

18 April 2024

Treasury  
Corporate and International Tax Division  
Langton Cres  
Parkes ACT 2600

By email to: [taxtreatiesbranch@treasury.gov.au](mailto:taxtreatiesbranch@treasury.gov.au)

## **Re: Expansion of Australia's tax treaty network**

Atlas Copco Australia Pty Ltd ("the Company") wishes to take the opportunity to respond to Treasury's request for input in relation to the expansion of the Australian tax treaty network, more specifically in relation to the re-negotiation of the Australia-Sweden tax treaty.

### **The re-negotiation of the Australia-Sweden tax treaty should seek to reach agreement on reduced withholding tax rates, in particular for dividends.**

The Company is one of the Australian subsidiaries of the industrial multinational group Atlas Copco Group ("ACG"), founded in 1873. The ACG is headquartered in Sweden and the parent company of the group, Atlas Copco AB, is listed on the Stockholm stock exchange. The group has been present in Australia since 1952. The ACG strives to maintain a simple and transparent legal structure without unnecessary sub-holdings, not motivated by business reasons. Consequently, many of the foreign subsidiaries, such as the Company, are directly held under Sweden.

The current tax treaty between Australia and Sweden dates back to 1981 and provides for disadvantageous withholding tax rates compared to what is provided for under newer Australian tax treaties entered into with comparable European countries. The initiative to re-negotiate the tax treaty is therefore very welcome.

Under the current Australia-Sweden tax treaty, any dividend paid by an Australian subsidiary to a Swedish parent company is subject to a withholding tax of 15%. The Company is of the view that the conditions would be met to qualify for 0% withholding tax, had Atlas Copco AB instead been resident and listed in e.g. Finland, Norway, Germany, France or the United Kingdom. The Swedish corporate income tax legislation is very much in line with the taxation of corporations in these countries, particularly the other Nordic countries. There is subsequently no tax reason for treating a Swedish parent company in a more disadvantageous manner. The high withholding tax rate may also risk making it less attractive for Swedish companies to invest in Australia, compared to other countries.

#### **Atlas Copco Group**

Atlas Copco Australia Pty Ltd

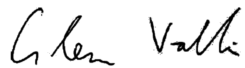
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The Company is therefore hopeful that the re-negotiations will result in a possibility to qualify for 0% withholding tax on dividends under certain conditions, and 5% in other cases where the shareholding exceeds 10%.

Yours sincerely,



Glenn Vallis  
Director

**Atlas Copco Group**

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