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**Public consultation on “Public country-by-country reporting”: comments from the Mouvement des Entreprises de France (MEDEF)**

5 March 2024

Dear Sir/Madam,

We thank you for the opportunity to participate in the public consultation on the new exposure draft relating to “Public country-by-country reporting” which was released on 12 February 2024.

The *Mouvement des Entreprises de France* (MEDEF) is the largest representative business organisation in France, encompassing 173,000 member companies, 122 territorial organisations in continental France and in the overseas departments, 77 professional federations bringing together all business sectors (industry, services, construction, trade, etc.) and 14 associated organisations and partners. These represent 10.2 million employees (i.e. more than one-third of all French employees).<sup>1</sup> Over 95 % of our member companies are small-and medium-sized enterprises, with an average of 47 employees. We interact with many stakeholders including public authorities and Governments at national, European and international level on key tax issues.

We appreciate the consultation process undertaken by the Australian Treasury on a transparency measure announced in the October 2022–23 Budget for multinational entity groups (MNE groups), as well as the possibility for non-Australian business to share their views and participate constructively in the debate. We had participated in the previous public consultation in April 2023 and had raised a number of difficulties upon which we wished to draw your attention.

The new exposure draft includes many important improvements which we believe will help MNE groups when complying with the new requirements. In particular, we acknowledge that the new

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<sup>1</sup> For more information of MEDEF's mandates, actions and membership, please visit our website at <https://www.medef.com/en/who-are-we/overview>. Our identification number in the EU Transparency Register is 43763731235-75

requirements would now better align international standards (the OECD CbCR standard and the EU public CbCR legislation) and we endorse the decision to limit the data points to be disclosed and to accept that information from all countries other than Australia and certain non-cooperative jurisdictions be reported on an aggregated basis.

We however are still concerned about certain remaining difficulties:

- we do not understand the rationale for the inclusion of Switzerland, Singapore and Hong Kong on the list of countries for which non-aggregated information is required, which would create complexities for MNE groups. We note that these countries are members of the OECD's Global Forum on Transparency and the exchange of information for tax purposes, and did not receive any "non-compliant" ratings in the OECD's peer review processes.
- public CbCR raises challenges in respect of preserving commercially-sensitive information, sometimes economically-strategic information. While we understand from the draft exposure that a taxpayer may apply to the Tax Commissioner for an exemption from publication of information, we fear that this may not allow sufficient reassurance and legal certainty to MNE groups.
- the request to provide a reconciliation between the current tax expense and the theoretical tax expense based on the country corporate tax rate is likely to entail a significant and disproportionate administrative burden for companies. It does appear to go further than the other international standards.
- in order to recognize the transparency efforts of other jurisdictions and to take into account other international standards, we suggest an exemption from publication for data in the law for EU banks that are already subject to a full public CbCR requirement in accordance with EU law.

We respectfully call on the Australian Government to take our concerns into consideration, in order to achieve a deeper alignment of the Australian public CbCR requirement with other international standards, and to strike the right balance between the policy intent, the minimisation of compliance burden on MNE groups and the adequate protection of sensitive data.

We of course remain fully available should you have any clarification question.

Yours sincerely,

Tax Affairs – MEDEF

