**Digital Platforms and crime online - recouping £1 Bn revenues and protecting UK SMEs**

**Problem**

It is child’s play for international firms importing into the UK through third-party online platforms (e.g. Amazon, eBay Alibaba) to ignore the rules to achieve an anti-competitive advantage against UK SMEs:

* evading the payment of VAT; the platforms act as mere sales facilitators rather than being responsible for the fraud passing through their businesses, importers easily get around VAT
* stealing intellectual property and selling cheap copies
* using international postal rules, to import at a fraction of domestic postal costs
* ignoring the health and safety regulations that protect citizens, selling substandard and sometimes dangerous goods, knowing there is little redress for the customer
* ignoring the platforms’ own rules e.g. through false reviews of their own and competitor products and
* through these anti-competitive practices, undercutting UK businesses, and forcing them out of business

HMRC’s estimates and evidence from other countries that are taking legislative action suggests that this issue may be costing the UK economy over £1.5 billion a year in lost taxes and an unquantified amount in failed and damaged UK businesses. Countries as far apart as Italy, US states and Australia are acting and recovering revenue.

**Solution**

A Digital Platforms Law to end market abuse and enforce best practice standards of tax compliance, IP law and health and safety regulation and fair competition. Including:

* Enlisting Online Marketplaces, as the sales facilitator, to collect and pay VAT to HMT on all goods sold by 3rd Party Sellers trading on their platform. A specialist and resourced HMRC unit should back this up.
* Placing the obligation of counterfeit and dangerous goods enforcement onto online marketplaces.
* Minimum standards potentially backed up with a licence to operate scheme.
* Taking health, safety and environmental enforcement for digital platforms out of the hands of local authorities and into the hands of the Health and Safety Executive, which should have effective powers of entry, inspection, enforcement and prosecution with respect to digital platform warehouses.
* Legislation to apply joint liability to the supply chain so that platforms, fulfilment houses and categories of logistics operators are responsible for issues arising from imports through them, such as product safety.
* Likewise, all UK Registered Companies in this marketplace owned by Non-EU Residents should appoint a Fiscal Representative and offer a Bank Guarantee
* Digital platforms use their data about platform users to undercut competition, for instance always presenting favoured suppliers at low prices to users with particular product interests whilst excluding other businesses which are not in a cartel relationship. This abuse of data needs to be reviewed and prevented.
* Further reform of or withdrawal from the International Postal Union. Postal charges for importing from China should not be cheaper than sending a parcel from London to Leeds.