

PwC Quarterly Update 29 August 2017

Karen Payne
CEO and Board Member



Board of Taxation 2017

Michael Andrew AO (VIC)  Chair Former global chair, KPMG		Karen Payne (NSW)  Board Member and CEO Former Partner, Minter Ellison	
Mark Pizzacalla (VIC)  Partner-in-charge, Private Clients, BDO	Julianne Jaques (VIC)  Barrister, Victorian Bar	Neville Mitchell (NSW)  Director, Osprey Medical Inc., Sirtex Limited and South East Sydney Local Health District Board	

The Board has diverse business experience.

Michael Andrew AO – Chair

Mr Andrew was Chairman and CEO of KPMG International from May 2011 until July 2014, and Chairman of KPMG Asia-Pacific and Chairman of KPMG Australia from 2007 until 2011.

Michael is a former member of the Business Council of Australia and the International Business Council of the World Economic Forum, and was the Chair of the Australian B20 Working Group on Anti-Corruption and Transparency. Michael was appointed as the Chairman of the Board of Taxation in January 2015.

Karen Payne – Board Member and CEO

Ms Payne is a highly respected tax practitioner having recently been a senior partner of Minter Ellison and specialising in the Financial Services Industry. Ms Payne was appointed as the inaugural Chief Executive Officer of the Board of Taxation effective from 31 March 2016. Ms Payne will remain an executive member of the Board of Taxation where she recently chaired an important project reviewing the implementation of anti-hybrid rules in Australia. This appointment is a significant step in recognising the increased role that the Board of Tax is playing in the development of long term tax policy.

Mark Pizzacalla, PhD - Partner, BDO Australia

Mr Pizzacalla is the Partner-in-Charge of the Private Clients practice of BDO in Melbourne, and is integrally involved in the firm's Tax and Advisory practice.

Julianne Jaques – Barrister

Appointed to the Board from 1 July 2017, Dr Julianne Jaques is a commercial barrister specialising in taxation and has over 25 years' experience as a taxation professional. She is also a Chartered Accountant and a Chartered Tax Adviser. Dr Jaques is co-chair of the Tax Institute's Victorian Professional Development Committee and a Victorian State Councillor of the Tax Institute. She is also a part-time member of the Independent Parliamentary Expenses Authority and the Tax Practitioners Board. Dr Jaques was a senior tax adviser to the Federal Government during the GST and business tax reforms of 1999 to 2001 when she worked extensively on tax policy.

Neville Mitchell – Director of Osprey Medical Inc., Sirtex Limited and South East Sydney Local Health District Board

Appointed to the Board in May 2015, Mr Mitchell is currently a Director of Osprey Medical Inc., Sirtex Limited and South East Sydney Local Health District Board. Mr Mitchell is a panel member of the NSW Government Medical Devices Fund. Mr Mitchell is former Chief Financial Officer and Company Secretary of Cochlear Limited, former President of Group 100 and former Director Hearing CRC.

Craig Yaxley (WA)	Ann-Maree Wolff (QLD)	Peggy Lau Flux (SA)
		
Lead Tax Partner, WA KPMG	Asia Pacific Head of Tax Rio Tinto	Council member Flinders University
John Fraser (ACT)	Chris Jordan AO (NSW)	Peter Quiggin PSM (ACT)
		
Treasury Secretary (ex-officio)	Commissioner of Taxation (ex-officio)	First Parliamentary Counsel (ex-officio)
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Peggy Lau Flux, MBA

Mrs Lau Flux enjoyed a successful career as a corporate banker and her key areas of expertise are finance and marketing in the international corporate banking sector. Her corporate governance experience covers the health and education sectors.

Craig Yaxley - Tax Partner, KPMG Perth

Mr Yaxley has over 30 years corporate tax experience including 20 years as a tax partner with KPMG Perth office. He was appointed WA State Lead Tax Partner on 1 July 2013 and is a member of the tax committee of the Association of Mining and Exploration Companies.

Ann-Maree Wolff - Asia Pacific Head of Tax, Rio Tinto

Mrs Wolff is currently the Asia Pacific Head of Tax for Rio Tinto responsible for all tax matters in Australia and the broader Asia Pacific region. She has over 23 years' experience as a tax professional with over 13 years' experience in senior tax roles within the mining industry. Mrs Wolff is also a member of the tax committees of the Business Council of Australia and the Minerals Council of Australia.

John Fraser, Treasury Secretary

Mr Fraser is Secretary of the Treasury and was previously CEO of UBS Global Asset Management.

Chris Jordan AO - Commissioner of Taxation

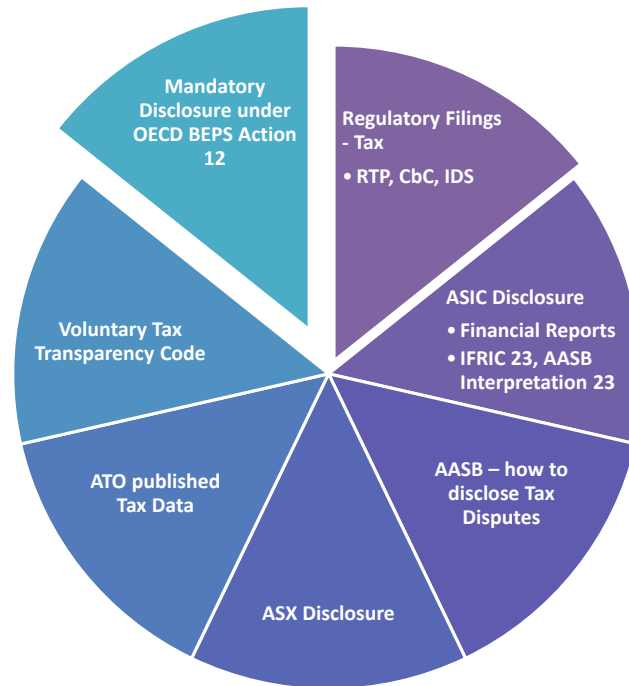
Mr Jordan is Commissioner of Taxation and was previously Chair of KPMG New South

Wales and Partner-in-Charge of the New South Wales Tax and Legal Division of KPMG.

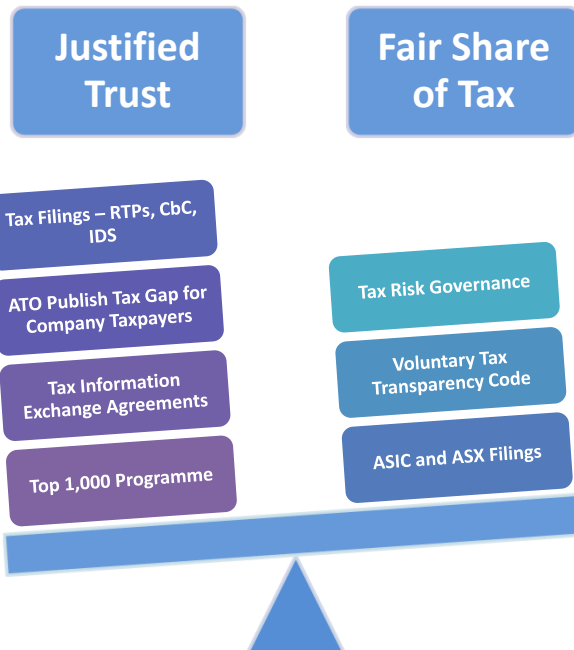
Peter Quiggin PSM - First Parliamentary Counsel

Mr Quiggin is First Parliamentary Counsel of the Office of Parliamentary Counsel, which drafts all principal legislation, regulations and a range of legislative instruments.

Tax Transparency, Reporting and Disclosures



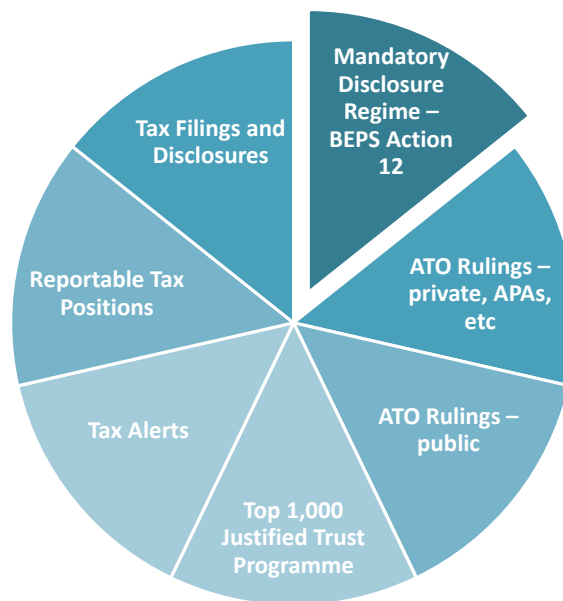
Justified Trust & A Fair Share of Tax



Tax Disputes

- Consistent with both Justified Trust and a Fair Share of Tax
- **What happens when you are in a dispute with the Revenue Authorities**
 - Perception is Reality (Noise around Fake News)
- Disputes about – valuation and arm's length pricing, grey areas of 'unsettled' law, differences of opinion, egregious behaviour, shams, avoidance and evasion

Mitigating Disputes with the ATO

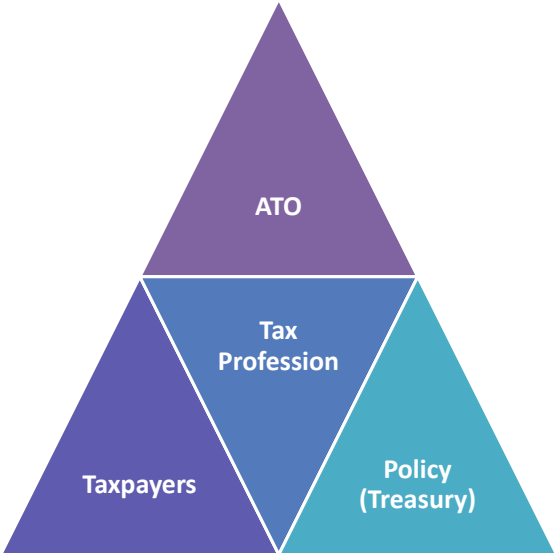


Mandatory Disclosure Rules (MDR)



- OECD's BEPS Action 12
- The Gov't announced in the 2016-17 Budget the introduction of MDR.
 - Require tax advisors to report 'aggressive tax arrangements'

Mandatory Disclosure Rules



Voluntary Tax Transparency Code Process



The Government also released the Board's code on greater public disclosure of tax information by businesses, particularly large multinationals, in the 2016-17 Budget.

The Code is focused on enabling businesses, particularly large multinationals, to be more transparent about their tax affairs.

The Code sets out a set of principles and 'minimum standards' to guide businesses on disclosing tax information to:

- 'interested users' – social justice groups, media, analysts and shareholders
- General users – 'person in the street'
- It is NOT intended for the ATO

The Code's Start date in the 2016-17 Budget, the Government stated all companies with a turnover of 100 million or more are encouraged to adopt the code from the 2016 financial year onwards. **A number of organisations and companies have indicated their support for the Code; in particular the Group of 100 and the Corporate Tax Association.**

As at 19 January 2017:

- 71 companies have adopted the Code
- 30 companies have published reports in accordance with the Code

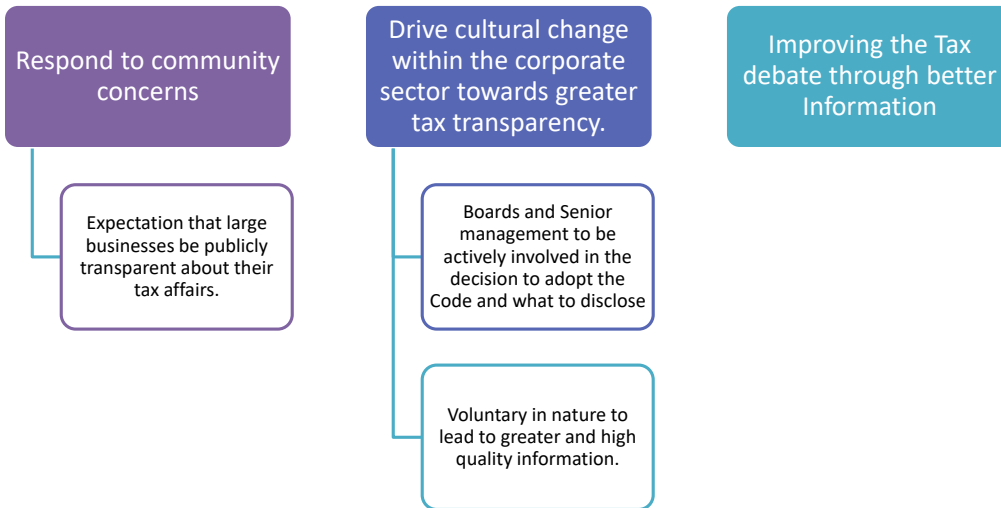
Signing up to the Code

- To indicate your organisation's intention to adopt the Code, simply contact the Board at:
taxboard@treasury.gov.au
- Tell us the financial year ending from which you intend to adopt the Code.

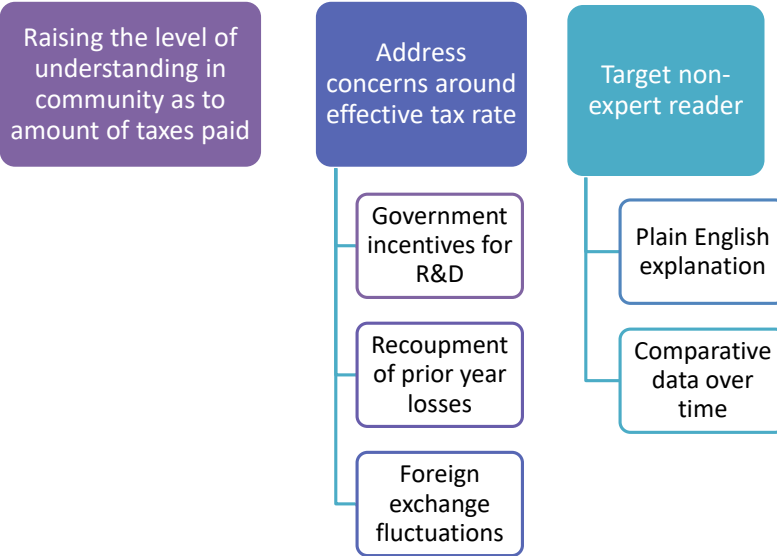


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Why the Code was developed



Educating the Community



Some statistics

- 120 organisations indicated intention to adopt the Code
- 89 organisations have published their tax transparency reports
- Adoption strongest among Australian-listed public companies - around 75% of the market capitalisation of the ASX 200
- Weakest among private and foreign-owned companies
- According to CTA, groups indicating their intention to adopt covers:
 - almost 40% of total income; and
 - 60% of taxable income and tax payable of the entities covered by the ATO's publicly released data for the 2014-15 year
- ATO Publishes Data on 1,500+ companies

We want to hear from you!

Online:

www.taxboard.gov.au

Sounding Board:

<https://taxboard.ideascale.com/>

Email:

TaxBoard@treasury.gov.au

Twitter:

@taxboard_au

LinkedIn:

TaxBoard



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The Board is always keen to engage with members of the community on tax system issues and there are a number of ways in which you can actively contribute to the activities of the Board.

We want to stay in touch and hear about what's important to you so that we can continue to be an effective interface between the Government and business and community sectors.

We would like to hear from you on any suggestions you may have on how to make Australia's tax system simpler, to make it easier for taxpayers to comply or any deregulation ideas on ways in which we could cut red-tape within the system.

Click on to the Board's website at www.taxboard.gov.au for further information, email us directly with your suggestions at TaxBoard@treasury.gov.au or visit the Sounding Board at <https://taxboard.ideascale.com/>. You can also keep up to date with the latest news and developments from the Board by following our twitter account – @taxboard_au.

Questions?



Any questions?

23 June 2023

The Hon Dr Jim Chalmers MP
Treasurer
Commonwealth of Australia
Parliament House
Canberra Australia 2600

Dear Treasurer,

In order to maintain the integrity of the Board of Taxation (**Board**) I am writing to inform you that, after much consideration, I have made the difficult decision to stand down from the Board, effective immediately. The Board is an advisory body to you and it is critical that the Australian community has confidence in the policy development process.

I have at all times, throughout this matter involving PwC (the firm at which I was previously a partner), sought to proactively ensure the Board was kept fully informed of my personal situation as it is of the utmost importance to me that the Board's critical work is able to continue. I am resolute in my absolute commitment to openness, transparency, and the highest ethical standards of practice.

I have not disseminated any confidential information and was not aware that any confidential information had been inappropriately disclosed to me, until I received a late-night email from PwC informing me of this on Friday 2 June 2023. Since my receipt of that email, I have continued to inform the Board of these developments on a real-time basis. I have not acted inappropriately in any way or at any time.

Upon receiving the late-night email from PwC, I was both surprised and disappointed and, naturally, I have sought independent legal advice in relation to this and all related matters.

Given this and the extremely serious nature of what has been alleged to have taken place by others at PwC, I feel that it is in the best interests of the Board that I resign to maintain both the Board's and my own integrity and the trust of the Australian people.

I believe this action best ensures that I have done all that I can to protect the integrity of the Board.

It has been a privilege to serve on the Board.

Yours sincerely



Anthony Klein