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Dear Kathleen,

Discussion Paper: Tackling the black economy - A sharing economy reporting regime

REA Group Ltd (**REA**) welcomes the opportunity to make a submission in relation to the Treasury Discussion Paper “*Tackling the black economy: A sharing economy reporting regime: A consultation paper in response to the Black Economy Taskforce Final Report*” (the **Discussion Paper**), released for comment in January 2019.

The intention of this submission is to document REA’s position in relation to potential tax reporting reforms contemplated by Treasury, to highlight a number of other issues and make recommendations.

REA is supportive of reform which maintains transparency of transactions impacting the ‘sharing economy’ necessary to ensure robust tax compliance.

REA supports reform to the tax reporting regime where the following principles are adopted:

1. Reform does not result in businesses being overly burdened with onerous reporting requirements, which could risk their viability;
2. Additional reporting burdens are not imposed on digital companies where the risk of tax avoidance or non-compliance is minimal or on par with other industries; and
3. Any new reforms leverage off processes and systems already in place for existing tax and statutory reporting requirements.

We welcome the opportunity to discuss REA’s submission with you and to engage in further consultation as the specific measures are designed and refined. If you have any questions, please contact me on (03) 8486 5198 or at clint.collins@rea-group.com.

Yours sincerely



Clint Collins

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Treasury Discussion Paper

Tackling the black economy

A sharing economy reporting regime

*A consultation paper in response to the
Black Economy Taskforce Final Report*

Feedback & Comments

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1. REA Group and the ‘share economy’

REA is an Australian business which traces its origins to a garage based in the eastern Melbourne suburb of Doncaster. The company was founded by Karl Sabljak, along with his wife Carmel, brother Steve and co-founder Marty Howell. Since its launch in 1995, the REA business has grown exponentially, operating global headquarters based in Richmond, Victoria and employing over 1,000 people in Australia and an additional 400 employees throughout the greater Asian region. REA’s Australian residential property platform, realestate.com.au, provides the gateway for more than 1 million Australians each day to search for their ideal home.

Although REA is one of Australia’s leading technology companies, in comparison to the world’s largest technology companies, revenues derived by REA from the ‘share economy’ are relatively small. For example:

- The global revenues¹ of Uber, AirBnB and Ebay range from approximately \$US2.6 billion to \$US9.96 billion;
- In comparison, revenue from REA’s ‘share economy’ business currently does not exceed \$AU5.8M².

Although share accommodation and rental have always existed, its rapid growth in the last ten years is largely due to the proliferation of internet access, declining housing affordability for renters and changing social norms. Regardless, it is now a critical low-cost housing option for both ‘marginal renters’ and the mainstream private rental market, including professionals, students, young couples, and families.

2. Introductory Services vs ‘Online Transactional Marketplaces’

The digital economy is developing rapidly worldwide and opening up new opportunities in the share economy. Digitalisation is creating benefits and efficiencies as new digital technologies drive innovation, fuel job opportunities and act as catalysts for economic growth.

Whilst there has been significant growth in the development of online digital offerings available for use by Australian consumers, not all digital platforms that operate in the share economy are alike. The functionality of each platform and the data it retains varies depending on the service or good provided, the specific operating niche of the industry the platform operates in and the reporting requirements required by users of the platform.

2.1 Providers of Online Transactional Market Places

An online marketplace (including an online e-commerce marketplace) is generally an online or mobile platform that acts as a virtual store and environment connecting a service offering to consumers who require goods or services and through which transactions are processed by the platform operator.

Typically, the operators of such platforms adopt a business model whereby a commission or fee is derived upon successful execution of the transaction. Payment by a purchaser to a seller or service provider is usually facilitated directly through the digital platform or via a third party payment provider.

¹ Global revenues referred to have been sourced from Annual Reports filed for the years ended 31 December 2017 and 29 September 2018.

² Revenue is based on FY18 results and forecasted FY19 numbers from REA’s Flatmates and Spacely businesses. REA considers that no other business it owns operates in the ‘share economy’.

The owner of the digital platform can usually, depending on the applicable privacy regime, retain data on transactions undertaken through its website including, but not limited to, bank account details, personal information of buyers and sellers (including names and addresses), transactional information and other rich data, including trends in the participants interaction with the platform.

2.2 Providers of 'Introductory Services'

The term introductory services is not defined under any Australian legislation. Providers of introductory services operate with a distinctly different business model from to online transactional marketplaces. Digital platform operators which offer introductory services generally permit the listing of a good or service through a website for which the seller will typically pay an advertisement fee.

Unlike an online marketplace, the seller and the buyer undertake the transaction outside the digital platform environment. The fee derived by the owner of the platform operator is usually not contingent upon successful execution of the transaction and data in relation to the actual transaction is generally not made available to the digital platform provider.

Flatmates.com.au ("Flatmates"), operated by REA, represents a prime example of a business that renders 'introductory services'. Flatmates.com.au is an Australian business that allows individuals to list, search for, and arrange share accommodation throughout Australia. The website allows people to post a listing for spare rooms, find accommodation, or team up with others to share house. For example, an individual looking to share one of their rooms would pay a fee to Flatmates to advertise the room on the flatmates.com.au website.

Businesses which provide 'introductory services' generally have limited data available on individuals who list properties on their websites. Data is often limited to the name, address, email and credit card details of the user, to ensure that payment of the respective advertising fee can be processed.

Using Flatmates as an example, property listers could arguably be broken down into various categories:

1. Subscribed members who do not list a room for advertisement – a member who pays Flatmates a subscription fee and is a potential property lister who may decide to list a room on the Flatmates website in the future, but is yet to do so;
2. Subscribed members who list a room for advertisement – a member who pays Flatmates a subscription fee and has listed the availability of a room, but is yet to find a room seeker (and may never find a suitable candidate);
3. Subscribed members who list a room and finds a suitable candidate - a member who pays Flatmates a subscription fee, subsequently finds a 'room seeker' and enters into a transaction outside the platform;
4. Dormant members who have previously listed rooms - subscribed members who have historically listed rooms as available but have not undertaken a rental transaction for extended periods of time;
5. 'Freemium' members – subscribed members who have signed up for a 'free membership' under special promotional deals and who may or may not list a room for availability;
6. Subscribed Members who are 'Room Seekers' (not 'room listers') – paying members who are actively seeking a room to live in.

Members in category 1 have not undertaken a share transaction and therefore have not derived income required to be disclosed for tax reporting purposes. Members in categories 2, 4 and 5 may have undertaken a transaction. Details of whether a transaction has taken place or when such a transaction has occurred are not visible to the Flatmates business. Members in category 6 do not derive and will never derive any income.

Members in category 3 have undertaken a transaction and may have derived income from a share accommodation arrangement.

In each of the categories outlined above, Flatmates would possess the same customer information (i.e. name of the customer, email address, credit card details). Given that the room share transaction is undertaken outside the flatmates.com.au digital platform, REA does not possess the information to determine if the property listed has successfully identified a 'room seeker' and is subsequently deriving income from a transaction.

A table summarising the major differences between digital platforms which provide 'online transactional marketplaces' compared to 'introductory services' is outlined below:

	Online Transactional Market Places	Introductory Services
Advertising Model	<ul style="list-style-type: none"> Goods or service listed on digital platform 	<ul style="list-style-type: none"> Goods or service listed on digital platform
Participants	<ul style="list-style-type: none"> Seller, Buyer, 3rd party payment provider 	<ul style="list-style-type: none"> Seller, Buyer
Payment Facilitation	<ul style="list-style-type: none"> Direct through the digital platform 	<ul style="list-style-type: none"> Outside the digital platform environment
Revenue Model	<ul style="list-style-type: none"> Varies from % commission or flat fee Fee often conditional upon successful execution of transaction 	<ul style="list-style-type: none"> Predominantly a flat advertising fee Fee usually not conditional upon successful execution of transaction
Data Retained	<ul style="list-style-type: none"> Buyer/Seller personal details (name, billing address, banks details) Detailed data of transaction (invoices, receipts, prices, taxes, descriptions, etc.) 	<ul style="list-style-type: none"> Buyer/Seller personal details (name, email address, credit card details)

There are also prevalent and distinct differences between digital platform operators which operate 'share accommodation' (e.g REA's Flatmates' business) and 'short-term accommodation' websites. This is outlined in Appendix 1 of this paper.

3. Proposed Reform

Regulation and reform of the reporting requirements on the sale and rental of property is a complex and multi-dimensional issue. It requires consideration of both a degree of transparency for government regulators such as the ATO and State Revenues Offices (SROs), and privacy for property buyers, sellers, renters and landlords so as to ensure high levels of certainty and protection in relation to confidential information.

Presently, there are several pieces of legislation (e.g. Residential Tenancies Act (Vic)) which interact with the common law and govern the regulatory regime for both the property industry and operators of online digital platforms within this industry in Australia. Equally, there is currently no legislation which comprehensively governs the operation of digital platforms.

To the extent that a new and separate tax reporting regime is implemented on operators of online real estate property platform providers, there is a risk that further ambiguity and

uncertainty over what information in relation to property vendors, purchasers, landlords and occupants can be legally provided by platform operators.

4. Questions for Consideration in the Discussion Paper

1. Does there need to be changes to existing reporting requirements as they relate to sellers in the sharing economy? Is a separate reporting regime required?

It is acknowledged, in principle, that modifications to Australia's current tax reporting regime to provide government regulators greater transparency into the 'share economy' could assist in ensuring a higher degree of tax compliance. However, a separate reporting regime which exists outside the current Australian Tax Office (ATO) reporting framework would appear unnecessary, given the data currently available to federal and state regulators through existing compliance filings and data gathering mediums.

Outlined in the table below is a list of non-exhaustive compulsory filing requirements which currently provides the ATO and state revenue authorities with a large quantum of forensic data that could be analysed and used to further bolster tax compliance in the share economy:

Compliance Obligation	Financial and Tax Data Provided	How data could be utilised
Business Activity Statements (BASs)	<ul style="list-style-type: none"> • Domestic sales revenue • Foreign sales revenue • Capital expenditure • Non-capital expenditure • Salary & wages 	Provides the ATO with contemporaneous information to analyse tax compliance risks associated with GST, FBT and salary withholding tax
Single Touch Payroll (STP)	<ul style="list-style-type: none"> • Monthly salary & wages • Monthly superannuation 	Provides 'real time' reporting information to analyse compliance risks associated with payroll tax and PAYG income tax
Annual Company Income Tax Returns	<ul style="list-style-type: none"> • Detailed revenue information • Detailed expenses information • Assets • Liabilities • Superannuation • Contractor expenses • Salary & wages • Payments where ABN not quoted • Internet transactions 	Provides detailed information to the ATO to investigate and analyse compliance risks associated with PAYG withholding
Annual Individual Income Tax Returns	<ul style="list-style-type: none"> • Salary & Wages income • Work related travel expenses • Work related car expenses 	Provides detailed information to the ATO to analyse compliance risks associated with PAYG withholding
Section 353 Notices	<ul style="list-style-type: none"> • Any information necessary for undertaking investigations to ensure tax compliance 	Assists in assuring tax compliance at all levels

Additionally, detailed information in relation to property industry participants could also be sourced from the following external and non-tax regulatory bodies:

Non-tax regulatory or external body	Responsibility
Residential Tenancy Boards (in all Australian states)	Provides real time bond information, including the status of a bond, and the lodgement, transfer, and claim history in relation to : <ul style="list-style-type: none"> • Renters; • Rental providers; • Owners of rented premises; • Rooming houses; • Caravan parks; and • Residential parks.
PEXA (Property Exchange Australia)	PEXA is Australia's online property exchange network. The platform facilitates the lodgement of documents with Land Registries and complete financial settlements electronically.
Australian Business Register	Provides details in relation to business registrations of corporate entities
ASIC	Provides details in relation to a corporate entity's profile, directors, shares and other various financial information.

Given the significant quantum of information already provided to the ATO and government bodies in the above tables, additional transparency in relation to participants in the share economy could arguably be sourced from existing filing requirements and government regulators. Imposing an additional reporting framework risks exacerbating and overloading the compliance obligations of digital companies, which could result in additional costs, increases to current levels of resourcing and overhauls of existing software reporting systems.

2. In what circumstances would it be appropriate to require sharing economy platforms to regularly report information about the activities of platform sellers to the ATO?

Requiring sharing economy platforms to regularly report information about activities of platform sellers to the ATO would only be necessary where there is a high risk of large-scale non-compliance with Australian tax rules and where enforcement by the ATO is limited due to minimal transparency.

Based on the position outlined in the Discussion Paper, the risk of large scale non-compliance appears to be limited to a small number of companies that operate with a large online customer/consumer base. Accordingly, prescribing that all participants in the share economy regularly report information about the activities of platform sellers to the ATO would appear unnecessary, particularly in instances where platform providers are not operating at significant scale.

Accordingly, identification of digital platform providers operating at significant scale and the imposition of a more targeted tax reporting program would appear to be a solution which balances the competing priority of ATO transparency with imposing complex compliance burdens where risk of non-compliance is minimal.

3. Should marketplaces, including those for goods, be included in a reporting regime for the sharing economy?

The term 'marketplace' is not currently defined in Australian tax legislation. In order to ascertain if 'marketplaces' should be included in reporting regime for the sharing economy, it would be necessary for this broad term to be specifically and carefully defined.

For example:

- Platforms which facilitate payment arrangements, inclusion in a reporting regime may result in minimal changes to existing systems, particularly if the company already possesses a database that retains all the relevant 'real time' information required by the ATO;
- However, Australian digital companies which merely provide 'introductory services' (as detailed in section 2 of this paper) through online platforms are unlikely to possess existing databases or software systems that capture the relevant information required by the ATO. Equally, these companies do not have the transactional information the ATO requires, as the transaction is undertaken outside the digital platform operated by the digital company. Accordingly, the inclusion of such businesses under a more onerous tax reporting regime may significantly exacerbate tax reporting obligations or provide the ATO with data which is incomplete or unreliable.

4. Are there reporting regimes or elements of reporting regimes from other countries that should be considered in the Australian context? If so, why?

REA is not aware of any tax reporting systems in countries outside Australia that operate to capture 'real time' data under a sophisticated regime in relation to share economy participants.

Based on REA's experience, most foreign tax authorities collate the relevant information through existing reporting processes or ad hoc audits as required.

5. Are there other lessons that can be learnt from experiences in other jurisdictions?

Please refer to the response outlined in Question 4.

6. Are these factors relevant considerations in the design of a sharing economy reporting regime?

Please refer to the response outlined in Question 4.

7. Are there any other factors that should be considered in the design of a sharing economy reporting regime?

The challenge of taxpayers complying with any new reporting measure should not be underestimated. It should be recognised that the implementation of a new reporting measure will result in challenges for all businesses, in particular for companies that do not readily track or collect the data potentially required to be furnished under a revised reporting regime.

The following factors should be considered by Treasury when contemplating modification to the ATO's current reporting regime:

- A significant proportion of digital platform operators do not collect or hold the customer transactional data that would be required for disclosure to the ATO;
- A significant proportion of digital platform operators do not possess software systems necessary to retain and upload the information required by the ATO. This could lead to a significant increase in compliance costs for such digital businesses;
- For companies currently not obligated to retain customer transactional data, there is a high risk that incomplete or unreliable data would be provided to ATO under a mandatory reporting regime which applied uniformly to all digital platforms. This risk appears to be highest for companies which provide 'introductory services' where customer transactions are undertaken outside the digital platform (e.g. buying/selling of houses, rent agreements etc);
- There is a risk that disclosure of customer transactional information may result in companies breaching their obligations in the Privacy Act 1988, which regulates the handling of personal information of individuals;
- Confidentiality of customer data is paramount as customer databases are considered to be highly valuable intellectual property of digital platform operators. To the extent that customer information was accessible by competitors or foreign market entrants, there is a risk that a business' market value could be adversely impacted, resulting Australian businesses becoming less competitive.

Should Treasury decide to implement modifications to the existing tax reporting regime, it should be mindful not to require taxpayers to dedicate significant levels of resourcing to the development of systems and processes. Resources for digital technology companies are limited (particularly for smaller businesses and start-ups) and should be spent on product and technological development, as opposed to finance related resources/systems required to comply with the proposals.

Ideally, the architecture of a new tax reporting regime should leverage existing systems, processes and filings that are already undertaken by taxpayers (e.g. through the business activity statement / GST process). For example, additional disclosures on existing filing requirements (BAS, income tax returns) could potentially provide government regulators with greater transparency, but with minimal administrative burden to the taxpayer.

8. What information should be provided to the ATO and potentially shared with other agencies by the ATO?

The key compliance risk areas highlighted in the Discussion Paper appear to relate to GST, payroll tax and the payment of Australian income tax on revenues derived directly from transactions facilitated through sharing economy platforms.

We note that platforms operated by REA primarily provide 'introductory services' and merely act as an advertising platform for buyers/sellers and renters/landlords. Any transaction in relation to the property which is advertised on the platform is undertaken as a separate transaction outside the sharing economy platform.

Consequently, financial information required by the ATO to ensure robust compliance in the 'gig economy' is not held by REA nor are customers legally and contractually obliged to provide REA with this information.

9. Does Option 1 address the factors listed on page 7?

Option 1 operates under the assumption that operators of sharing economy platforms currently possess both the necessary technological software systems and transactional data required by the ATO. As noted in our responses at Section 2 and questions 3, 7 and 8, providers of 'introductory services' currently do not hold or retain the likely information the ATO requires.

10. What types of activities and transactions undertaken through a sharing economy platform should be reported? Should it be the responsibility of the platform to report this information?

Based on the compliance risks outlined in the Discussion Paper, activities which result in the regular derivation of income which is at risk of not being appropriately reported under Australia's tax regime, should be a key focus for enhanced reporting measures.

Based on a high level analysis of the online real estate industry, transactions for the purchase and sale of properties represent a minimal risk for non-compliance for tax purposes.

11. What transaction and identification details may need to be included in a reporting regime?

Please refer to the response outlined at Question 10.

12. When and how should reporting by platforms take place? Is there any particular consideration that needs to be given to arrangements for specific industries or business models?

As outlined in section 2, the reporting capabilities and data held by digital platforms varies across companies and industries. To the extent that digital platform operators possess both the data and the software reporting systems which would lead to a higher degree of transparency and tax compliance, this information could be reported to the ATO.

The online real estate industry can be distinguished from other 'online marketplaces'. Unlike the trading of goods through online portals, 'ride sharing' business models or digital platforms which specialise in 'short term accommodation'³, REA's businesses exclusively act as an online advertising space with property transactions are executed outside the domain of the digital platform. Consequently, REA's businesses do not possess any data which provides detailed information on transactions between parties in relation to the buying, selling or renting properties.

As such, it would appear appropriate that the tax reporting obligations of online property portals should be excluded from any mandatory tax reporting requirements where the platform does not facilitate the execution of a transaction directly through the digital portal.

13. Should it be a requirement that sharing economy platforms also provide this information to their sellers?

Any requirement to provide information in relation to sellers participating in the share economy should ensure that compliance with the relevant requirements in the Privacy Act 1988 be maintained.

³ See Appendix 1.

14. What would make it easier for sharing economy platforms to provide accurate information in a standard format?

A standardised format would still require sharing economy platforms to undertake a significant overhaul in current software reporting systems, particularly for businesses that do not currently collect and retain any potential information required to be disclosed under a new tax reporting regime.

Businesses would also likely need to reassess the level of personnel employed by the business to undertake the relevant data collection if the responsibility of data collection was imposed upon operators of sharing economy platforms. This could lead to a significant increase in costs.

In summary, imposing the reporting obligation on sharing economy platforms (in particular, start-ups and operators of smaller online portals) would materially increase operating costs of digital platform businesses. Alternatively, financial institutions are likely to possess the necessary software capability and skilled personnel to furnish government regulators with detailed and accurate information to facilitate a greater degree of transparency and tax compliance in the sharing economy.

15. Would having no exemptions be a desirable outcome? If not, what exemption(s) would be appropriate and why? What benefits would they bring and what risks or issues would need to be considered?

As detailed in REA's response at section 2, concessions or exemptions would appear to be necessary for digital platforms which only provide 'introductory services' or that do not facilitate the execution or payment transactions.

Exemptions or concessions which take into account scale (and therefore, subsequently the degree and risk of large scale non-compliance with tax regulations) may also be appropriate. Such concessions should extend to larger businesses undertaking new or 'pilot' businesses, even if they are partially or fully owned by corporate groups.

Such exclusions and carve outs should ensure that small businesses or businesses with relatively low revenue do not bear a reporting burden which would adversely impact the ability of the company to grow.

If new businesses are obligated to undertake onerous reporting activities, such processes would stifle innovation in the Australian digital technology industry and risk Australian businesses being surpassed by foreign competitors.

16. Would a reporting regime as described in Option 1 give rise to any issues beyond those identified?

All relevant issues have been outlined in the previous responses.

17. What type of compliance framework would be appropriate for the reporting obligations? Should financial penalties be imposed? What penalties should apply for aggravated non-compliance?

Given that a more onerous tax reporting regime is targeted at participants or users of digital platforms rather than owners and operators of such platforms, large scale punitive financial penalties would appear to be inappropriate.

18. Does Option 2 address the factors listed on page 7?

Based on the information available, financial institutions would arguably have access to more sophisticated reporting systems, more detailed transaction data and human resources capable of undertaking a separate reporting regime, compared to the majority of Australian digital platform operators.

19. Would Option 2 be an efficient alternative to Option 1 (reporting by sharing economy platforms)?

Modifications to current compliance filings and increased reporting measures which could be undertaken by financial institutions should be considered as a primary option in implementing a solution which results in greater transparency in the 'share economy'.

20. Is it possible to overcome the issues identified with Option 2, or are there other reasons why it may be preferable?

No comment. Consultation with key participants in the financial services industry would be more suitably placed to address the issues outlined in the Discussion Paper.

21. What other reporting regime options could be utilised to input into the ATO's data matching activities?

Please refer to the responses outlined in the response to Question 12.

22. What further engagement campaign activity could be done to raise awareness amongst sharing economy sellers about their tax obligations?

Further engagement campaign could include:

- Media campaigns targeted at participants in the 'share economy';
- Education briefings for tax agents and financial service providers;
- Consultation with operators of online digital platform providers on an ongoing basis.

REA remains open to explore options of publishing guidance and education around tax obligations for those people participating in the property share economy.

23. What else could be done to educate sellers in the sharing economy to better understand their tax obligations?

Please refer to the response at Question 22.

Appendix 1 - Key differences between 'Share Accommodation' 'Short Term Accommodation'⁴

The Discussion Paper cites 'ride-sharing' and 'short-term accommodation' which are facilitated through a platform provider as key examples of businesses operating in the 'share economy'. Given that the precise meaning of 'short term accommodation' is not apparent, it is useful to clarify how 'share accommodation' differs significantly from the type of accommodation eluded to in the Discussion.

Share accommodation is not a new phenomenon. The reason the concept has grown so rapidly—and is therefore becoming a greater issue for regulation—is that shared occupancy arrangements have recently become a more mainstream accommodation option. This is primarily due to the confluence of four factors:

- proliferation of online platforms such as Flatmates.com.au which facilitate share accommodation;
- deteriorating housing affordability for renters and homeowners;
- shifting demographics – e.g. people are more likely to remain single for longer meaning they can or must live in share accommodation for a longer period;
- changing social norms and perceptions of share accommodation.

On the other hand, 'short term accommodation' generally refers to the kind of short-term holiday-letting facilitated by sites such as Airbnb. Although short-term holiday-letting and share accommodation both exist in the 'share economy', they are qualitatively different in a number of respects, most notably the long-term, residential nature of share accommodation versus the transitory quality of holiday-letting.

Some of the key differences between share accommodation and short-term holiday-letting are:

- **Pricing** – Share accommodation involves long-term residential accommodation at an affordable rate. Short-term holiday-letting involves temporary accommodation at a premium price.
- **Purpose of Letting** – Share accommodation provides residential accommodation, which is a necessity and basic human right. Short-term holiday-letting is a luxury item.
- **Effect on Housing Affordability** – Share accommodation is one of the most affordable housing options, and is a critical tool to relieving housing affordability problems. Short-term holiday-letting removes housing stock from the residential market.
- **Impact on Local Community** – Share accommodation integrates new residents as permanent members of the local community. Short-term holiday-letting is highly transitory and potentially disruptive for local communities.
- **Role in the Share Economy** – Short-term holiday-letting has caused 'disruption' in the hotel and holiday accommodation sector, whereas platforms like Flatmates.com.au have merely facilitated an expansion of the existing share accommodation to a wider cross-section of society. Share accommodation has always been part of the rental market, but has experienced rapid growth due to technological advancements (for instance,

⁴ Fairer, Safer Housing – Residential Tenancies Act Review Issues Paper: Rights and Responsibilities of Landlords and Tenants – Flatmates.com.au Pty Ltd Submission, 5/5/2016

Flatmates.com.au has been operating in its current form since 1997). In contrast, short-term holiday-letting in private residences is entirely the consequence of technological advancements.

- **Scale** – AirBnB, one Australia’s largest short term accommodation sites, is visited by approximately 150 million users per year⁵. In contrast, Australia’s premiere ‘share accommodation’ sites has approximately 500,000 members⁶. As such, short Term accommodation platforms operate on a completely different scale to share accommodation sites in Australia.

These key differences must be recognised and differentiated should the government implement any reform to the current tax reporting regime which impacts the ‘share economy’. It is critical that share accommodation is not incidentally regulated under the same provisions that would apply to short-term holiday-letting as this would likely be to the detriment of businesses operating in share accommodation.

⁵ “105 AirBnB Statistics and Facts (2018) – by the Numbers, Craig Smith, <https://expandedramblings.com/index.php/airbnb-statistics/>, 28 January 2019.

⁶ Based on currently available information for REA’s Flatmates and Spacely websites.