



UK Short Term Accommodation Association response to UK Government consultation on reporting rules for digital platforms

The UK Short Term Accommodation Association (STAA) is the trade association for short-term rental companies operating in the UK. Our members include a number of online platforms such as Airbnb and Vrbo, as well as large property management companies who also take bookings via an online platform. Accordingly, many of our members will be in scope for these rules.

The STAA is therefore pleased to have the opportunity to respond to this consultation. Our response comes in the form of a brief position statement, outlining our members' views on a number of issues raised by the consultation, followed by consideration of some of the detailed questions contained within the **annexe**.

Position statement

The importance of a joined-up approach to data sharing

The first issue that we would like to highlight is around how the implementation of the model reporting rules dovetails with other ongoing UK Government initiatives. There are currently numerous ongoing conversations about sharing data between platforms and authorities in the UK. The STAA has participated in discussions on the subject of the model reporting rules with HMRC and has also met with HMT on the subject of data sharing following the consultation on VAT and the Sharing Economy. **We believe that, whatever approach the government decides to take with respect to data sharing, there must be joined-up thinking at the policymaking level.** A common approach to data reporting will balance the needs of the government - VAT and income tax compliance - with the burden on businesses. This will ensure that businesses are not forced to enter into several parallel agreements with different government departments for different datasets.

We suggest therefore that the government comes up with an **overarching framework on what information needs to be collected and what information needs to be shared.** This framework should be based on a specific policy goal or desired outcome. The government should ask itself what it wants to achieve and how data sharing by platforms will help it to achieve that goal.

We would also like to know whether the government has considered APIs or other related formats for the data sharing itself. Clarification from the government on this via its response to this consultation would be very welcome.

Reporting periods

In terms of practical considerations, **the government should consider how the reporting year outlined in the consultation joins up with the tax year.** It may be more straightforward



to align the two. Many businesses will remit VAT more frequently than they remit income. A well-designed system would involve businesses sharing all the required data on a regular basis, rather than different datasets according to different timetables.

Definitions within the consultation

The STAA has some specific comments to make on the definitions contained within the consultation. Currently, a 'seller' is defined as 'a user who is registered on a platform to provide relevant services or sell goods.' **We feel that this definition is insufficiently detailed in its current guise.** For instance, what is meant by 'sales' under this formulation?

In section 4.21 the consultation states that 'The Code of Conduct also places an obligation on tax authorities to provide information setting out the circumstances when sellers may be liable to tax, including details of any thresholds, exemptions, allowable expenses and reporting obligations.' **We would welcome further detail on what tax thresholds the government has in mind.**

Financial penalties

The STAA would also welcome further clarification on financial penalties for non-compliance. We understand that there will be two kinds of penalty: one-off single penalties for reporting incorrect or incomplete information; and initial and continuing daily penalties for failing to comply with the collection, verification, reporting and other requirements in the model rules. However, it is hard for us to comment on these in practice when we do not have any information as to what the penalties are likely to be. Will they be flat rate charges, or will their size be based on the size of the offending party (e.g., a percentage of revenues or similar)?

Regardless of the penalty regime, it is important to remember that many platform sellers are occasional sellers - whether goods or services - and requiring 100% complete and verified data from all users will only cause friction and discourage people from "trying" out the digital economy. We urge you to consider this when determining what "incomplete" means in light of penalties. Platforms will often perform KYC/AML procedures for users who reach a certain earnings threshold. But users who earn under £1,000 (which is common) will not be subject to such stringent review. Though it is expected platforms will report what information they collect from all users, a balance needs to be struck between diligence and verification for occasional sellers and higher-volume sellers, and the penalty regime for "incomplete" compliance.

The STAA welcomes the opportunity to respond to this consultation and we look forward to further ongoing discussions with officials in HMRC and HMT on both this and other information sharing initiatives.



Annexe

2. Are the definitions on the scope of the model rules sufficiently clear? Are there scenarios not anticipated by the rules where guidance is needed?

With respect to reporting platform operators, we would welcome further guidance in case multiple platforms are involved. Take for example a situation wherein Platform A contracts with a seller and the service is then offered on platform B, C and D through Platform A's network. In this scenario, Platform A may not have the transactional data. Platform B, C and D may be the parties collecting the payments from the consumers. Who would then be responsible for the data sharing?

With respect to excluded sellers, we would welcome more guidance on the calculation of the 2,000 property rentals per year. E.g., if one booking covers 10 nights, is this considered as one property rental or 10? If there are two bookings of five nights of the same room/unit, is that considered as two property rentals or 10?

3. Is any additional guidance needed in light of the government's plans to adopt the extension of scope in its implementation of the model rules?

We would welcome a definition of transport rental/rental of means of transport. Does it cover all means of transport (car, ship, train, animal, moped etc.)?

6. Which number, or combination of numbers, would be appropriate to use as a Tax Identification Number (TIN)? Please give reasons to support your view.

All suggested TINs are appropriate. However, only the UK VAT ID number can be validated through a government service. Platforms are not able to verify the TIN if there is no automatised public record or tool, which would make it more difficult for platforms to comply with the verification requirements.

7. Do you have any comments on the practical application of the rules for collecting and verifying the data?

Please see question 6.

8. Would stakeholders (both sellers and platforms) find a Government Verification Service useful if one was available? Please give reasons for your view.

This would be very helpful for platforms. We support this requirement, provided that the systems allow bulk and automatic verification and maintain up to date information and are easily accessible. We would also like further clarification on what the verification service would look like and whether it would entail a cost for platforms.



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10. What are your views on the government only offering the option to submit reports directly in an XML file format and removing the manual reporting option? Would you use an API to share info with HMRC if it was available? Please explain your answer.

We believe that APIs would be the best method of facilitating data sharing between online platforms and the relevant authorities. Manual data sharing is costly and inefficient.