

15 December 2025

The Board of Taxation
C/- The Treasury
Langton Crescent
Parkes ACT 2600

Via email: taxboard@taxboard.gov.au.

Re: Red Tape Reduction Review

To Whom It May Concern:

The Association of Digital Service Providers Australia New Zealand (DSPANZ) welcomes the opportunity to make this submission to the Board of Taxation's Red Tape Reduction Review on behalf of our members and the broader business software industry.

About DSPANZ

Digital Service Providers Australia New Zealand is the gateway for the government into the dynamic, world-class business software sector in Australia and Aotearoa New Zealand. [Our members](#) range from large, well-established companies to new and nimble innovators working at the cutting edge of business software and app development on both sides of the Tasman.

DSPANZ represents Digital Service Providers (DSPs) that develop accounting, payroll, workforce management and compliance systems relied upon by Australian businesses to meet their tax and reporting obligations. As a result, DSPs are deeply embedded in the tax system and are a primary channel through which businesses interact with tax administration in practice.

We strongly support the objective of the Red Tape Reduction Review to identify substantial and measurable opportunities to simplify business tax administration without compromising revenue or system integrity. From a DSP perspective, many of the most significant compliance burdens arise from how information is requested, verified, reused and reported across the tax system and related government processes.

This submission focuses on technology-enabled and administrative reforms that DSPANZ believes would materially reduce red tape for businesses, improve data quality, and enhance more efficient tax administration. In particular, this submission highlights opportunities to:

- Better align reporting and lodgement with natural business processes;
- Expand the use of pre-fill and "tell us once" principles;

- Leverage existing digital infrastructure, such as Single Touch Payroll; and
- Strengthen key digital foundations, including digital ID, Director IDs and the Australian Business Register.

Drawing on the experience of our members and international examples, DSPANZ's submission seeks to assist the Board by identifying practical, incremental changes that leverage existing infrastructure, reduce duplication and improve the experience of businesses interacting with the tax system, while remaining consistent with the Review's scope and objectives.

DSPANZ welcomes the opportunity to provide further feedback on our submission. Please contact Maggie Leese at maggie@dspanz.org for more information.

Yours faithfully,

Signed by:

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Chris Denney,
President & Director
DSPANZ.



Aligning Reporting and Lodgement with Business Processes

Many of the most significant compliance burdens in the tax system arise not from how and when information is requested. Businesses are frequently required to provide the same or substantially similar information to different government agencies, in different formats, and at different points in time. This fragmentation creates unnecessary duplication, increases the risk of error, and imposes avoidable costs on businesses and the tax system.

From a tax administration perspective, duplicated data collection does not improve revenue outcomes or integrity. Instead, it increases the likelihood of inconsistent information, rework, and post-lodgement correction activity.

DSPANZ strongly supports expanding “tell us once” principles and the government’s use of this shared information to provide pre-fill information on business forms. The government already holds much of the information that it later asks businesses to supply. Aligning tax administration processes with this principle would materially reduce errors and manual entry.

We also recommend increasing pre-fill functionality on ATO forms, extending the use of existing ATO and Australian Business Register (ABR) data during registration, and standardising key data elements across agencies to reduce data duplication across government and the effort required from businesses to provide this information.

Nordic jurisdictions and Estonia have “once-only” legislation that prevents agencies from requesting data already held elsewhere. Adopting even a partial version of this approach would significantly streamline Australian tax administration.

Simplifying Tax Obligations for Small Businesses

The government should explore administrative models that streamline obligations for small businesses. Small businesses already submit granular information through Business Activity Statements (BAS) during the year and then provide much of the same information in their annual income tax return.

This duplication does not materially improve the accuracy of tax outcomes, nor does it increase the amount of tax collected. Instead, it increases preparation costs for businesses and advisers and creates an additional layer of reconciliation work for the ATO.

DSPANZ recommends that the ATO, with appropriate safeguards, explore a default assessment model for micro and small businesses, in which annual income tax returns are prefilled using BAS information and other government-held data. Taxpayers will still be able to correct or amend this information.

Enhancing Single Touch Payroll

Single Touch Payroll (STP) is now a central pillar of the tax ecosystem. STP is uniquely placed to support further red tape reduction because it already aligns with reporting and natural business processes, operates at scale, and is embedded in employer workflows. Leveraging existing STP data avoids the need to create new reporting channels or impose additional forms on employers.

DSPANZ recommends that the government explore the following two opportunities to expand the use of STP:

- **Payroll tax:** Providing pre-fill information or calculation support to streamline payroll tax experiences. We recognise that payroll tax is a state responsibility; however, the current reporting duplication reflects administrative inefficiency. A coordinated approach could significantly reduce duplicated reporting requirements while preserving revenue sovereignty.
- **Award information:** Including optional award classification or employment type indicators would help the Fair Work Commission, the ATO, and employers identify systemic risks and reduce non-compliance.

Strengthening Digital Foundations

Australia has introduced several important digital initiatives:

- Digital ID and the Australian Government Digital ID System (AGDIS)
- Director IDs
- Australian Business Register (ABR).

However, many of these reforms have not progressed to the stage where businesses and software providers can realise their full benefits.

DSPANZ notes that the Treasury has recently released a [consultation on linking Director IDs with the ABR and company registers](#). We support the direction of this work and view it as an important step in moving key digital foundations beyond establishment and toward practical use across the tax system.

Digital ID - reducing verification burdens and duplicated processes

The introduction of the Australian Government Digital ID System (AGDIS), along with the private sector's upcoming participation, offers an opportunity to address challenges with current identity verification processes and inconsistent guidance.

However, uncertainty around the charging framework for the AGDIS has become a form of red tape, preventing DSPs from committing development resources or integrating digital ID into tax and compliance workflows. Software use could drive digital ID transactions into the millions annually. The difference between cost certainty and cost escalation will determine whether digital ID becomes a burden or a benefit for the Australian business software industry.

The government must ensure that pricing is low and predictable to support the high-volume use cases that DSPs could drive in the system.

DSPANZ recommends that the government release the charging framework for consultation as soon as possible to allow DSPs to understand whether it is viable for them to participate in the AGDIS and, if so, plan development cycles and allocate resources accordingly.

There are further opportunities to reuse consent patterns from the Consumer Data Right (CDR) alongside digital ID to streamline authorisation processes, including in the ATO's current client-agent linking process. An international example to consider when linking digital ID with tax and business processes is Singapore's Singpass, which provides a mandatory, low-cost identity layer in the tax system.

Director IDs - moving beyond establishment to practical use

The implementation of Director IDs in Australia was a significant achievement, yet the functionality has not advanced beyond issuance.

Director identity verification still requires businesses to collect the same information for banking repeatedly, Australian Securities and Investments Commission (ASIC) interactions and internal governance workflows. Without operational use cases in tax administration, Director IDs remain largely disconnected from the compliance activities where they could deliver the most significant benefit.

DSPANZ recommends enabling the use of Director IDs across tax administration processes, for example, by supporting automatic matching during the establishment of new entities, or by linking Director IDs with the ABR. These operational uses would allow software to pre-populate information, reduce manual collection of sensitive data, and help mitigate fraud and errors.

Improving the Australian Business Register

The ABR data quality and completeness remain a barrier to automating business registration and information update processes. Industry codes are outdated, public data is limited, and businesses must frequently re-enter information already held by the government.

Given that the ABR is considered a foundational dataset, its shortcomings ripple across the tax system. The lack of currency and completeness limits the ability of software to automate

registration, validation and reporting processes, and forces businesses to repeatedly correct or re-enter information that the government already holds.

DSPANZ recommends that the ATO and Treasury enable periodic updates to ABR industry codes using ATO tax return data. Improving the scope and currency of the public ABR dataset would support more informed business-to-business interactions, reduce onboarding costs, and enable DSPs to automate validations that currently require manual checks.

eInvoicing - clarifying the future path

While Australia's adoption of eInvoicing is growing, we are diverging from the implementation approach of many other countries worldwide that are pursuing mandates alongside fiscalisation strategies.

There is an opportunity for Australia to consider business eInvoicing mandates and to follow the global trend of implementing Continuous Transaction Controls (CTCs) to support the transmission of GST/VAT data to tax authorities for tax administration purposes. This approach replaces more traditional tax reporting methods and enables real-time reporting to tax authorities, helping both governments and businesses better understand their tax liabilities and revenue.

This approach provides benefits to both the government and businesses. However, any eInvoicing mandates should be considered alongside how this reporting method eliminates duplicative processes, such as GST reporting, or supports pre-filing BAS.

DSPANZ recommends that the government consider the future direction of eInvoicing and whether Australia will pursue mandates beyond government agencies.

Outside of large-scale change, we recommend considering implementing a centralised Service Metadata Publisher (SMP), which is a directory service enabling businesses to look up their trading partners and whether they are eInvoicing enabled. Introducing a centralised SMP would promote the benefits of eInvoicing without requiring legislative change.

Modernising Trust, Partnership and FBT Reporting

Annual reporting for trusts and partnerships often occurs long after the economic events that give rise to tax liabilities, requiring businesses to reconstruct complex financial information long after decisions have been made and funds distributed. The current reporting process relies heavily on manual adjustments and professional intervention.

DSPANZ recommends that the government consider an STP-style periodic or event-based reporting approach for trust and partnership distributions. This approach would improve the timeliness of reporting and simplify annual lodgement processes.

Fringe Benefits Tax (FBT) presents a separate challenge. FBT data often originates in systems that were not designed for taxation. For example, fleet management systems, travel and expense platforms, or card-based benefit offerings. Capturing this information within business management systems is technically challenging and unsustainable.

DSPANZ recommends a longer-term review into how FBT data can be captured at the point of origin and made available in business software solutions.

DSPs and AI Automation

From a tax administration perspective, AI-enabled validation and anomaly detection represent an opportunity to prevent errors before they enter the system, rather than correcting them through audits, reviews or amended returns. However, current interpretations of the *Tax Agent Services Act 2009 (TASA)* create uncertainty about whether these preventative features, when implemented and used by DSPs in software, constitute regulated services.

For example, DSPs could leverage AI to detect errors based on expected user behaviour and determine when numbers may seem abnormal or incorrect. When these potential errors are detected, DSPs can provide prompts and/or nudges to their customers to fix them or investigate further before a minor error becomes more significant.

DSPANZ recommends that the government consider updating the framework for determining what constitutes a tax or BAS agent service to recognise the role of business software and the increasing digitalisation of tax and accounting processes.