



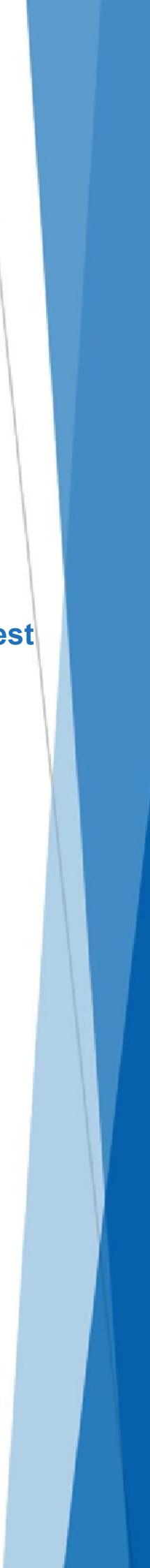
Australian Banking  
Association



**Multinational Tax Integrity – strengthening Australia’s interest  
limitation (thin capitalisation) rules**  
Exposure Draft Parliamentary Amendments

Treasury

30 October 2023



## ABA submission to Treasury

The Australian Banking Association (**ABA**) thanks Treasury for the opportunity to comment on the exposure draft parliamentary amendments to the *Treasury Laws Amendment (Making Multinationals Pay Their Fair Share-Integrity and Transparency) Bill 2023 (the amendments)*. Among other things, the amendments would exclude ADIs and securitisation vehicles from the debt deduction creation rules.

The ABA views that these are sensible changes that would remove the unintended consequences that may have been introduced by the previous draft legislation. In the ABA's view the exemption for ADIs does not undermine the intent of the legislation and is consistent with other aspects of the Bill, specifically the exclusion of ADIs from the new earnings-based tests<sup>1</sup>.

As outlined in our submission of 21 July 2023 to the Senate Economics Committee and our appearance before that Committee on 15 August 2023,<sup>2</sup> the then-proposed draft legislation would have had the unintended consequence of impacting standard financial transactions (wholesale funding programs) undertaken by banks in the normal course of banking activities.

The ABA refers to the examples provided in our submission and notes that these legitimate financing structures are now excluded from the debt deduction creation rules under the current draft. In the ABA's view this exclusion allows for legitimate deductions for the cost of doing business. That is, it is a valid structure for banks that enables them when competing for international wholesale funds at the most efficient rate.

Our view is that the exposure draft parliamentary amendments largely address our concerns. The ABA appreciates the pragmatic approach Treasury has taken.

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### About the ABA

The Australian Banking Association advocates for a strong, competitive and innovative banking industry that delivers excellent and equitable outcomes for customers. We promote and encourage policies that improve banking services for all Australians, through advocacy, research, policy expertise and thought leadership.

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<sup>1</sup> Paragraph 2.15 of the Explanatory Memorandum.

<sup>2</sup> ABA Submission to Treasury on 21 July 2023.