

Via email: MNETaxTransparency@treasury.gov.au

Treasury
Director
International Tax Unit
Corporate an International Tax Division
Treasury
Langton Crescent
PARKES ACT 2600

5 March 2024

Dear Sir/Madam

PUBLIC COUNTRY-BY-COUNTRY REPORTING - FEBRUARY 2024

BDO refers to the invitation by Treasury to provide feedback following the release of *Treasury Laws Amendment Bill 2024: Multinational tax transparency - country by country reporting* (Draft Bill) and the following associated documents:

- *Treasury Laws Amendment Bill 2024: Multinational Tax Transparency - Country by Country Reporting - Exposure Draft Explanatory Materials*
- *Taxation Administration (Country by Country Reporting Jurisdictions) Determination 2024 (the Determination)*
- *Explanatory Statement - Taxation Administration (Country by Country Reporting Jurisdictions) Determination 2024*

There are three matters that BDO would like to bring to Treasury's attention prior to finalisation of the Draft Bill and associated documents.

Listing of jurisdictions at section 5 of Taxation Administration (Country by Country Reporting Jurisdictions) Determination 2024

Section 5 of the Determination lists specified countries for which country-by-country reporting is required under the proposed Draft Bill. Paragraph 1.26 of the Explanatory materials notes that jurisdictions specified by the Minister may be those that are associated with tax incentives, tax secrecy and other matters likely to facilitate profit shifting activities. BDO notes the inclusion of Singapore and Switzerland in this listing, with particular reference to their compliance with the OECD's transparency and exchange of information obligations. BDO recommends that the list of specified jurisdictions in Section 5 of the determination should exclude entities who are compliant with the OECD's transparency and information requirements, with those remaining being those who are non-compliant or with whom global tax authorities have no or limited oversight or ability to share required information.



CbC Parent definition and \$1 billion annual global turnover threshold

Subsection 3D(1)(b) provides that the proposed country-by-country reporting measures Draft Bill are to apply to country-by-country reporting parents. In order to be a country-by-country reporting parent, section 815-375(1)(c) of the Income Tax Assessment Act 1997 requires that such an entity have annual global income for the period of \$1 billion or more. BDO notes that the turnover thresholds noted in the OECD's Country-By-Country Reporting Guidance of 750 million euro. BDO recommends that further consideration be given to the turnover threshold applicable to Australian CBC reporting. As an example, at the date of writing \$1 billion AUD converts to approximately EUR 602 million. BDO recommends increasing the turnover threshold to align with turnover thresholds applicable globally. BDO recommends increasing the turnover threshold to a level above the global thresholds. BDO suggests that a reasonable threshold may be between AUD \$1.25 billion and \$1.5 billion.

Scope of disclosures exceeding those in European Directive and existing Australian CBC Reporting Requirements

BDO notes that the disclosure requirements continue to exceed those of GRI 207 and the European Directive. An example of this is the requirement on a country-by-country basis to reconcile differences in accrued current tax with the amount of theoretical tax applicable on pre-tax profit in each of these countries. In order to fulfil this requirement, detailed tax proof is required which is not only burdensome but may also result in potentially sensitive information being disclosed. BDO recommends that the requirements be aligned with those in the European Directive and the existing Australian CbC reporting requirements so as to achieve a compromise between collecting sufficient information for transparency but placing an excessive compliance burden on taxpayers.

Should you have any questions or wish to discuss any of the comments made in our submission, please do not hesitate to contact me on 02 9240 9736 or via email (lance.cunningham@bdo.com.au).

Yours sincerely

Lance Cunningham

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