

Couriers and cleaners in ATO's sights in black economy fight



ATO Assistant Commissioner Peter Holt

The [taxable payments reporting system](#) (TPRS) protected \$2.7 billion from being lost to the black economy in the building and construction industry in the 2015-16 financial year. And now other “high risk” businesses are in the ATO’s sights as the end of financial year draws to a close and the new one about to start.

Service businesses including cleaners and couriers have just months to update processes to comply with their reporting obligations.

A key part of the ATO’s multi-faceted response to the black economy, the TPRS requires companies that engage contractors in selected industries to report payments to the ATO by August 28 each year.

The clampdown on building and construction firms began in the 2012-13 tax year and was so successful that the TPRS was last year expanded to other high-risk industries – cleaning, courier, road freight, information technology (IT), security, investigation and surveillance services – which are required to lodge their first taxable payments annual report (TPAR) with the ATO this August.

“For the financial year 2018-19, businesses that supply courier or cleaning services need to report payments made to contractors they use to deliver those courier or cleaning services using the taxable payments annual report,” explains ATO Assistant Commissioner Peter Holt. “This will need to cover all relevant transactions from July 1, 2018, to June 30, 2019. The annual report for these businesses is due by August 28, 2019.”

Mr Holt says the significant revenue increase he has seen from the building and construction industry as a result of the TPRS shows just how effective it is in improving tax compliance in an industry.

“TPRS strengthens our ability to match income tax returns from contractors against what businesses report paying, allowing us to detect those trying to hide income and evade tax,” he explains. “The success of this system proves that if you’re trying to evade your obligations it won’t go unnoticed.

“Businesses who are doing the right thing don’t need to worry, however, if you’re not meeting your tax obligations there will be consequences.”

Creating a robust tax system



Jirsch Sutherland Partner Chris Baskerville

[Jirsch Sutherland Partner Chris Baskerville](#) says the ATO’s taxable payments reporting system is a part of the agency’s continued efforts to claw back tax revenues from businesses that have under-reported their payments to reduce their tax payable.

“This multi-agency crackdown will hopefully deter tax dodgers while helping protect the integrity of the tax system,” he says. “Forcing companies to become tax compliant and stop making cash payments will also create a healthier competitive playing field for those that meet their obligations.”