



International Tax

## Australia Tax Alert

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### Proposals released to publicly disclose tax payment details

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On 3 April 2013, the Australian government released a discussion paper entitled, “Improving the transparency of Australia’s business tax system.” The release of the paper follows the February 2013 announcement and other concerns about Base Erosion and Profit Shifting (BEPS). In releasing the discussion paper, the government stated that this is part of an effort “to maintain the integrity of Australia’s tax base and crack down on profit shifting.”

The proposed measures were developed following consultation with the Specialist Reference Group on Ways to Address Tax Minimization of Multinational Enterprises (established in December 2012) and discussions with key Australian corporate regulatory bodies. Consultation on the discussion paper will close on 24 April 2013 with a view to introducing necessary legislation in late 2013.

While the announcement is framed in the context of increased transparency, it represents a fundamental shift from the long-standing position that tax return details are to be kept confidential.

The discussion paper outlines three proposals for the implementation of the transparency framework:

**Public disclosure of tax payable** – Under this proposal, the Australian Taxation Office will publish certain information extracted from tax returns of companies with total income of AUD100 million (approximately USD 100 million) or more. It appears to be implicit in the proposals that the AUD 100 million threshold is determined by reference to total income of entities (or tax consolidated groups) that file an Australian income tax return.

The information to be publicly disclosed will be the:

- Company name;
- Total income according to gross accounting values; this will include income that is exempt from income tax for various reasons (e.g. foreign dividend income, gains on disposal of foreign subsidiaries);
- Taxable income; and
- Tax payable.

This proposal will apply as from the 2013-2014 income year (generally ending on 30 June 2014).

Details of company payments of Mineral Resource Rent Tax and Petroleum Resource Rent Tax also will be publicly disclosed.

**Publishing aggregate collections for each Commonwealth tax** – Currently, there are confidentiality related issues in reporting aggregate amounts of tax revenue collected or assessed when the identity of particular entities could potentially be deduced, particularly when combined with other (publicly available) information. It is proposed to ensure that such aggregate (de-identified) amounts can be disclosed and published even if this possibility exists.

**Enhanced information sharing between government agencies** – This proposal would build on existing information sharing arrangements between the Australian Taxation Office and key Australian corporate regulatory bodies, such as the Australian Securities Investments Commission, Australian Prudential Regulation Authority and Foreign Investment Review Board.

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