



## ***The Black Economy Taskforce Explained***

*With the rise of businesses across Australia not meeting their tax obligations, the ATO put together The Black Economy Taskforce (BET) in 2016 to research and audit Australian small businesses who purposefully didn't meet their tax and employee obligations, known as the Black Economy.*

### **What is the Black Economy?**

The Black Economy is a term to describe small businesses and people who operate outside of the tax and regulatory system and who do not report their obligations truthfully or accurately, involving both legal and illegal activities.

The Black Economy Taskforce estimates that there is a deficit of \$50 Billion in unpaid tax obligations, GST, Pay-As-You-Go (PAYG) and superannuation. It has been determined that this area of the economy is set to grow.

The Black Economy affects community services provided by the government, such as:

- health – including Medicare and hospitals
- education – including schools and teachers
- transport and infrastructure – including airports, roads and railways
- community services – for example, when natural disasters occur.

### **What does the Black Economy include?**

The Black Economy is not just focussed on tax issues. It involves the whole of the Australian working landscape, including employee entitlements. The Taskforce will be focussed on those small businesses and individuals that:

- demand or pay cash to avoid obligations
- do not report or under-report their and employees income
- underpay wages
- bypass visa restrictions and visa fraud
- involve identity fraud
- falsely report ABN, GST, and duty fraud
- illegal drugs and tobacco
- present as a contractor instead of an employee
- liquidate and re-form businesses known as phoenixing
- evade
- launder money
- gamble unregulated
- sell counterfeit goods.

# The Black Economy Taskforce Explained

## Why is targeting the Black Economy important?

Most Australian individual and businesses report their obligations legally and pay their employees their entitlements. It's unfair for others to gain a competitive edge by intentionally doing the wrong thing.

Some may assume that the Black Economy is a victimless crime, however it includes employers mistreating workers by not paying entitlements, businesses not paying tax and superannuation to undercut competitions and criminals operating business models outside of regulatory systems. This all puts pressure on those individual and businesses who do the right thing and puts pressure on honest taxpayers. If left unchecked, the economy will face higher tax burdens. All other OECD countries grapple with the Black Economy. It is not just Australia who faces this issue.

## The Tax Integrity Centre

The ATO has revealed that they have received 15,000 tip-offs to its Tax Integrity Centre in the first quarter of this financial year. If a taxpayer suspects an individual or business of not paying their obligations and entitlements, they can be reported to the Tax Integrity Centre. If this is too daunting, your tax agent will report this crime for you.

## Getting it right

There is no excuse for not knowing your obligations, however if you're not sure, your tax agent will be able to help. Not only will they understand what tax you'll need to pay, they'll help with your deductions to minimise your tax.

ITP The Income Tax Professionals offer bookkeeping services will ensure that you're correctly paying your Goods and Services Tax (GST), lodge your Business Activity Statements (BAS), your Pay-As-You-Go (PAYG) and superannuation for your employees. Not only will you be up to date with ATO and avoid their radar, you'll be able to track your business health and grow your business.

*ITP help over 300,000 individual Australians and Australian Small Business with their tax and other obligations for 50 years. If you need help, speak with a Professional today.*

*ITP The Income Tax Professionals are more than tax agents. They have been helping Australian individuals and businesses with their business accounting and advice for 50 years and offer a wealth of knowledge. Speak to a Professional today and see how your business can be more profitable.*



**THE INCOME TAX  
PROFESSIONALS**