

New laws target sharing economy platforms

In an attempt to reign in undeclared income, proposed new laws will require platform providers in the sharing economy to report all transactions through their platforms.

Traditional employment models have shifted in favour of more flexible options including contracting, self-employment and use of labour hire. Consumers are increasingly paying to 'use' rather than 'own' assets, creating new income opportunities for the owners of assets – like AirBNB. And, the Government believes they are missing out on tax revenues from these payments – income tax from income earned, GST on ride sharing (because the ATO considers all ride sharing a taxi service and as a result GST applies), and capital gains tax on the sale of property used to earn income, etc.

While data matching programs have targeted sharing platforms previously, the proposed laws provide a structured and consistent framework to recognise all revenue earned in Australia through these platforms.

The laws target electronic platforms capturing those that act as intermediaries between buyers and sellers, to more complex arrangements where the platform operator assumes much of the inherent risk in the transaction between the buyer and the seller, play a quality assurance role, and ensure a seamless experience for the buyer and seller. The laws do not rely on the platform processing payments and will reach to those who use third party payment providers.

If implemented, the laws will apply to ride sharing and accommodation services from 1 July 2022, and all other services from 1 July 2023.