



Centre for
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Centre for International Corporate Tax Accountability & Research and Tax Justice Network - Australia Joint Submission on Public country-by-country reporting

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The Tax Justice Network Australia (TJN-Aus) and the Centre for International Corporate Tax Accountability and Research (CICTAR) welcome this opportunity to make a joint submission to the consultation on draft legislation to implement Public country-by-country reporting.

Ensuring multinationals pay a fair share of corporate income tax is necessary for the broader integrity of the tax system and to level the playing field for all businesses, particularly small and medium-sized enterprises. In addition to direct efforts to close loopholes for multinational tax avoidance and raise revenues for public services, we note that transparency efforts can increase corporate income tax revenue by shifting corporate behaviour and public attitudes towards fair taxation.

Since the COVID-19 global pandemic, there has been a growing awareness of the essential need for well-funded public health systems and an understanding that additional revenues will be needed to pay for the increased government support provided to the community through the pandemic. There is also growing awareness that increased public investments are required for aged care, early childhood education, disability services and income support and that these investments will create a better society and stronger economic future for all. Increasing income tax revenues from multinationals is essential to enabling such investment as well as increasing fairness and supporting broad-based economic growth.

TJN-Aus and CICTAR welcome this and other proposed multinational tax reforms from the Commonwealth Government but we will continue to strive for broader reforms to national and international tax systems, including towards a unitary tax system and away from the arm's length principle.

In particular, we commend Treasury for advancing this comprehensive legislation on public country-by-country reporting for all large multinationals operating in Australia. Australia is taking a clear lead on this issue. We expect other nations to follow suit and for Australia's measures to set a new global standard. We agree with comments made by the vice

president for international tax policy at the National Foreign Trade Council, representing Microsoft, Google, Amazon and other US based tech giants in response to the Australian legislation, stating that “Public reporting is coming. So we would like high-level information that is consistent across all jurisdictions.”¹

We note the growing acceptance of multinationals, and the accounting industry, that greater transparency on global tax affairs is inevitable and that Australia’s approach following the GRI Tax Standard, sets a high standard and should help lead to consistency across jurisdictions. Additionally, similarities with current non-public OECD country by country reporting requirements help to reduce compliance burdens.

We concur with the statement in the Exposure Draft Explanatory Materials that the “objective of these amendments is to improve information flows to help investors and the public compare entity tax disclosures, to better assess whether an entity’s economic presence in a jurisdiction aligns with the amount of tax... [paid] in that jurisdiction.” We note that global investors, including in Australia, with more than US\$10 trillion in assets supported the development of the GRI Tax Standard, with public country by country reporting. Since then, investor appetite for tax transparency has consistently grown and many multinationals are now voluntarily reporting. Shareholders are filing resolutions to require implementation of the GRI Standard at multiple multinationals, including, Amazon, Microsoft, Cisco, Exxon, Chevron and ConocoPhillips.

We fully support this draft legislation as it stands but offer a few minor suggestions. The first suggestion is merely to specify that the information be reported by entities in a machine-readable format and then provided to the public in a standard machine-readable format as well. This is likely the intent, but perhaps worth stating clearly.

The second set of suggestions relates to exemptions. With regards to exemptions for specific entities, we request transparent reporting of any entities receiving an exemption and the reasons for such an exemption. If there are legitimate sensitivities on reporting in certain jurisdictions, that exemption should be as limited and as restricted as possible to reporting in certain countries and not a general exemption. Exemptions should be granted and reported on an annual basis. The exemption of a class of entities, if necessary, should also be reported with information on which specific class of entities is being exempted and why exemptions are necessary. Information on the size and scale of the class, including how many entities are in the class and a measure of the scale of operations in Australia and globally should also be made public.

We commend the adoption of disclosures from GRI 207 and the additional inclusion of effective tax rates, expenses from related party transactions and details of intangible assets and agree that these measures complement the GRI 207 disclosures. We acknowledge that this reporting, over a number of years, will provide an extremely important data set for investors, analysts, tax authorities (those without current access to OECD BEPS 13 reporting through information exchanges), employees of the multinational corporations and the general public. For this reason, we also recommend that the government website hosting this information is fully searchable to facilitate its use by all interested parties. The Commonwealth Government Modern Slavery Register provides an example of an existing high quality, searchable database.²

¹ Kevin Pinner, 6 April 2023, *Law360 Tax Authority*, “Australia Unveils Public Country-By-Country Reporting Rules”. <https://www.law360.com/tax-authority/articles/1594432/australia-unveils-public-country-by-country-reporting-rules>

² <https://modernslaveryregister.gov.au/>

Sincerely,

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Background on the Centre for International Corporate Tax Accountability & Research (CICTAR)

CICTAR is a global corporate tax research centre that produces information and analysis to untangle the corporate tax web. The Centre is a collective resource for workers and the wider public to understand how multinational tax policy and practice affects their daily lives. CICTAR's work supports public participation in the tax debate so that everybody can take part in decision-making that affects their communities.

For more information, visit the CICTAR website here: <https://cictar.org/>

Background on the Tax Justice Network Australia

The Tax Justice Network Australia (TJN-Aus) is the Australian branch of the Tax Justice Network (TJN) and the Global Alliance for Tax Justice. TJN is an independent organisation launched in the British Houses of Parliament in March 2003. It is dedicated to high-level research, analysis and advocacy in the field of tax and regulation. TJN works to map, analyse and explain the role of taxation and the harmful impacts of tax evasion, tax avoidance, tax competition and tax havens. TJN's objective is to encourage reform at the global and national levels.

The Tax Justice Network aims to:

- (a) promote sustainable finance for development;
- (b) promote international cooperation on tax regulation and tax-related crimes;
- (c) oppose tax havens;
- (d) promote progressive and equitable taxation;
- (e) promote corporate responsibility and accountability; and
- (f) promote tax compliance and a culture of responsibility.

In Australia, the current members of TJN-Aus are:

- ActionAid Australia
- Aid/Watch
- Anglican Overseas Aid
- Australian Council for International Development (ACFID)
- Australian Council of Social Service (ACOSS)
- Australian Council of Trade Unions (ACTU)
- Australian Education Union (AEU)
- Australian Manufacturing Workers Union (AMWU)
- Australian Nursing & Midwifery Federation (ANMF)
- Australian Services Union (ASU)
- Australian Workers Union, Victorian Branch (AWU)
- Baptist World Aid
- Caritas Australia
- Centre for International Corporate Tax Accountability & Research (CICTAR)
- Community and Public Service Union (CPSU)
- Electrical Trades Union, Victorian Branch (ETU)
- Evatt Foundation
- Friends of the Earth (FoE)
- GetUp!
- Greenpeace Australia Pacific
- International Transport Workers Federation (ITF)
- Jubilee Australia
- Maritime Union of Australia (MUA)
- National Tertiary Education Union (NTEU)
- New South Wales Nurses and Midwives' Association (NSWMWA)
- Oaktree Foundation
- Oxfam Australia
- Save the Children Australia
- Save Our Schools
- SEARCH Foundation
- SJ around the Bay
- Social Policy Connections
- TEAR Australia
- The Australia Institute
- Union Aid Abroad – APHEDA
- United Workers' Union (UWU)
- Uniting Church in Australia, Synod of Victoria and Tasmania
- UnitingWorld
- Victorian Trades Hall Council
- World Vision Australia