



Australian Government

Australian Government response to the
Senate Committee on Economics report:

Corporate tax avoidance: Part I – You cannot tax what
you cannot see

May 2024

Response to the recommendations

Recommendation 1

The committee recommends that the Australian Government work with governments of countries with significant marketing hub activity to improve the transparency of information regarding taxation, monetary flows and inter-related party dealings.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 2

The committee recommends that the Australian Government continue to take a leadership role in finalising and implementing the efforts of the OECD in addressing problems associated with base erosion and profit shifting. However, the committee also considers that international collaboration should not prevent the Australian Government from taking unilateral action.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 3

The committee recommends that a mandatory tax reporting code be implemented as soon as practicable but no later than the current timeframe for the proposed voluntary public transparency code. Any Australian corporation or subsidiary of a multinational corporation with an annual turnover above an agreed figure would be required to publicly report financial information on revenue, expenses, tax paid and tax benefits/deductions from specific government incentives, such as fuel rebates and research and development offsets.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 4

The committee recommends maintaining existing tax transparency laws which apply to both private and public companies.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 5

The committee recommends establishing a public register of tax avoidance settlements reached with the ATO where the value of that settlement is over an agreed threshold.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 6

The committee recommends that the government consider publishing excerpts from the Country-by-Country reports, and suggests that the government consider implementing Country-by-Country reporting based closely on the European Union's standards.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 7

The committee recommends that the ATO, in conjunction with Treasury and other relevant agencies, provide an annual public report on aggressive tax minimisation and avoidance activities to be tabled in Parliament. This report could include estimations of forgone revenue, evaluate the effectiveness of policy and propose potential changes.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 8

The committee recommends that the Australian Government tender process require all companies to state their country of domicile for tax purposes.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 9

The committee recommends mandatory notification by agencies to the relevant portfolio Minister when contracts with a dollar value above an agreed threshold are awarded to companies domiciled offshore for tax purposes.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 10

The committee recommends an independent audit of ATO resourcing, funding and staffing.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 11

The committee recommends the ATO report to parliament, at least annually on: the number of audits or disputes launched concerning multinational corporations; the number of cases settled with multinational corporations; the number of successful legal proceedings concluded against multinational corporations; and the staff resources allocated to tax compliance of multinational corporations.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 12

The committee recommends that taxation legislation be amended so that nonreporting entities are required to disclose related party information in financial reports under the Corporations Act if notified to do so by the ATO.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 13

The committee recommends that the concept of 'grandfathered large proprietary companies' be removed from the Corporations Act, and these companies be required to lodge financial reports with the Australian Securities and Investments Commission (ASIC).

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 14

The committee recommends that all proprietary companies are required to review and confirm their size with ASIC annually.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 15

The committee recommends that the confidentiality provisions in section 127 of the ASIC Act be amended to allow ASIC to share information with the ATO without having to notify the affected person.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 16

The committee recommends that people who propose to become directors of companies be required to provide evidence of their identity to the ASIC.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 17

The committee recommends that ASIC amend Class Order 98/98 so that a company is not eligible for financial reporting relief, where the ATO notifies the company and ASIC that the relief does not apply to that company.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Additional Comments from the Australian Greens - Recommendation 1

The Australian Taxation Office should be required to publish the details of the top 10 Australian companies that transfer wealth off shore in each financial year. A right of reply will be afforded to each named company to justify its transactions.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Additional Comments from the Australian Greens - Recommendation 2

Australian companies that are part of a larger group of international companies should not be eligible for special purpose accounting treatment and must provide ASIC with detailed financial reports to prevailing accounting standards.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Additional Comments from the Australian Greens - Recommendation 3

Australian companies that are part of a larger group of international companies should include in their financial statements the value and purposes of all transactions between related companies.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Additional Comments from the Australian Greens - Recommendation 4

ASIC should publish all details of exemptions from general purpose accounting by firm and association to global related parties, with a justification from ASIC as to why the exemption is necessary. ASIC should also publish any exemption from reporting timelines and clearly outline any changes to class orders that are implemented.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Additional Comments from the Australian Greens - Recommendation 5

In the absence of a compelling public policy purpose, the government should abandon legislative changes exempting private companies from providing minimal details about their profitability and taxes.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Additional Comments from the Australian Greens - Recommendation 6

That the Parliament establish a public register of beneficial ownership of companies and trusts so that identification of financial beneficiaries can be traced and publicly identified. The Australian government should also work closely with other countries to establish a global standard for such registers.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Additional Comments from the Australian Greens - Recommendation 7

That the Senate pass the Corporations Amendment (Publish What You Pay) Bill 2014.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.
