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Submitted Online

National Competition Analysis 2025
Productivity Commission
Locked Bag 2, Collins St East
Melbourne VIC 8003

Dear Productivity Commission

**RE: Submission to the Productivity Commission's 2025 Competition Policy Inquiry
From the Short Term Accommodation Association Australia (STAAA)**

Introduction

The Short Term Accommodation Association Australia (STAAA) welcomes the opportunity to contribute to the Productivity Commission's 2025 Competition Policy Inquiry. We recognise the Commission's critical role in shaping a more dynamic, fair, and competitive Australian economy.

About the Short Term Accommodation Association Australia (STAAA)

The STAAA is an Australia national industry body association representing short-term rental accommodation (STRA) owners and operators across Australia. Our members include a wide range of stakeholders within the short-term rental accommodation industry, including individuals, small scale operators and professional property managers. However, it is important to clarify that we do not represent international booking platforms such as Airbnb, Booking.com or Stayz.

The STAAA is an entirely volunteer run national STRA association with all committee members being active STRA owners or operators themselves, many with decades of direct experience in the sector. This gives the STAAA an authentic, unique, grassroots understanding on the practicalities, challenges, and opportunities within the industry.

Membership of the STAAA is structured in tiers, based on the number of properties operated. The largest cohort of our membership are owners and operators with just one or two properties, typically "mum and dad" or retiree operators.

The STAAA advocates for an evidence based and balanced approach to STRA policy. We believe it is essential to recognise the critical role STRA plays in supporting Australia's visitor economy. STRA provides flexible, high quality, and diverse accommodation options that meet the needs of a wide variety of domestic and international travellers. It also plays a vital role in sustaining regional tourism and supporting local communities, including small and family run businesses.

We support the introduction of evidence based, balanced and appropriate regulation in all sectors, including STRA. As with any industry, a small number of poor operators and unruly guests, can damage the reputation of the majority of hosts who operate responsibly and it is important to protect both community interests and the integrity of the industry.

Executive Summary

Short-term rental accommodation (STRA) is a vital part of Australia's visitor economy and tourism infrastructure. However, inconsistent STRA regulations across different states and territories and the under taxation of international digital platforms undermine competition and productivity in the sector.

Key recommendations:

1. **National STRA Regulation:** A registration scheme which is light touch, enforceable, opt-in framework that provides much needed data and ensures compliance across all states and territories.
2. **Digital Services Tax:** A tax on revenue generated in Australia by large digital platforms many foreign owned, aligned with international models, to ensure fair taxation and help fund housing infrastructure in Australia.

These reforms directly support the Commission's goals of enhancing market competition, reducing distortionary regulation, and encourages innovation.

The Role of STRA in Supporting the Australian Visitor Economy

STRA plays an integral role in Australia's tourism ecosystem, regional development, and broader visitor economy. As Australia continues to position itself as a global premier tourism destination, STRA provides the essential accommodation to support growing demand, particularly in regional and rural areas underserved by other accommodation options helping regional communities capture and sustain tourism driven economic activity.

STRA supports not only the Australia tourism ecosystem but also provides much needed accommodation for visitors, temporary workers, those with accessibility and inclusive needs, emergency personnel during disasters and those relocating to Australia. The flexibility of STRA allows in particular regional areas across Australia to attract tourism driven economic activity particularly in areas where conventional forms of accommodation such as hotels and motels are in short supply.

STRA ensures visitors have access to diverse and flexible accommodation options that enhance their overall experience and we would like to outline the critical contribution of

STRA to Australia's tourism and cultural identity, and its growing importance in meeting Australia's accommodation needs.

STRA also plays a key role in workforce accommodation for industries such as agriculture, tourism, healthcare, and construction. Many regional businesses rely on short-term rental accommodation to house their workers, professionals and tradesmen who need temporary housing.

Additionally, STRA properties often cater to individuals with access and inclusion needs, offering features such as step-free access, accessible bathrooms, and mobility-friendly amenities. Beyond accessibility, STRA offers a range of benefits that are often not available in alternative accommodation options. These include greater space for families or caregivers, quieter environments with less foot traffic, longer stay options, flexibility in check-in and check-out, and enhanced privacy and independence. For many travellers, especially those with specific health or support needs, this combination of comfort, familiarity, and flexibility makes STRA a highly valuable option.

The STAAA acknowledges concerns regarding housing affordability but emphasises that STRA is not a primary driver of the rental affordability crisis.

It is important to recognise that STRA contributes significantly to economic vitality in regions where tourism is a primary industry throughout Australia. Evidence based and balanced regulation can mitigate any potential negative impacts while preserving the benefits STRA brings to Australia's visitor economy, tourism ecosystem, and local communities.

FACT: STRA typically comprises of a small fraction of the total housing stock, often less than 1%¹.

Underlying Causes of Housing Crisis: Rental affordability is influenced by broader underlying issues such as population growth, insufficient government investment in social and affordable housing, housing supply constraints, rising construction costs, and economic pressures. The lack of sufficient social and affordable housing has a much more significant impact on rental affordability than STRA. These issues are compounded by population growth and demand, which outpace the availability of affordable housing options for low and middle income households.

In addition to undersupply and population growth, a key contributor to Australia's housing pressures is the large scale of sell off of government owned social and affordable housing.

Importantly, STRA is generally not suitable for use as social or affordable housing due to differences in property management, tenancy support requirements, and the complex needs of social housing tenants. For this reason, STRA owners are unlikely to transition properties into the social housing system; instead, if overly restricted, many would opt to leave their properties vacant or sell them which will further reducing housing supply and disincentivising participation in the market.

¹ The University of Queensland. [A Review of the Impacts of Short-term Rental Accommodation in Queensland](#).

The UQ study *Airbnb Before, During and After Covid-19*² shows that STRA has created new economic opportunities for small-scale hosts, retirees, and ‘mum and dad’ operators. Growth in the STRA sector is associated with increased local spending and economic activation, particularly in non-traditional tourism areas.

The Queensland report identified that while STRA contributes positively to the tourism ecosystem by offering diverse accommodation options, supporting local businesses, and generating income for property owners, it also raises social concerns. These include impacts on neighbourhood amenity, such as noise, parking availability, and the transient nature of guests.

The UQ Report makes clear that the growth of STRA in Australia has been driven by consumer demand, not by regulatory loopholes resulting in market growth.

In tourism-centric regions of Queensland, the economic benefits of STRA have been significant, helping to support local economies. However, these benefits have also prompted calls for appropriate regulatory frameworks to address and mitigate potential negative externalities.

In Australia, the Western Australian Short-Term Rental Accommodation Act 2024³ stands out as the most comprehensive model. The WA inquiry⁴ reviewed other Australian and international models and found that jurisdictions with mandatory registration, clear STRA definitions, and enforceable mechanisms were most successful in aligning tourism benefits with community expectations.

STRA’s Economic Contribution - Australian National STRA Data Key Finding by Pricelabs

Pricelabs data shows that nationally across Australia, the approximate total number of STRA listings as at March 2025 was 154,593⁵.

Recent data by Pricelabs confirms that in Australia, Individual owner operators Rule the Market: Hosts with only ~1 listing making up a significant 40% of the market⁶.

This shows the incredible role individual property owners play in providing diverse and unique accommodation options across Australia.

Small owner operators Hold Strong: Owner operators with 2-10 listings contribute to 27% of the market.

Their continued growth underscores the expanding opportunities and success for smaller operators in the short-term rental accommodation industry.

² Dolnicar, S. (Ed.). (2021). *Airbnb before, during and after COVID-19*. University of Queensland.

³ Western Australia Legislation. [Short-Term Rental Accommodation Act 2024](#).

⁴ Parliament of Western Australia. Inquiry into Short-Stay Accommodation. [Levelling the Playing Field: Managing the impact of the rapid increase of Short-Term Rentals in Western Australia](#)

⁵ Pricelabs. [World STR Index. Performance of Markets Around The World](#)

⁶ Pricelabs. [Market Insights - Understanding the Australian Short-Term Rental Market 2024](#)

These insights confirm the critical contribution of both individual and small owners and operators in the Australian short-term rental accommodation landscape.

Please note that across various states and territories throughout Australia, we currently lack verified data for the STRA sector.

Reasons Why Current Short-Term Rental (STRA) Data May Be Inaccurate

There are several factors that contribute to the inaccuracy of current data on short-term rental accommodations in Australia:

- **Room only Rentals:** Data often includes listings where hosts rent out a single room in their home, rather than an entire dwelling. This can skew the understanding of how many full properties are in the STRA market.
- **Inactive Listings:** Some STRAs remain listed on platforms even though they are no longer in operation, leading to inflated counts of available properties.
- **Irregular or Seasonal Listings:** Many STRAs are not rented out consistently. Some are only used seasonally, while others are listed occasionally. For example, when a host travels and rents out their primary residence temporarily.
- **Multiple Platform Listings:** It's common for a single property to be listed on several booking platforms (e.g., Airbnb, Vrbo, Booking.com), which can lead to double-counting.
- **Duplicate Listings on the Same Platform:** A property might appear more than once on a single platform, such as being listed separately as a full house and as a private room.
- **Inclusion of Non-STRA Accommodation:** Booking platforms often include a mix of accommodation types, such as hotels, motels, and other tourism approved facilities, which can dilute or misrepresent the true number of STRAs.
- **Lack of Platform Transparency:** Platforms generally do not provide full transparency regarding the number of active listings or occupancy rates.
- **Reliance on Scraped Data:** Public datasets frequently rely on web scraping, which can miss, misclassify, or inaccurately interpret listings.
- **Fake Listings:** Some listings are fraudulent, either duplicating existing legitimate listings or advertising non-existent properties. These are often used for scams.
- **Inflated or Duplicate Listings:** The same property may be listed multiple times with different descriptions or pricing strategies, further distorting the data.

These factors highlight the limitations of current STRA data and underscore the need for a centralised, transparent registry. Such a registry would provide accurate and consistent information to support policy development, planning, and community impact assessments.

Please note, however, that the data provided by PriceLabs is scraped from booking platforms and, while not entirely accurate, it offers a loose indication of STRA activity nationally.⁷

1. The Case for National STRA Regulation as Competition Reform

- **Increased Compliance Burdens:** Hosts operating across multiple jurisdictions are required to navigate varying legislative frameworks, registration systems, and reporting requirements. This administrative complexity raises costs, particularly for small-scale operators, and acts as a barrier to market entry. In addition to this, local Councils are often confused as to their roles with regards to enforcement of rules and regulations applicable to STRAs.
- **Distorted Regional Competition:** Jurisdiction specific taxes/levies and restrictions can create imbalances that favour certain regions over others. For example, STRA operators in Victoria, particularly near the New South Wales border, are concerned that the imposition of the new tax/levy will drive guests across the border to NSW properties, where such costs are not incurred. This undermines the competitive neutrality of accommodation options across state lines.
- **Capital Flight and Market Reallocation:** Uneven regulatory pressures are already influencing investment decisions. Some hosts are reportedly selling properties in highly regulation states such as Victoria and redirecting their investments to jurisdictions with fewer restrictions, such as Queensland. This dynamic distorts housing markets and undermines consistent national housing policy objectives.
- **Consumer and Operator Confusion:** Inconsistent regulations create uncertainty for both guests and hosts. Consumers may not understand why pricing and availability differ between neighbouring jurisdictions, while hosts struggle to keep up with their legal obligations, leading to inadvertent non-compliance.
- **Disincentives for Small-Scale and Regional Participation:** The complexity and cost associated with jurisdiction specific regulation disproportionately affect small operators and regional hosts. These participants often lack the resources to manage compliance across differing frameworks, leading to reduced participation in the market and missed opportunities for regional economic development.

A national opt-in framework would:

- Reduce compliance complexity and confusion
- Promote competitive neutrality between regions, states and territories
- Improve investor confidence and policy stability

⁷ Pricelabs. [Market Insights - Understanding the Australian Short-Term Rental Market 2024](#)

- Enhance guest trust and understanding
- Support regional and small scale participation; and
- Streamline compliance with minimum national standards

The EU's pan-European STRA regulations⁸ offer an adaptable template that Australia can localise.

International Best Practice: European Union (EU) Model

In 2023, the EU introduced a pan-European STRA regulation that:

- Establishes a common registration and data sharing framework;
- Allows member states to opt in or opt out;
- Encourages transparency and consistency while maintaining local sovereignty.

STAAA supports a similar opt-in national framework in Australia, one that:

- Sets out minimum safety, registration, and reporting standards;
- Enables states and territories to adopt the national scheme;
- Avoids duplicative or punitive regulation while ensuring oversight and accurate data collection.

Tasmania STRA Regulations

Tasmania's Short Stay Accommodation Act 2019⁹ was the first STRA legislation in Australia.

Overview of Tasmania STRA Regulations

- STRA owners are required to directly register their property and apply for DA approval with their local council for a permit or claim an exemption if they are eligible.
- STRA registration and DA approval is a one off process and is also transferable on a sale of the property.
- Booking platforms are mandated to collect and report information about properties to the Tasmania government and this includes property address, bedroom count and permit status, ensuring compliance with planning and building regulations.
- Data on STRA is publicly made available on the Consumer, Building and Occupational Services website.¹⁰
- A STRA owner does not need a planning permit if they meet the 'home-sharing' exemption, which applies if the dwelling is used by the host (as owner or occupier) as their main place of residence and:

⁸ [Regulation \(EU\) 2024/1028 of The European Parliament and of The Council of 11 April 2024 on data collection and sharing relating to short-term accommodation rental services and amending Regulation \(EU\) 2018/1724](#)

⁹ [Tasmania Short Stay Accommodation Act 2019.](#)

¹⁰ Tasmania Government. Consumer, Building and Occupational Services. [Short and medium term visitor accommodation.](#)

- the dwelling is only let to visitors while they are on vacation or are temporarily absent, or
- visitors are accommodated in not more than four bedrooms while the host is living there.

To be able to be eligible for a permit a property must:

- be located within an appropriate planning zone (e.g. General Residential Zone; Inner Residential Zone etc.)
- not be located in the Battery Point Heritage Precinct (BP1)
- house guests within existing habitable buildings (not just houses)
- not have guest accommodation occupying more than 200m² gross floor area per lot
- not be part of a strata title arrangement that includes another dwelling
- met all other requirements necessary for a 'Permitted' use.

NSW STRA Regulations

NSW introduced their STRA legislation in 2020.¹¹

In our opinion the NSW STRA Regulations¹² have not been effective. While the Code of Conduct¹³ and Fire Safety Regulations¹⁴ appear positive in theory, there are significant gaps in awareness, compliance, and enforcement:

- Many NSW STRA owners are unaware of their obligations under the Code of Conduct;
- STRA owners and operators are not required to provide any evidence of their compliance to fire safety regulations as part of the NSW STRA registration process.
- We are unaware of any compliance inspections or enforcement for fire safety;
- The Exemption Register¹⁵ is not being used appropriately and particularly when no operators or guests are listed, and we find this implausible;
- Some STRA operators falsely claim exemptions, and booking platforms do not verify these claims and ultimately the booking platforms are therefore potentially advertising properties operating unlawfully on their platforms.

In a recent meeting the STAAA has had with representatives from the NSW Department of Planning, Industry and Environment, it was confirmed by NSW DPIE that:

- Their STRA platform is outdated (on software version 8 with no current support), and a major update is needed to version 24;

¹¹ NSW government. Fair Trading. [Laws for short-term rental accommodation.](#)

¹² NSW Government. [Short-term rental accommodation regulations.](#)

¹³ NSW Government Fair Trading. [Code of Conduct for the short-term rental accommodation industry.](#)

¹⁴ NSW Government. [Short-term Rental Accommodation Fire Safety Standard.](#)

¹⁵ NSW Government Fair Trading. [Short-term rental accommodation exclusion register.](#)

- Enforcement is limited at the local government level and only Byron Shire Council has conducted any kind of compliance through a neighbour reporting model.

There appears to be a current lack of awareness and understanding from governments regarding the availability of specialised software solutions that support STRA compliance and enforcement, tools that are already in use by jurisdictions around the world. Here in Australia, we are aware that Brisbane City Council currently use Deckard Technologies¹⁶ for their STRA compliance enforceability.

Victoria STRA Regulations

The Victorian Government introduced changes to the *Owners Corporations Act* in February 2019 and amended in January 2025, to help prevent short-term accommodation apartment buildings being used to host unruly parties.¹⁷

In October 2024, the Victorian Government passed a Short Stay Levy Act 2024.¹⁸

From 1 January 2025, the short stay levy of 7.5% applies to all STRA properties in Victoria, apart from principal places of residence and the 7.5% STRA tax/levy applies to all bookings whether they are taken via a booking platform or directly with the STRA owner or operator. STRA owners and operators and booking platforms are required to pay the short stay levy for all stays that are less than 28 consecutive days and charge a fee for the stay.

The 7.5% tax/levy is charged on the total booking amount including cleaning fees, GST and booking platform commissions.

STRA owners and operators and booking platform who are over the GST threshold of \$75k are required to pay the STRA tax/levy to the Victoria State Revenue¹⁹ office every 3 months, however, those who are under the GST threshold are only required to make payment annually.

It is important to note that during the time between guest payment and the quarterly remittance of the tax/levy, booking platforms may accrue interest on the held funds. In some cases, large international booking platforms, despite generating significant revenue from the Australian STRA market, contribute minimal tax locally due to their offshore registration, while still profiting from interest earned on funds collected for the Victorian STRA tax/levy.

ACT STRA Regulations

In May 2025, ACT Government passed a Short-Term Rental Accommodation Levy Act 2025.²⁰

A 5% levy will apply to booking service providers who make, arrange or facilitate short-term rental accommodation bookings in the ACT.

¹⁶ Deckard Technologies. [Short-term rental identification platform for local government tax & compliance teams](#)

¹⁷ Consumer Affairs Victoria. [Short stay accommodation - laws to prevent unruly parties](#).

¹⁸ Victorian Legislation. [Short Stay Levy Act 2024](#).

¹⁹ State Revenue Office Victoria. [Short stay levy](#).

²⁰ ACT Government. [Short-Term Rental Accommodation Levy Bill 2025](#).

However, direct bookings made with a STRA property owner will not be subject to the 5% STRA tax/levy.

Bookings made from 1 July 2025 will be subject to the STRA tax/levy.

The tax/levy will apply to short-term rental accommodation bookings that are less than 28 continuous days. The levy does not apply to bookings of 28 days or more.

The levy will be payable on the total amount paid, or payable, for the accommodation booking. This includes fees and taxes, such as cleaning, pets, extra beds and GST. It does not include credit card fees or refunds.

The levy will apply to a self-contained dwelling or a building that can be used for accommodation. Examples include houses, granny flats, apartments, caravans and temporary structures such as a tent or yurt.

Booking platforms and/or booking service providers are required to pay the STRA tax/levy to the ACT Revenue Office every 3 months.²¹

Once again, it is important to note that during the time between guest payment and the quarterly remittance of the tax/levy, booking platforms may accrue interest on the held funds. In some cases, large international booking platforms, despite generating significant revenue from the Australian STRA market, contribute minimal tax locally due to their offshore registration, while still profiting from interest earned on funds collected for the ACT STRA tax/levy.

Australian Best Practice: Western Australia's STRA Regulations

The Western Australian STRA Act 2024²² provides an excellent domestic benchmark. The STAAA actively participated in the WA framework's development and recommends a national replication with opt-in capacity for other states and territories.

Benchmarking WA model vs other Australian STRA regulations

The STAAA supports the Western Australian STRA framework as a national benchmark because it offers a balanced, enforceable, and transparent system.

In contrast, both the NSW and Tasmanian frameworks currently suffer from fundamental compliance loopholes due to the inclusion of an exemption option. This exemption allows STRA operators to self select out of compliance requirements without adequate oversight or enforcement.

As a result, there is currently widespread non-compliance in these states, with operators falsely claiming exemption status and booking platforms failing to verify these claims. Many are for example, claiming exemption in order to avoid penalty for exceeding their designated

²¹ ACT Revenue Office. [Short-Term Rental Accommodation Levy](#).

²² Western Australia Legislation. [Short-Term Rental Accommodation Act 2024](#).

night caps. Importantly, the exempt model undermines competition, as lawfully STRA owners and operators bearing regulatory costs that non-compliant participants avoid.

Platforms have little commercial incentive to enforce compliance, as doing so would reduce listings and impact their revenue. This creates regulatory arbitrage, distorting the market and disadvantaging compliant owners and operators.

The WA model avoids these issues by making registration mandatory, enforcing platform accountability, and ensuring a level playing field for all STRA owners and operators.

The WA model is an effective benchmark because it is:

- Light-touch but enforceable;
- Designed to support lawful operators and discourage unlawful ones;
- Holds booking platforms accountable for unregistered listings;
- Applies uniformly to both hosted and non-hosted STRA, with no exemptions;
- Requires basic fire safety compliance, such as smoke alarms and RCD switches;
- Includes publicly available STRA data and a Heat Map²³ to assist in local decision-making. We understand this STRA Heat Map is the first of its kind globally and is already attracting significant international attention.
- Enforces penalties for non-compliance on owners, managers, and booking platforms at multiple levels.²⁴ and ²⁵
- Operates on a cost recovery model. \$250 initial registration fee with a \$100 annual renewal.

Following the passing of the legislation, WA's Department of Energy, Mines, Industry Regulation and Safety (DEMIRS) provided a six month period for free registration for the first 12 months, encouraging early compliance ahead of the 1 January 2025 commencement.

The STAAA was actively consulted at all stages of the WA process, from initial consultations, draft legislation through to implementation and education. We participated in in-person roadshows hosted by DEMIRS across Western Australia in June 2024 and maintain regular contact with the DEMIRS STRA team, a dedicated group of four staff. Our feedback on behalf of members has already resulted in several improvements to the scheme.

Other international jurisdictions, including England, are now reviewing the WA model as a potential regulatory approach.

Both the Victoria and ACT STRA tax/levy frameworks are discriminatory, inconsistent, and poorly targeted. They disproportionately burden Australian based STRA owners and operators many of whom are small-scale, regional, or retiree investors as well as local

²³ [Government of Western Australia. Short-Term Rental Accommodation registration data and heat map.](#)

²⁴ [Western Australia Short-Term Rental Accommodation Bill 2024 Overview of Bill.](#)

²⁵ [Western Australia Short-Term Rental Accommodation Act 2024.](#)

domestic travellers, while allowing large international booking platforms to profit from interest on funds held and pay minimal tax due to offshore registration.

Furthermore, these models favour governments' short-term revenue collection over long-term housing or economic reform. They are punitive in nature targeting a single segment of the accommodation sector without applying equivalent levies to hotels, motels, or student housing. This contravenes the principles of competitive neutrality.

The taxation model also fails to consider the seasonal nature of STRA income. Small-scale hosts, particularly those in regional or tourism reliant areas, are penalised with administrative burdens and financial liabilities that may be disproportionate to their earnings.

Ultimately, these frameworks entrench inequality between jurisdictions, confuse consumers, discourage compliant participation, and risk triggering capital flight from regions that impose punitive or inconsistent regimes.

A fair, national, opt-in regulatory framework modelled on Western Australia's balanced approach would resolve these distortions by ensuring:

- Competitive neutrality across accommodation types;
- A fair compliance burden that scales with the size and nature of the operation;
- A level regulatory playing field that does not favour multinational corporations at the expense of Australian individual and small operators and local domestic travellers.

The STAAA strongly opposes the introduction of nightly caps or new taxes/levies on STRA owners and operators. These measures unfairly penalise lawfully operating owners and operators, many of whom are retirees or individual (mum and dad) investors, while failing to address the root causes of housing affordability. There is also currently no evidence that nightly caps, taxes or levies address the housing crisis or lack of affordable housing.

In our view, a national STRA regulatory framework similar to the one in place in Western Australia and is being introduced into the EU will ensure regulatory certainty, fair competition, and ongoing contribution of STRA to regional and state economies as well as provide the necessary data required.

2. Competitive Neutrality and Digital Platform Taxation

The STAAA supports the introduction of a Digital Services Tax (DST) in Australia to ensure that international digital platforms contribute fairly to the local tax base. These platforms generate substantial revenue from Australian users yet often pay little to no tax here due to international tax structures and profit shifting strategies. A DST would help ensure fair competition for local STRA owners and operators and support a more equitable tax environment across the digital economy.

Australia's tax system currently fails to effectively capture taxes on the significant revenues generated by international digital platforms from local consumers. While local businesses,

including STRA owners and operators, are required to comply with income tax and Goods and Services Tax (GST) obligations, large global booking platforms often minimise their local tax contributions due to complex international corporate structures.

International booking platforms generate millions of dollars in revenue in Australia but report limited profits here due to overseas registration and profit shifting practices.

It should also be noted that booking platforms earn interest on the time between transactions from guests to STRA owners and operators, as well as during the collection and remittance of taxes and levies to governments such as in Victoria which recently introduced a 7.5% STRA tax/levy.

A Digital Services Tax (DST) is designed to tax the revenue generated by large international digital platforms from users in a particular country, irrespective of whether the company has a physical presence in that country. This ensures that companies benefiting from local markets contribute fairly to the tax base, even if they are not subject to the same tax rules as local businesses.

A DST would typically apply to revenue derived from digital intermediation services and advertising services provided by digital platforms.

Why Does Australia Need a DST?

Addressing Tax Avoidance and Profit Shifting:

- International booking platforms are currently able to avoid paying a fair share of taxes by shifting profits to low or no tax jurisdictions, even when their primary market and user base are in countries like Australia.
- DST would help close this gap by taxing these companies based on the revenue they earn from Australian users rather than their reported profits.

Leveling the Playing Field:

- Local STRA owners and operators are required to comply with Australia's GST and income tax obligations.
- By applying a DST to international booking platforms, the government would help create a more level playing field, where both foreign and domestic players face similar tax obligations.

Encouraging Fair Competition

- Introducing a DST would ensure that international booking platforms contribute to the Australian economy.

Current Global Application of DST

Several countries have already implemented or announced plans to implement Digital Services Taxes as part of their broader efforts to ensure that international digital platforms contribute a fair share to the tax base. Below is an overview of some jurisdictions where DST has been introduced:

4.1 France²⁶

- Rate: 3%
- Revenue Targeted: The DST targets revenues from digital services provided by large tech companies that exceed €750 million globally and €25 million in France.²⁷
- Introduced: 2019
- Details: France was one of the first European countries to implement a DST. The tax applies to revenues earned by multinational tech companies from French users through intermediation services, data monetisation, and advertising.

4.2 United Kingdom²⁸

- Rate: 2%
- Revenue Targeted: The DST applies to companies with global revenues exceeding £500 million and £25 million in UK revenues.
- Introduced: April 2020
- Details: The UK introduced the DST as part of a broader effort to ensure that digital giants are taxed in accordance with the revenues they generate within the UK, particularly those from online advertising and digital services.

4.3 Spain²⁹

- Rate: 3%
- Revenue Targeted: The DST applies to companies with global revenues over €750 million and €3 million in Spain.
- Introduced: 2021
- Details: Spain's approach mirrors that of other European countries, aiming to ensure that large digital platforms pay taxes based on the revenues they generate in Spain.

4.4 India³⁰

- Rate: 2%
- Revenue Targeted: Targets digital companies with annual revenue exceeding ₹2 crore and global revenues over ₹50 crore.
- Introduced: 2020
- Details: India's DST focuses on the taxation of online advertising, digital platforms, and e-commerce services.

4.5 Turkey³¹

- Rate: 7.5%
- Revenue Targeted: The tax applies to companies with global revenues of at least €750 million and €10 million from Turkey.
- Introduced: March 2020

²⁶ DLA Piper. [Announced, proposed and implemented: Key features of France's DST.](#)

²⁷ Digital Policy Alert. [France: Adopted Digital Service Tax Bill \(GAFA Tax\).](#)

²⁸ GOV.UK - HM Revenue & Customs. [Introduction of the Digital Services Tax.](#)

²⁹ Tax Foundation. [Spain Determined to Cash in on Digital Services Tax.](#)

³⁰ Clear Tax. [Equalisation Levy: Applicability, Due Date, Payment And Returns.](#)

³¹ Kesikli Law Firm. [A Structured Guide to Digital Service Tax.](#)

- Details: Turkey's DST is one of the highest globally and targets revenues from digital advertising and intermediation services.

In addition to these countries and a variety of other countries, other jurisdictions are discussing or planning the introduction of DST measures, making it clear that global consensus on taxing digital services is forming.

How a DST Could Benefit the Australian Housing Crisis

Increased Tax Revenue

- DST revenue could be reinvested into Australia's social and affordable housing initiatives.
- A DST would help level the tax contributions from international companies benefiting from Australian consumers, improving the overall tax base and helping fund government initiatives.

Enhanced Fairness and Transparency

- By taxing the revenue generated by these international booking platforms, Australia would achieve greater transparency in how multinational corporations contribute to the local economy.
- The introduction of a DST would also encourage greater transparency in platform operations, ensuring that the tax contributions made by these platforms reflect their true economic impact in Australia.

A Digital Services Tax (DST) would help level the playing field for local STRA owners and operators and ensure that these international bookings platforms contribute fairly to the Australian economy.

Recommendations

1. National STRA regulations that includes a registration scheme which is light touch, enforceable, opt-in framework that provides much needed data, ensures booking platforms accountability and compliance across all states and territories.
2. Introduction of a Digital Services Tax (DST) targeting international booking platforms that generate significant revenue from Australian users.
 - a) Set the DST rate at approximately 3% to align with similar global initiatives and ensure it is impactful without unduly burdening consumers or platform users.
 - b) Ensure that the DST is applied to platform service fees and revenue generated from Australian consumers, not just profits.
 - c) Use DST revenue to support Australian housing initiatives.

Conclusion

The short-term rental accommodation (STRA) sector is a vital part of Australia's competitive accommodation landscape. It supports flexible tourism, workforce accommodation, and small business participation, especially in regions lacking hotel infrastructure.

A nationally consistent, fair, and evidence based framework, drawing on best practices from the EU and WA will protect consumers, support competition, and maintain Australia's position as a world class visitor destination.

The experience of other jurisdictions, both nationally and internationally, demonstrates that well designed, evidence based and balanced regulation can achieve both community assurance and tourism growth. A national wide STRA registration system, modelled on the EU and Western Australia's approach, represents a sensible and practical step forward for all states and territories in Australia to adopt at a national level.

We appreciate the opportunity to contribute to this consultation and look forward to continued engagement with the Productivity Commission to ensure that policies support both local communities and Australia's vital visitor economy and tourism industry.

If you have any questions or would like further information, please do not hesitate to let us know.