
Glossary

The following abbreviations and acronyms are used throughout this explanatory memorandum.

<i>Abbreviation</i>	<i>Definition</i>
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
Commissioner	Commissioner of Taxation
ITAA 1997	<i>Income Tax Assessment Act 1997</i>

General outline and financial impact

Third party reporting

Schedule # to this Bill amends Schedule 1 to the *Taxation Administration Act 1953* to improve taxpayer compliance by increasing the information reported to the Commissioner of Taxation by a range of third parties. The Schedule creates a new reporting regime requiring third parties to report on the following transactions:

- payments of government grants;
- financial benefits provided for services to government entities;
- transfers of real property;
- transfers of securities
- transfers of units in unit trusts; and
- business transactions made through payment systems.

Date of effect: This measure applies to transactions that happen on or after 1 July 2016. Several minor amendments apply from Royal Assent.

Proposal announced: The Government announced that it would proceed with these amendments in a joint Media Release titled, 'Restoring integrity in the Australian tax system' of 6 November 2013.

The Government extended the start date of this measure to 1 July 2016 in a Media Release titled 'More progress in restoring integrity in the tax system' of 13 May 2014.

This measure was first announced by the previous Government in the 2013-14 Budget as 'Tax compliance – Improving compliance through third party reporting and data matching'.

Chapter 1

Third party reporting

Outline of chapter

1.1 Schedule # to this Bill amends Schedule 1 to the *Taxation Administration Act 1953* to improve taxpayer compliance by increasing the information reported to the Commissioner of Taxation (Commissioner) by a range of third parties. The Schedule creates a new reporting regime requiring third parties to report on the following transactions:

- payments of government grants;
- financial benefits provided for services to government entities;
- transfers of real property;
- transfers of securities;
- transfers of units in unit trusts; and
- business transactions made through payment systems.

1.2 All references to legislative provisions in this chapter are references to Schedule 1 to the *Taxation Administration Act 1953* unless otherwise stated.

Context of amendments

1.3 The objective of an efficient tax administration is to collect the maximum amount of revenue with minimum administration and compliance costs. Since 1986-87, Australia's income tax system has largely operated on a self-assessment basis for individuals, meaning that it is the individual taxpayer who is obliged to self-assess their income tax affairs and report relevant information to the Commissioner. For most people, this means preparing and lodging an annual income tax return.

1.4 Starting in 2007, the Australian Taxation Office (ATO) has offered individual taxpayers a pre-filing service to assist them in voluntarily meeting their obligations when preparing their income tax

return. In essence, the ATO provides its pre-filling service by using the information it has received for compliance purposes and adding it directly to the relevant tax return label or providing additional information in a summary form.

1.5 The ATO now receives sufficient information so that in the majority of cases it is possible to completely pre-fill a simple tax return in relation to:

- wage and salary data from employers;
- government welfare payments from Centrelink and other providers;
- interest income from financial institutions;
- dividend income from share registries; and
- Medicare levy surcharge and private health insurance policy details from private health insurers.

1.6 However, the usefulness of pre-filling and therefore the availability of future pre-prepared tax returns depends on the ATO receiving relevant and timely information from third parties. This can include employers, financial institutions, private health insurance providers and businesses in the building and construction industry. Currently, the ATO receives a range of information from third parties for the purposes of post-lodgment compliance activities through legislated reporting regimes as well as information collected ad hoc under the Commissioner's general information gathering powers in section 353-10. However, whilst information gathered through existing legislative reporting regimes is generally of a high quality, information collected under the Commissioner's general information gathering powers tends to have shortcomings in relation to timeliness, data formats and the ability to readily match it to the relevant taxpayer.

1.7 As such, the introduction of formal third party reporting regimes has the potential to further reduce the compliance costs for individual taxpayers by increasing the range of information reported to the ATO. It also has the ability to be an effective compliance response to deal with some taxpayers omitting or underreporting income.

1.8 Nonetheless, the introduction of such a regime involves a policy trade-off between the compliance benefits to taxpayers of improved ATO data-matching capabilities and the compliance costs imposed on third party reporters. Imposing these reporting obligations only on those entities that already collect relevant information in the ordinary course of their

business, or through other activities, and integrating the obligation into existing natural business systems will minimise compliance costs. To the extent that these compliance costs are less than the potential compliance benefits to individual taxpayers, and the tax system more generally, then there is a persuasive policy case for introducing such a regime.

1.9 Developing a comprehensive and robust third party reporting regime has the potential, over time, to challenge many of the assumptions underpinning Australia's self-assessment system. As such, the introduction of these regimes may provide opportunities to change how individuals and other self-assessment taxpayers interact with the tax system in the future.

Summary of new law

1.10 Schedule # creates a new third party reporting regime. This regime requires certain entities ('third parties') to report information to the ATO on transactions that could reasonably be expected to have tax consequences for other entities.

1.11 The following third parties are required to report under the regime:

- government related entities, other than local governing bodies, must report on government grants;
- government related entities must report on financial benefits for services;
- states and territories must report on transfers of real property in their jurisdiction;
- ASIC, market participants, listed companies and trustees of trusts with an absolutely entitled beneficiary must report on security transactions;
- trustees of unit trusts must report on transactions relating to units in unit trusts; and
- administrators of payment systems must report on electronic business transactions.

Comparison of key features of new law and current law

<i>New law</i>	<i>Current law</i>
Specified entities are required to report on a regular basis according to legislative requirements. This operates in addition to the Commissioner's existing information gathering powers.	The Commissioner can require entities to provide information under various legislative reporting requirements, including the Annual Income Investment Report, the Payment, ABN and Identification Verification System, and the general information gathering powers under section 353-10.

Detailed explanation of new law

1.12 Schedule # creates a new third party reporting regime in Schedule 1 to the *Taxation Administration Act 1953*. This regime requires entities to report information to the Commissioner about transactions that could reasonably be expected to have tax consequences for other entities.

1.13 The legislative framework has been designed to create a coherent and flexible third party reporting regime for transactions, allowing future additions to third party transaction reporting to be easily implemented as the tax system progresses.

Reporting obligations

1.14 Entities are required to report to the Commissioner under the third party reporting regime if they are a type of entity listed in the legislation. For each type of entity required to report, the transactions about which they must report are also set out. The entities included in the third party reporting regime, and the transactions on which they have to report, are explained in detail at paragraphs 1.31 to 1.67. [*Schedule #, item 1, subsection 396-55(1)*]

1.15 Entities must report on the transactions in the approved form, which sets out the specific information the Commissioner requires. The Commissioner may only require information that relates to the identification, collection or recovery of a possible tax-related liability of the other entities involved in the transaction. For example, the third party reporting regime requires states and territories to provide information on real property transfers, which may give rise to an income tax liability for any net capital gains. [*Schedule #, item 1, paragraph 396-60(a)*]

1.16 A transaction may relate only to a possible tax-related liability because either or both of the Commissioner and reporting entity may not have sufficient information about the tax affairs of the entities being reported on to know whether an actual liability may arise. To continue the example above, the state or territory reporting on a real property transaction may not know whether a seller of the real property could claim the main residence exemption and reduce any income tax liability relating to the real property transfer to zero.

1.17 In determining whether a possible tax-related liability may arise, any exemption under a taxation law that may apply is also disregarded. This recognises that reporting entities may not know whether the entity they are reporting on is exempt from a taxation law, and to require them to find out would create an unnecessary compliance burden. *[Schedule #, item 1, paragraph 396-60(a)]*

1.18 The Commissioner may also require information that relates to the identification of the entities for which a tax-related liability may arise. This ensures that information received by the Commissioner can be matched to the relevant entity for the purposes of pre-filing and compliance. *[Schedule #, item 1, paragraph 396-60(b)]*

1.19 An administrative penalty may apply under section 284-75 to any false or misleading statements made in reporting.

Timing

1.20 For pre-filing purposes, it is important that the Commissioner receives the information with sufficient time to process and pre-fill it into taxpayers' returns. This must be balanced against any increase in compliance costs that short timeframes may impose on entities reporting under the regime.

1.21 Reporting timeframes have been made sufficiently flexible to accommodate this balance, allowing the Commissioner to make changes where appropriate. These changes can be made in relation to all entities required to report under the regime or, given the diverse nature of entities reporting under the regime, only in relation to specific entities or transactions or types of entities or transactions.

1.22 The regime provides a default reporting period of a financial year, so each entity is required to report to the Commissioner on an annual basis in regards to any transactions that have occurred in the previous financial year. The Commissioner may change this period by legislative instrument. *[Schedule #, item 1, paragraph 396-55(1)(a)]*

1.23 The regime provides for the report to be given to the Commissioner before the 31st day after the end of the reporting period. The Commissioner may also change this date by legislative instrument. Alternatively, since information is to be reported via an approved form, the Commissioner may defer the date for lodgment under section 388-55 without the need for a legislative instrument. [*Schedule #, item 1, paragraph 396-55(1)(b)*]

1.24 If the Commissioner does not modify the reporting dates, each entity is required to report by 31 July each year on transactions that happened during the previous financial year.

1.25 An administrative penalty under subsection 286-75(1) applies to a failure to give the report by 31st day after the end of the reporting period, or, if the Commissioner has changed the reporting date, by that date.

Exemptions

1.26 The Commissioner may exempt entities from their reporting obligations under the third party reporting regime. For example, the Commissioner may exempt a class or classes of entity from reporting information for public policy reasons. Alternatively, a particular entity may be exempted based on specific circumstances that may impact on that entities' ability to report in a particular year.

1.27 The Commissioner may also choose to exempt entities from reporting on specific transactions.

Exemptions for particular entities

1.28 The Commissioner may exempt a particular entity from some or all of its reporting obligations through written notice. If an entity is dissatisfied with a decision made by the Commissioner either to give it a notice or not give it a notice, the entity may object against the decision under Part IVC of the *Taxation Administration Act 1953*. [*Schedule #, item 1, subsections 396-65(1) and (2)*]

1.29 A notice exempting an entity from its reporting obligations is not a legislative instrument within the meaning of section 5 of the *Legislative Instruments Act 2003* because it is not legislative in character. [*Schedule #, item 1, subsection 395-65(3)*]

General exemptions

1.30 The Commissioner may exempt a specified class of entities from some or all of their reporting obligations through legislative instrument. [*Schedule #, item 1, subsection 396-65(4)*]

Transactions that entities must report

Government grants

1.31 Many government entities provide grants for a range of purposes. These grants often constitute assessable income in the hands of recipients. The third party reporting regime requires Commonwealth, state and territory government related entities to report information regarding payments of grants. [*Schedule #, item 1, table item 1 in subsection 396-55(1)*]

1.32 The entities subject to the reporting obligation are those captured by the definition of **government related entity** in section 195-1 of the *A New Tax System (Goods and Services Tax) Act 1999*. ‘Government related entity’ includes a broad range of government entities at the Commonwealth, state and territory level, entities established by the Commonwealth, a state or a territory, and local governing bodies.

1.33 Local governing bodies are exempt from the obligation to report grants, as grants made by those entities are rarely assessable for income tax purposes.

1.34 ‘Grant’ is not defined in legislation and should take its ordinary meaning. Some factors that may indicate whether a payment constitutes a grant include:

- grants may be explicitly tied to a government policy or goal;
- grants may be disbursed on a one-off or longer term basis, but are not provided as ongoing, permanent funding;
- recipients are usually required to submit applications to receive grants;
- grants typically, but do not always, have conditions attached, such as reporting obligations or the requirement to include government logos on marketing materials; and
- unlike loans, grants usually do not have to be repaid.

1.35 Reporting entities need only provide information on grants made to entities that have an Australian Business Number under the *A New Tax System (Australian Business Number) Act 1999*. Grants paid to entities that do not have an Australian Business Number do not need to be reported, as they are usually of low value and are rarely assessable.

Financial benefits for services to government

1.36 Government entities provide financial benefits to suppliers, such as contractors or consultants, for the provision of a range of services. These benefits may give rise to taxable consequences for the supplier.

1.37 Commonwealth, state and territory entities that are government related entities, including local governing bodies, are required to report financial benefits provided for the supply of services. [*Schedule #, item 1, table item 2 in subsection 396-55(1)*]

1.38 ***Financial benefit*** includes ‘anything of economic value’ (section 974-160 of the *Income Tax Assessment Act 1997* (ITAA 1997)). Usually a financial benefit will be a monetary payment, but it may also include other forms of non-cash benefits and constructive payments.

1.39 Only financial benefits provided wholly or partly for a supply of services must be reported. Financial benefits provided solely for something other than services, or a supply of services where the services are merely incidental to the provision of goods, do not need to be reported.

1.40 A financial benefit provided ‘partly’ for the supply of services includes a financial benefit provided for both goods and services. A reporting entity is required to report the total benefit provided and should not separate out the proportion of the benefit that went towards the goods.

Example 1.1

A Commonwealth Department provides a \$1000 payment to Mortimer Inc to replace faulty lights throughout the building. The payment includes the replacement lights (goods) as well as Mortimer’s services in removing the faulty lights and installing new lights (services). The supply of services is incidental to the supply of the goods. The Department should report the entire \$1000 payment to the Commissioner.

Example 1.2

A local council orders 1700 black pens from an office supply company and pays an additional fee for delivery.

Delivery of the pens constitutes a service. However, since this service has been provided incidentally to the provision of the goods, it does not need to be reported.

Real property transfers

1.41 Transfers of real property may give rise to several different kinds of tax consequence. A common consequence of a transfer of real property is an income tax liability, based on a net capital gain. Transfers may also have consequences for goods and services tax.

1.42 Each state and territory is required to report information on all transfers of freehold or leasehold interests in real property situated in that state or territory to the Commissioner in the approved form. [*Schedule #, item 1, table item 3 in subsection 396-55(1)*]

1.43 Freehold and leasehold interests refer to the type of interest that the Crown has granted the relevant entity in the real property. A freehold interest is perpetual, while a leasehold interest is granted for a limited period of time. An entity holding a freehold interest in land would be colloquially considered to the 'owner' of the land. An example of a leasehold interest is the 99 year leases granted by the Crown in the Australian Capital Territory.

Example 1.3

Kathy decides to sell her rental property, which she holds under a freehold interest. She signs a contract to sell the property to James on 2 March 2017. James and Kathy settle on 20 April 2017. The sale is registered with her state's Land Titles Office, effecting a transfer of the freehold interest.

The relevant state is required to report information on this sale to the Commissioner after the quarter ending on 30 June 2017. This information must be in the approved form and provided within the reporting period specified by the Commissioner.

The sale of the rental property gives rise to capital gains tax consequences for Kathy. The Commissioner is able to use the information received from the state to pre-fill Kathy's tax return for the 2016-17 income year. Kathy can then review the information and make any necessary adjustments as she completes her tax return. The Commissioner may also use the information to conduct compliance and data-matching activities.

Transfers of reportable securities and units in a unit trust

1.44 Entities transferring securities, such as shares in a company or units in a unit trust, may incur an income tax liability based on a net capital gain. Tax liabilities may also be affected by corporate events, such as a return of capital to shareholders. Information on these types of transactions is required to be reported to the Commissioner, to assist in pre-filling tax returns and undertaking compliance activities.

1.45 The Commissioner may collect information on transactions that result in a change to the type, name, number or value of reportable securities or units in a unit trust held by an entity. This is intended to encompass a broad range of transactions that may either give rise to a tax-related liability or allow the Commissioner to trace the ownership of reportable securities or units in a unit trust until such time as a tax-related liability may arise.

1.46 **Reportable securities** is defined in reference to the definition of securities under subsection 92(1) of the *Corporations Act 2001*, and means:

- debentures, stocks or bonds issued or proposed to be issued by a government; or
- shares in, or debentures of, a body; or
- interests in a managed investment scheme; or
- units of such shares;

but does not include:

- a derivative, other than an option to acquire by way of transfer one of the above securities; or
- an excluded security (certain rights and interests relating to retirement village schemes). [*Schedule #, item 1, paragraph 396-55(2)(a)*]

1.47 When ‘reportable securities’ is used in relation to an entity, it instead refers to the definition of securities in subsection 92(2) of the *Corporations Act 2001*, which only includes securities related to that entity. [*Schedule #, item 1, paragraph 396-55(2)(b)*]

Australian Securities and Investments Commission

1.48 Certain financial markets are required to report on transactions that have taken place on their market to the Australian Securities and Investments Commission (ASIC) under market integrity rules.

1.49 **Market integrity rules** are rules made by ASIC under section 798G of the *Corporations Act 2001* that, among other things, require certain financial markets to report information to ASIC on transactions that take place on their market. The rules also require market participants to provide information that assists identification of the person who provided instructions to place an order or enter into a transaction. [*Schedule #, item 2, subsection 995-1(1) of the ITAA 1997*]

1.50 ASIC must provide information collected under those rules to the Commissioner. Therefore, financial markets and market participants will not have to report the same information to both ASIC and the Commissioner. *[Schedule #, item 1, table item 4 in subsection 396-55(1)]*

1.51 Legislating this requirement for ASIC to provide information is intended to clarify that the disclosure of this information to the Commissioner is permitted under subsection 127(2) of the *Australian Securities and Investments Commission Act 2001*, which authorises the disclosure of information as required or permitted by a law of the Commonwealth.

Market participants

1.52 The information ASIC receives under the market integrity rules does not contain sufficient detail to identify the parties to each transaction. Information on the identity of each party is held by the entities making these trades, that is, the brokers allowed to directly participate in the market. These brokers are referred to as *participants* under section 761A of the *Corporations Act 2001* and, in relation to a financial market, are persons who are allowed to directly participate in a market under that market's operating rules.

1.53 To enable the Commissioner to identify the parties in each transaction, when a transaction involving a participant results in a change to the type, name, number or value of reportable securities held by another entity, the participant is required to report information to the Commissioner. This will enable the Commissioner to identify the entity. This is limited to transactions conducted in the ordinary course of business on an Australian financial market. *[Schedule #, item 1, table item 5 in subsection 396-55(1)]*

Companies listed on Australian financial markets

1.54 ASIC does not receive data on transactions which take place otherwise than in the ordinary course of trading on an Australian financial market. This includes off-market transfers and corporate events, such as returns of capital. Since these transactions may also affect the income tax liabilities of entities holding the reportable securities in relation to which these transactions occur, companies listed on an Australian financial market are required to report on them.

1.55 These companies must report on transactions that result in a change to the type, name, number or value of reportable securities in the company held by an entity. *[Schedule #, item 1, table item 6 in subsection 396-55(1)]*

1.56 To avoid imposing unnecessary compliance costs, companies only need to report on transactions made otherwise than in the ordinary course of trading on an Australian financial market, because many of those transactions would normally be reported to ASIC under the market integrity rules.

Example 1.4

On 3 March 2017, Zahra instructs her broker, Koala Stockbroking Ltd, to buy 500 shares in Gumleaf Industries Ltd. Gumleaf Industries Ltd is listed on the Arboreal Securities Exchange. Assume the Arboreal Securities Exchange is required to deliver information on this transaction to ASIC under the market integrity rules. Once Koala Stockbroking Ltd completes the transaction on Zahra's behalf, the Arboreal Securities Exchange would then report the transaction to ASIC under the market integrity rules.

Under the amendments made by this Bill, ASIC would report the transaction to the Commissioner. The Commissioner would also receive identity information from Koala Stockbroking Ltd, enabling the transaction information to be attributed to Zahra. Gumleaf Industries Ltd would not need to report the transaction to the Commissioner because it has already been reported under the market integrity rules.

Zahra decides to sell the shares on 30 September 2019. Koala Stockbroking Ltd completes the transaction and the same reporting requirements arise. Arboreal Securities Exchange reports the transaction to ASIC under the market integrity rules, who in turn reports it to the Commissioner. Koala Stockbroking Ltd would also report information to the Commissioner so the transaction can be matched to Zahra. Gumleaf Industries Ltd would not need to report the transaction.

The information received by the Commissioner indicates that Zahra has made a capital gain. The Commissioner can pre-fill this information in Zahra's tax return for the 2019-20 income year. Zahra can then review the information and make any necessary adjustments as she completes her tax return. The Commissioner may also use the information for compliance and data-matching activities.

Unit trusts

1.57 ASIC also does not receive data on transactions relating to units of unit trusts that take place outside of Australian financial markets. Therefore, trustees of unit trusts must report on transactions that result in a change to the type, name, number or value of units in the unit trust. *[Schedule #, item 1, table item 7 in subsection 396-55(1)]*

1.58 Similar to the reporting required of companies, trustees of unit trusts only need to report on transactions made otherwise than in the ordinary course of trading on an Australian financial market, because those transactions would normally be reported to ASIC under the market integrity rules.

Other trustees

1.59 Trusts are used to separate the legal and beneficial ownership of assets. Legal ownership of a trust asset remains with the trustee; however one or more beneficiaries may have beneficial ownership of that asset. Some trustees may include licensed custodians, financial advisors and family members.

1.60 In some circumstances, the income tax laws provide for the tax consequences relating to a trust asset to pass to a beneficiary rather than a trustee where the beneficiary has beneficial ownership of that asset. This occurs under the capital gains tax regime, which frequently gives rise to tax consequences arising from transactions involving reportable securities.

1.61 Where an asset of the trust is a CGT asset (as defined in section 108-5 of the ITAA 1997), capital gains tax consequences relating to that asset are attributed to a beneficiary of the trust where that beneficiary is absolutely entitled to the asset. However, in general, the reporting by other entities under these amendments relates to the legal owner of the securities, not the beneficial owner.

1.62 Trustees of trusts other than unit trusts are also required to report on any transaction that results in a change to the type, name, number or value of any reportable securities that are held as assets of the trust and to which one or more entities are absolutely entitled as beneficiaries of the trust. This allows the Commissioner to attribute capital gains tax consequences to a beneficiary who is absolutely entitled to an asset of the trust. *[Schedule #, item 1, table item 8 in subsection 396-55(1)]*

Example 1.5

Mateo uses Gumtree Security Services, a custodian acting under an Australian Financial Services Licence, to purchase shares in Burl Design Ltd. Gumtree is recorded as the legal owner of the shares on the Arboreal Securities Exchange, and holds the shares in trust for Mateo.

Mateo is absolutely entitled to the shares at all times since the purchase.

As a trustee of a trust with an absolutely entitled beneficiary, Gumtree Security Services is required to report on the purchase transaction to

the Commissioner because it results in a change to the number of reportable securities (the shares in Burl Design Ltd) held in the trust.

Without this information, the Commissioner would only be aware of the transaction information reported by the Arboreal Securities Exchange to ASIC, which lists Gumtree Security Services as the owner of the shares.

Example 1.6

Assuming the same facts as in Example 1.5 above, on 4 February 2017 Burl Design Ltd announced a return of capital to shareholders. This return of capital caused a change in the value of the shares, including those held by Gumtree Security Services as trustee.

A return of capital would not be reported to ASIC by the Arboreal Securities Exchange under the market integrity rules. Therefore, Burl Design Pty Ltd would be required to report on the return of capital to the Commissioner.

As trustee of a trust with an absolutely entitled beneficiary, Gumtree Security Services would also have to report to the Commissioner on the return of capital.

Business transactions made through payment systems

1.63 Amounts that a customer or client pays a business for a good or service typically give rise to income tax consequences for that business. To allow the Commissioner to collect third party information on these types of transactions, administrators of payment systems are required to report information to the Commissioner about transactions involving an electronic payment that the payments system facilitates on behalf of an entity carrying on a business. This is limited to transactions that produce income for the business, or provide a refund or cash to a customer of the business facilitated through the payment system. *[Schedule #, item 1, table item 9 in subsection 396-55(1)]*

1.64 This reporting requirement applies to all administrators of payment systems, providing a level playing field between traditional and emerging methods of doing business in Australia in recognition of the continuing evolution of the banking sector.

1.65 Not all payments facilitated by a payment system give rise to potential income tax consequences. For example, transactions made by individuals in their personal capacity would not normally give rise to an income tax liability for that individual.

1.66 Therefore, administrators of payment systems are only required to report on transactions they facilitate on behalf of an entity that is

carrying on a business. This is intended to capture payments that are likely to have income tax consequences. Where appropriate, the Commissioner may further refine which transactions are to be reported through either the power to exempt entities or transactions (see paragraphs 1.26 to 1.30) or the use of approved forms.

Example 1.7

Jane decides to start her own baking business. As part of setting up the business, she acquires a merchant account with a bank. This allows her to receive credit and debit card payments from customers in store and online. Jane also sets up a business account with an online payment service provider to allow an alternative payment option for her customers.

The bank and the online payment service provider will both report information on transactions processed for Jane's business to the Commissioner. This will include information on sales transactions that produced income for the business, and transactions where Jane's business provided a refund or cash back to customers.

Example 1.8

Sara's gym receives her monthly membership fees through a direct debit arrangement. The gym uses a third party payment system to process the direct debit payments. The administrator of that payment system will report information on those transactions to the Commissioner.

1.67 Administrators of payment systems are only required to report on electronic transactions, such as those made by credit and debit cards, and other online payment methods. This does not include payments made by cash or cheque.

Consequential amendments

1.68 This Schedule makes consequential amendments to define the Australian Securities and Investments commission as *ASIC*, and standardise that definition throughout Schedule 1 to the *Taxation Administration Act 1953*. [Schedule #, items 2 to 5 and 7 to 12, subparagraph 12-400(3)(b)(ii)(1), paragraph 355-70(4)(l) and 355-70(7)(d), subsections 12-403(3), 355-65(3) and 355-65(4) and section 269-50 of Schedule 1 to the *Taxation Administration Act 1953* and section 995-1 of the *ITAA 1997*]

1.69 The title of Part 5.25 is also updated to reflect that third party reporting places obligations on entities relating to other taxpayers. In addition, Division 396 is renamed as 'Third party reporting' with the provisions relating to FATCA, another type of third party reporting currently comprising Division 396, moved into a new subdivision in

Division 396. *[Schedule #, items 6 and 13 to 16, subsection 396-20(1), section 396-1, Division 396 and Part 5.25]*

Application

1.70 Third party reporting obligations apply in relation to transactions happening on or after 1 July 2016. *[Schedule #, item 17]*

1.71 The other amendments made by the Schedule apply from Royal Assent.