
Response to Questions on Notice – Senate Economics Committee Hearing on the Treasury Laws Amendment (2022 Measures No. 4) Bill 2022

Senator BRAGG: I might just ask you on notice to review that element of the tape and tell us whether you think it's achievable given what was said—that we will have a regulatory regime in place in this parliament. My sense is that the government is talking about this token mapping initiative happening and then dealing with the regulation of markets and custodians and all that maybe next year, which suggests to me that might be something for the next parliament, which would be locking Australia into the slow lane. On notice, can I get your take on what you think is going to be achievable in this parliament based on the evidence presented last week?

Response: The Tech Council welcomes the announcement made by the Treasurer and Assistant Treasurer on 14 December 2022 that the Government will take action to improve the regulation of crypto service providers. Australia has an opportunity to be a leader in the responsible use of digital assets if we get the regulatory and policy settings right.

We are engaging in the current token mapping process, which the Government has identified as the first step before consulting on a custody and licensing framework by the middle of 2023 and then introducing legislation.

While we cannot speculate on the specific timing of the legislation, which is a matter for the Government, our desire is for a regulatory regime to be established in this Parliament and we hope to see substantial progress towards this outcome in 2023.

Senator BRAGG: [In regard to Schedule 4 on the Skills and Training Boost] Could you take on notice what drafting we need to consider to achieve that? Your recommendation is clear, but we might need a little more detail.

Response: Further to our submission, we propose amendments to the Bill to expand eligibility for the Skills and Training Boost to include expenditure on training provided by non-registered training providers.

Our amendments would align the Boost with existing tax law, which allows businesses to deduct the full cost of expenses relating to education and technical or professional qualification, without any requirement that this be done by a registered training provider.

Training by non-registered providers is commonly used by small and medium sized businesses because it is often more job relevant, tailored to business needs and cost effective. It is also commonly used for digital training, as vocational education IT courses have not kept pace with industry standards and expectations.

To enable eligibility for non-registered training providers, the Bill could be amended as follows:

1. Remove paragraph 328-450(1)(b); and
2. Remove paragraph 328-450(2) (subject to imposing the expenditure cap discussed below).

Expenditure cap

If there was a desire to introduce an expenditure cap to mitigate any perceived integrity or cost risks for training provided through non-registered training providers, an alternative amendment could be put forward as follows:

1. Remove paragraph 328-450(1)(b);
2. Add new paragraph as a new paragraph 328-450(1)(e):
 - e. For any expenditure incurred in training which is not covered by paragraph 328-450(1)(f), you can deduct for the 2022-23 or 2023-24 income year an amount in respect of that expenditure that is equal to the lesser of:
 - i. \$20,000; and
 - ii. 20% of the total amount of your expenditure to which subsection 328-450(1) applies.
 - f. Expenditure covered by this paragraph is expenditure for any of the training provided by a particular provider and:
 - (i) the provider is a registered body of a kind listed in subsection (2); and
 - (ii) if the provider is a registered body of a kind listed in paragraph (2)(b), (c) or (d)—the training is within the provider’s scope of registration for that kind of registered body.

This proposal reflects the same cap that applies to the Technology Investment Boost, but it could be set at an even lower rate to reflect that the cost of training from non-registered providers is often less expensive than traditional VET or university courses. However, we would recommend the cap be no lower than a deductible amount of \$7,500, based on the costs of non-accredited training.