



are not able to complete or lodge tax returns. This presents a major gap in advice available to those in need.

It is problematic that there is currently no publicly available data quantifying the otherwise unmet need for independent tax advice amongst financially vulnerable people. Our research fills this gap. We find that the unmet need for independent tax advice ranges between 30.1-40.6% of all people seeking financial counselling assistance regardless of their socio-economic group across Australia. This means that a total of between 632,000–852,600 financially vulnerable people need – but are unable – to access independent professional tax advice (being 30.1-40.6% of 2.1 million adults across Australia experiencing severe or high financial stress: (UNSW Centre for Social Impact, 2018).

Our academics and tax agents involved in the Clinic represent many years of experience in taxation practice and taxation research. We are unanimous in our disapproval of the so-called 'black' economy and support efforts to eradicate it.

### **Submission**

We wish to express concerns arising from two aspects of the proposed changes intended to strengthen the ABN system.

#### **1. Annual ABN renewal**

The consultation material refers to the effect of new section 14A requiring ABN holders to annually inform the Registrar of their need for an ABN. Given the millions of ABN holders in the country this seems to involve an extraordinary scale of annual compliance. Given too that the majority (probably) of these millions of ABN holders are legitimate compliant and law abiding ABN holders it seems an extreme and unnecessary compliance burden to impose on a very large segment of the business community that has done nothing wrong.

It is suggested that the problem of unjustified use of ABN's might be better addressed if this entitlement were justified less frequently (e.g. Tax Practitioners Board registration of tax agents has a three year renewal and although that is rumoured to change to an annual renewal there is a big difference between regulating a small number of agents annually and managing the entire population of ABN holders); or were set up to be justified on request by the Registrar. The latter approach would allow the Registrar to focus on suspect ABN holders and would accoh 0 Td[d7e3s)-8.1 (t)- ( )-11.6 (up t)2 ( )T[s)-8 2-6.4 (ar)s(ha)-12.3( )T

to ameliorate the harshness of this new rule might be to extend the years limit to more years than 2 in order to have an impact only on the egregious cases.

Secondly, the consequence of a cancellation of their ABN for such a business is extreme. At the moment that the ABN is cancelled the business in question will instantly lose the ability to issue a valid tax invoice and will, for transactions with business customers, be subject to non-ABN withholding rules. It will soon be bankrupt. That may be the intention, but it will be extremely harsh, and far exceeds the normal penalty imposed for late filing of a tax return. The published article referred to above explains how many ABN holders are in need of advice and support in dealing with an administratively complex system – a more appropriate response than punishment.

Thirdly, the fact that a non-compliant business has had its ABN cancelled will not close it down as an (albeit illicit) economic activity and it is not entirely clear how this measure