services, the Department of Jobs and Small Business. This will include representation by enforcement agencies such as the Australian Federal Police, the Australian Border Force, the Australian Criminal Intelligence Commission and the Fair Work Ombudsman.</p> <p>The Taskforce will work collectively and focus specifically on those who are undertaking black economy activity. This will be the first ever coordinated approach to combat black economy activity.</p>
<p><b>Taskforce recommendation 16.3 — Ombudsman's office and hotline</b></p> <p>The Government should create a Black Economy Ombudsman's Office and hotline.</p>	<p>The Government <b>agrees</b> to establish a hotline with the capability to securely transfer information between external partner agencies and to ensure that the information is sent to the right agency.</p> <p>The Government <b>notes</b> the recommendation to create a Black Economy Ombudsman's Office. The multi-agency Black Economy Standing Taskforce (refer to the Government's response to recommendation 16.2) coupled with a hotline will put in place a comprehensive architecture to ensure ongoing monitoring and detection of black economy activity. The Government will review the effectiveness of these arrangements over time.</p>

## Government response to supplementary recommendations

Supplementary recommendation	Government Response
<b>Chapter 3. Non-cash wagering reform</b>  Where possible, barriers to businesses adopting electronic payment methods should be removed, including for gambling venues.	The Government <b>notes</b> this is an area of State and Territory responsibility.  The Government encourages the States and Territories to consider whether there is scope to remove barriers to electronic payments methods in gambling transactions to the extent it does not reduce gambling consumer protections.
<b>Chapter 5. Internet Scraping</b>  Internet scraping should be explored as a tool to identify black economy activities on the internet and social media platforms.	The Government <b>supports</b> law enforcement entities and regulators using innovative and effective tools such as internet scraping and making use of data held by third-parties to identify black economy behaviour.
<b>Chapter 5. Further opportunities from third-party data such as escrow</b>  The Government should also keep a continual look out for other opportunities to access and make use of data held by third-parties.	The Government <b>supports</b> law enforcement entities and regulators using innovative and effective tools such as internet scraping and making use of data held by third-parties to identify black economy behaviour.
<b>Chapter 6. Single touch payroll (STP)</b>  The reporting of wages and superannuation under STP provides transparency. STP starts for employers with 20 or more employees from 1 July 2018. The Government has announced it will include employers with less than 20 employees in STP from 1 July 2019. Legislation will need to be enacted for this to occur.  An option for the Government to consider would be introducing the requirement for payment of wages into bank accounts from 1 July 2019 as well.	The Government <b>agrees</b> and has introduced legislation to extend Single Touch Payroll to all employers from 1 July 2019 as part of the Superannuation Guarantee Integrity Package.  As noted in response to recommendation 3.2, the Government agrees in principle to mandate the payment of salary and wages into bank accounts, noting the need for consultation to identify circumstances where cash payments should be permitted and appropriate transitions for small business.

Supplementary recommendation	Government Response
<b>Chapter 6. Airbnb and GST</b> <p>The Government should examine how GST should apply to accommodation provided through Airbnb and similar platforms compared with that provided in traditional hotels and similar commercial accommodation.</p>	<p>The Government <b>notes</b> this recommendation.</p> <p>It is important that businesses and individuals meet their GST obligations. Under GST law, those that rent out their properties in a similar manner to a hotel, motel, inn, hostel, or boarding houses on an online platform may be providing commercial residential accommodation and may need to account for GST on those sales, where they reach the GST turnover threshold of \$75 000 per annum.</p> <p>The Australian Taxation Office uses a range of detection and enforcement strategies against commercial residential accommodation providers who evade their GST obligations, including those who offer services via online platforms.</p>
<b>Chapter 7. Trade discount</b> <p>To access trade discounts on purchases, businesses should have to provide their ABN to the seller who must verify and keep a record of the transaction. They should also record whether the transaction was in cash or card, and the amount.</p>	<p>The Government <b>notes</b> this recommendation.</p> <p>This will be considered as part of the consultation process for ABN reforms (recommendation 4.2) and as part of the response to recommendation 7.6 on record keeping.</p>
<b>Chapter 8. Enforcement</b> <p>New sanctions are needed to deal with egregious and persistent non-compliance to supplement our recommendation regarding escalating sanctions for failure to comply with record-keeping obligations.</p>	<p>The Government <b>notes</b> this recommendation.</p> <p>As noted in response to recommendation 8.2, the Government will undertake a review of existing offences which will also consider the need for new black economy offences.</p>

Supplementary recommendation	Government Response
<p><b>Chapter 8. Resourcing for the ATO and Fair Work Ombudsman</b></p> <p>The ATO and FWO need to be adequately resourced to tackle black economy issues and for enforcement activity to be visible on the ground.</p>	<p>The Government <b>agrees in principle</b> with this recommendation.</p> <p>As noted in response to recommendation 8.1, the ATO will undertake new approaches to their enforcement visibility, data analytics capability and community awareness.</p> <p>The Government has committed additional funding of \$20.1 million over four years to the FWO (from 2016–17 to 2019–20) to put more resources into effective compliance and enforcement activities.</p>
<p><b>Chapter 8. Use of estimates to value business transactions</b></p> <p>The ATO should closely monitor practices such as brokers adjusting booked earnings to reflect undeclared cash earnings of businesses that are being sold, and brokers should have a positive obligation to report cases where such adjustments are requested. The ATO should also continue to employ proxies in its compliance and enforcement actions in the black economy such as the use of Small Business Benchmarks.</p>	<p>The Government <b>notes</b> this recommendation.</p> <p>The Government expects the Australian Taxation Office will continue to use practical and appropriate tools to identify black economy activities.</p>
<p><b>Chapter 8. Correct deficiencies in the prosecution process</b></p> <p>Section 8ZE of the <i>Income Tax Administration Act 1953</i> should be amended so that an administrative penalty stands where a taxpayer is not found guilty in criminal proceedings.</p>	<p>The Government <b>notes</b> this recommendation.</p> <p>As noted in response to recommendation 8.2, the Government will undertake a review of existing penalties and offences which will also consider the need for new black economy offences.</p>
<p><b>Chapter 9. Blockchain/distributed ledger pilot</b></p> <p>The Government could collaborate with a large company to trial distributed ledger technology as a tool to improve supply chain integrity.</p>	<p>The Government <b>notes</b> this recommendation.</p> <p>The Government has been working with the FinTech Advisory Group to explore possible benefits to the economy from the development of distributed ledger technology (Blockchain).</p>

Supplementary recommendation	Government Response
<p><b>Chapter 9. Accountability of procurement officers</b></p> <p>Procurement officers should be seen as responsible, and be held accountable, for procuring only firms which a good record of complying with their tax and other obligations, and ensuring that their suppliers adhere to all such laws and regulations for the duration of the contract.</p>	<p>The Government <b>notes</b> this recommendation.</p> <p>As noted in response to recommendation 9.2, the Government will consult with industry to develop appropriate standards for supply chain practices.</p>
<p><b>Chapter 9. Supply chain reporting obligations</b></p> <p>The proposed reporting requirements for businesses to outline their actions to address modern slavery in their operations and supply chains should be implemented as soon as possible.</p> <p>The Government should adopt the Joint Standing Committee on Foreign Affairs and Trade's recommendation to limit government procurement to only those entities that have submitted a modern slavery statement and establishing an independent Anti-Slavery Commissioner.</p>	<p>The Government <b>notes</b> this recommendation.</p> <p>The proposals in this recommendation were also recommended by the recent Joint Standing Committee on Foreign Affairs, Defence and Trade's (JSCFADT) inquiry into establishing an Australian Modern Slavery Act. The Government is currently considering its response to the JSCFADT recommendations and will respond in due course. The Government has committed to introducing legislation to establish a Modern Slavery Reporting Requirement by mid-2018.</p>