



29 June 2018

Black Economy Division
Australian Treasury
Langton Place
PARKES ACT 2600

By email blackeconomy@treasury.gov.au

Dear Treasury

Introducing an economy-wide cash payment limit

Thank you for the opportunity to comment on the Treasury consultation paper titled *Introducing an economy-wide cash payment limit*.

The ABA and its members recognise the importance of ensuring the taxation system is robust and can provide the community with the services they need. The ABA supports the Government's announcement of an economy-wide cash payment limit of \$10,000 for payments to businesses for goods and services, to apply from 1 July 2019.

We note the consultation paper recognises that cash transactions comprise a smaller share of Australians' payments than in the past and this decline is likely to continue given innovations in payments.

We raise four points around the operation of the \$10,000 limit to ensure it meets the Government's intentions and does not lead to any unintended consequences or unnecessary red tape.

Firstly, we note that the \$10,000 limit has been set with reference to the Anti-Money Laundering/Counter Terrorism Financing framework. We do not believe any additional reporting of cash payments or compliance by financial institutions should be introduced beyond those that currently exist under the AML/CTF regime. We believe these existing requirements on banks to report to AUSTRAC are sufficient for the Government to meet its objectives.

Secondly, we welcome the announcement that the cash limit would not apply to financial institutions. We would seek one point of clarification that this exception encompasses cash distribution. Cash trading between financial institutions is necessary to ensure that cash can be distributed throughout the economy and should not be caught by the \$10,000 limit. We would recommend that the definition is modified so that the exemption is for all cash transactions undertaken by a financial institution, not only deposits by individuals and banks.

Thirdly, we would ask that the Government considers that customers and businesses who are heavily reliant on cash may need additional time to prepare and adapt to the proposed changes. Banks and financial service providers will also need time to identify and communicate with those customers and provide them with alternatives. This is especially the case for those customers who are vulnerable.

Finally, we seek one final point of clarification that the legislation will apply to payments only, and not any customer withdrawals of more than \$10,000.

Thank you again for the opportunity to comment on the consultation paper. If you have any questions, please contact me on the details below.

Yours faithfully

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