2 November 2015

Response to the Financial System Inquiry

On 20 October 2015, the Commonwealth Government released its response to the Financial System Inquiry report (Inquiry) that had been provided to the Government on 7 December 2014.

In its response, the Government agreed to the overwhelming majority of the Inquiry’s recommendations, and set out an agenda for improving the financial system by strengthening resilience of the financial system, improving efficiency of the superannuation system, stimulating innovation, supporting consumers of financial products being treated fairly and strengthening regulator capabilities and accountability.

Specific measures agreed to by the Government include:

- consultation on legislation to support crowd-sourced debt funding,
- giving legal effect to the Asian Region Funds Passport initiative by the end of 2016,
- consultation on the further development of a principles-based framework for pre-selection of a comprehensive retirement income product by superannuation trustees that has regard to the outcomes of the Tax White Paper process and the Retirement Income Streams Review
- introducing legislation to ban merchants from imposing unfair card surcharges that are greater than the cost to them of accepting payment by card
- making the Australian Competition and Consumer Commission (ACCC) responsible for enforcing these surcharging regulations
- raising professional, ethical and education standards for financial advisers. Subject to transitional arrangements, advisers will be required to hold a degree, pass an exam, undertake continuous professional development, subscribe to a code of ethics and undertake a professional year before they can advise clients
- strengthening the accountability and capabilities of the Australian Prudential Regulation Authority (APRA), the Australian Securities & Investments Commission (ASIC) and the Payments System Board.

Data matching: Ride sourcing arrangements

On 7 October 2015, the Commissioner of Taxation published a Commonwealth Gazette notice advising that the Australian Taxation Office (ATO) will acquire data to identify individuals that may be engaged in providing ride sourcing services during the 2013-14, 2014-15 and 2015-16 financial years. The data to be obtained by the ATO is the details of all payments to ride sourcing providers from identified accounts held by ride sourcing facilitators with various financial institutions. The data acquired will be electronically matched with certain sections of ATO data holdings to identify taxpayers that can be provided with tailored information to help them meet their tax obligations, or to ensure compliance with taxation law.

Data matching: Visa holders

On 21 October 2015, a notice was published in the Commonwealth Gazette notice advising that the Department of Immigration and Border Protection (DIBP) will provide
the ATO with names, addresses and other details of visa holders, their sponsors and migration agents for the 2013-14, 2014-15, 2015-16 and 2016-17 financial years. These records will be electronically matched by the ATO with certain sections of their data holdings to identify non-compliance with registration, lodgement, reporting and payment obligations under taxation laws.

**Data matching: Online selling**

On 7 October 2015, the Commissioner of Taxation published a Commonwealth Gazette notice advising that the ATO will acquire online selling data relating to registrants who sold goods and services to a value of $10,000 or more during the period 1 July 2014 to 30 June 2015. The notice states that data providers are included in/excluded from the program based on the following principles:

- The data owner or its subsidiary operates a business in Australia that is governed by Australian law
- The data owner provides an online market place for businesses and individuals to buy and sell goods and services
- The data owner tracks the activity of registered sellers
- The data owner has clients whose annual trading activity amounts to $10,000 or more
- The data owner has trading activity for the year in focus
- Where the client base of a data owner does not present an omitted or unreported income risk, or the administrative or financial cost of collecting the data exceeds the benefit the data may provide, the data owner may be excluded from the program.

The notice goes on to state that in accordance with these principles, data will be sought from eBay Australia and New Zealand Pty Ltd, a subsidiary of eBay International AG which owns and operates [www.ebay.com.au](http://www.ebay.com.au).

The data requested will include information that enables the ATO to match online selling accounts to a taxpayer, including name, address and contact information as well as information on the number and value of transactions processed for each online selling account.

This acquired data will be electronically matched with certain sections of ATO data holdings to identify possible non-compliance with taxation law.

**Foreign Investment Reform**

The Commonwealth Treasury has released exposure draft legislation to support reforms to the foreign investment framework. The regulations contain key provisions that complement the package of reforms that is currently before Parliament, including the definition of ‘agribusiness’, definitions and rules around foreign government investors, aspects of the Government's modernisation package and fees for notifiable actions.
Let’s talk

For a deeper discussion of how these issues might affect your business, please contact:

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