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Director
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Corporate and International Tax Division
Treasury
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Email: MNETaxTransparency@treasury.gov.au

Treasury Laws Amendment (Measures for Future Bills) Bill 2023: Multinational tax transparency - Tax changes

Dear Sir/Madam,

I am submitting on behalf of Ai Group members in relation to the draft *Treasury Laws Amendment (Measures for Future Bills) Bill 2023: Multinational tax transparency - Tax changes*. We appreciate the opportunity to provide this input.

The Australian Industry Group (Ai Group) is a peak national employer organisation representing traditional, innovative and emerging industry sectors. We have been acting on behalf of businesses across Australia for 150 years.

Ai Group and partner organisations represent the interests of more than 60,000 businesses employing more than 1 million staff. Our membership includes businesses of all sizes, from large international companies operating in Australia and iconic Australian brands to family-run SMEs. Our members operate across a wide cross-section of the Australian economy and are linked to the broader economy through national and international supply chains.

While Ai Group does not specialise in corporate tax issues, potentially affected members of Ai Group have alerted us to their deep concerns with the draft Bill. On considering the issues raised with us; reviewing the draft Bill; and through discussion with the Business Council of Australia and the Corporate Tax Association we want to express our very strong view that the proposed Bill is excessively onerous, would be detrimental to the attractiveness of Australia as a destination for inbound direct investment and to domestic businesses operating globally.

On behalf of our members our view is that the draft Bill should not be proceeded with in its current form and without much more thorough consultation and more transparent explanation of the case for the provisions it contains.

We are aware that both the Corporate Tax Association and the Business Council of Australia have made comprehensive submissions. We endorse both submissions and, in particular, we reinforce the following points:

- **Australia already has extensive tax transparency arrangements.**
The case for the measures in the draft Bill has not been made and there appears to be no proposal to remove existing tax transparency measures to minimise the duplication that will be created if this draft Bill is enacted.
- **The proposed measures go well beyond transparency requirements legislated in other countries.**
The extent and pace of Australia's approach to tax transparency should align closely with the extent and pace of other developed country tax transparency arrangements and, as much as possible there should be alignment in reporting requirements. The case for mandating provisions relating to what elsewhere are voluntary arrangements has not been made. Global experience in the design of transparency measures should be heeded in any Australian measures. This includes the adoption of materiality thresholds; clarity about reporting requirements and guidance; and practical aggregation provisions.
- **Greater consideration needs to be given to the risks associated with some of the areas of detailed disclosure proposed in the draft Bill.**
These risks include the greater disclosure of information that is commercial-in-confidence and in circumstances where that disclosure would be of concern on national security and defence grounds.
- **There are several shortcomings of process associated with the draft Bill.**
These include the short time that has been provided for consultation; the inadequacy of impact analysis, including in relation to the compliance costs; and the inadequate justification for the regulation-making power in relation to the introduction of further reporting requirements.
Please do not hesitate to contact me should you require further information.

Yours sincerely

A handwritten signature in blue ink that reads 'Jane Wilks'.