Re: Consultation, Designing a Modern Australian Business Number System

To whom it may concern

The Institute of Professional Editors (IPEd) is the national professional body for editors in the publishing industry in Australia, with around 1300 members.

We appreciate the efforts of the Treasury’s Black Economy Taskforce in providing the consultation paper and in welcoming feedback and comments.

Overall, we understand the concerns of the taskforce to tackle the black economy and improper use of the ABN system, and the desire to improve the value and meaning of the ABN system for the Australian community.

However, we wish to address one measure suggested in the consultation paper, to require all holders of an ABN to be registered for GST regardless of their annual turnover (Question 5).

This measure, if implemented, would have serious detrimental effects on many of our members.

First, here are some statistics from our 2016 survey of members (540 respondents):

- 72% were freelance (i.e., operating as a business, largely as a sole operator with an ABN)
- 72% earned $50,000 or less (gross) from editing
- 22% of editing work came from self-publishing clients
- 36% of editing work came from academic editing (largely postgraduate theses)

Freelance editors are legitimate contractors under the ATO’s own guidelines. They need to have an ABN to prevent being taxed at the highest marginal rate and to be accountable as a small business. Most are in the tax system under PAYG arrangements and are not registered for GST. Self-publishing clients and postgraduate research students are unlikely to be set up to deduct tax from editors’ fees.

Self-publishing and student clients are not, generally, a high-earning group and not likely to be registered for GST, and therefore unlikely to be able to afford to pay GST on fees without being able to claim credit for GST charged. As a result, they may shy away from contracting an editor to improve their work, decreasing the value of Australian literature and research endeavours, and costing freelance editors work.

Making GST registration compulsory for all editors with an ABN would threaten their businesses and prevent them from earning anything like a reasonable living. Many are already on very low incomes.
We would like to also comment on two other points raised in the paper.

On the issue of individuals with an ABN not carrying on an enterprise but fraudulently claiming GST input tax credits, we would consider tighter restrictions on claims by individuals who are not indicating a comparable income should prevent this. This is also borne out through the paper’s comments on statistics regarding cancellation of ABNs.

On the proposal for ABN holders being required to renew their ABNs, we suggest this could be considered as part of the process of renewal of business name registrations, for those so registered, for which a fee is already paid.

Thank you for the opportunity to provide feedback to the paper. We look forward to your further communication on the issue.

Kind regards

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Kerry Davies
Chair, IPEd Council