



12 September 2022

Kathryn Davy
Assistant Secretary
Corporate and International Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Ms Davy

First of all, we would like to thank you and your colleagues from the Treasury for the extremely productive discussions we had on multinational taxation on 31 August 2022.

As mentioned at our meeting, Meta has long called for reform of global tax rules and we are publicly committed to the OECD/G20 Inclusive Framework on BEPS process to address the tax challenges arising from the digitalization of the economy. Meta hopes to see a global tax system that commands public confidence, and also provides stability and certainty to businesses. We therefore welcome the agreement made at the Inclusive Framework in October 2021, which Australia has endorsed alongside more than 130 jurisdictions globally.

We understand the Treasury is considering domestic tax policy changes that seek to complement Australia's ongoing participation at the Inclusive Framework. We reiterate our view that for a long-term stable and durable international tax system, these changes should be aligned and consistent with the negotiations and outcomes of the multilateral process at the Inclusive Framework as well as the 15-point Action Plan under the earlier OECD/G20 BEPS Project.

In relation to the proposed treatment of payments relating to intangibles and royalties and consistent with our view that tax policies should be designed with long-term durability and stability in mind, an important consideration would be the interaction of this measure with the GloBE minimum tax under Pillar Two of the OECD/G20 BEPS solution, such that there will be no double or multiple taxation on the same income arising from the potential denial of deduction for such payments in Australia, the levying of a withholding tax on the payments, and the inclusion of income in another jurisdiction as a result of applying the GloBE minimum tax.

Lastly, in relation to the proposed measure on public country-by-country (CbC) reporting, consistent with the outcome of BEPS Action 13, we reiterate our belief that such CbC reports should be exchanged confidentially between governments and the use of information contained within these reports be safeguarded through international tax treaties. If such reports are made public without the right context, the information therein could be easily misunderstood or misrepresented. Such potential outcomes do not add to meaningful transparency and discourse the way we believe the proposed measure is intended for.

Notwithstanding the above, if Australia decides to proceed with public CbC reporting, as mentioned at our meeting, we would encourage the Government to put in place the necessary safeguards to prevent unintended outcomes. One such safeguard could be for the Government to publish detailed accompanying guidance that would help the public properly contextualize the information in a CbC report so that all parties are able to refer to a single source of truth when it comes to interpreting the information in a CbC report. We also suggest that the Government considers a public consultation process to gather more feedback on this “context” guidance and a sufficiently long implementation period.

We wish to take the opportunity to reiterate Meta’s commitment to working constructively with the Australian Government on the G20/OECD BEPS solution and multinational tax policies. We look forward to discussing further in the coming months.

You are welcome to contact me at any time to discuss further.

Yours sincerely

Josh Machin
Head of Public Policy, Australia