

8 September 2022

Assistant Secretary
Corporate and International Tax Division
The Treasury
Langton Crescent
PARKES ACT 260

via email: MNETaxIntegrity@treasury.gov.au

Dear Assistant Secretary,

RE: MULTINATIONAL TAX INTEGRITY AND TAX TRANSPARENCY

Introduction

The Australian Retailers Association (ARA) welcomes the opportunity to comment on Treasury's Discussion Paper in relation to multinational tax integrity and tax transparency.

The ARA is the oldest, largest and most diverse national retail body, representing a \$400 billion sector that employs 1.3 million Australians and is the largest private sector employer in the country. As Australia's peak retail body, representing more than 120,000 retail shop fronts and online stores, the ARA informs, advocates, educates, protects and unifies our independent, national and international retail community.

We represent the full spectrum of Australian retail, from our largest national and international retailers to our small and medium sized members, who make up 95% of our membership. Our members operate across all categories - from food to fashion, hairdressing to hardware, and cosmetics to computers.

This submission is informed by close consultation with our members via the ARA's Tax Advisory Committee.

Tax Integrity in Australia

The ARA acknowledges the Government's election commitment to address tax avoidance practices of multinational enterprises (MNEs) and that the changes proposed in the Discussion Paper form part of the Government's policy approach to ensuring MNEs pay their fair share of tax in Australia.

The ARA supports the intention of the Government in progressing with a MNE tax integrity package of reforms, however, we note that, in parallel the OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) process is also ongoing. We submit that Australia's domestic policy needs to be consistent with the progress of the OECD process, given that Australia is committed to being a part of that international reform process.

We also note that Australia already has a range of anti-avoidance mechanisms in existing legislation, and we do not believe the discussion paper has made a clear case to demonstrate that these mechanisms are inadequate.

We suggest that by proposing Australian, standalone rules now, there is risk that the OECD BEPS process could be compromised and that any proposals implemented in advance of the OECD rule will create conflicts or inconsistencies and will create unnecessary compliance costs. The problems are inherently international and the preferable course is for Australia to devote its policy and legislative attention to achieving an international solution.

In line with this principle, we submit that any implementation of these proposals should be deferred until the OECD BEPS process is completed, so that they can be considered more fully in that context.

Alternatively, we suggest that the proposals could be referred to an appropriate body, such as the Board of Taxation, for further consideration as to whether there are any substantive gaps in the current Australian rules, as well as define a policy approach that will be effective in reducing MNE tax avoidance while limiting the compliance costs.

Thank you again for the opportunity to comment on the Discussion Paper and we look forward to further engagement as this consultation progresses.

Any queries in relation to this submission can be directed to our policy team at policy@retail.org.au.

Yours sincerely,



Paul Zahra
Chief Executive Officer