



Centre for
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Corporate Tax
Accountability
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Submission from the Tax Justice Network Australia and the Centre for International Corporate Tax Accountability on the global and domestic minimum tax legislation

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The Tax Justice Network Australia (TJN-Aus) and the Centre for International Corporate Tax Accountability and Research (CICTAR) welcome the opportunity to make a submission on the global and domestic minimum tax legislation.

We support implementing measures to ensure that multinational corporations are required to pay a minimum global tax rate. While we believe that the minimum global rate should be higher than the current 15% and should capture a larger group of multinational corporations beyond those defined as Significant Global Entities, we are strongly supportive of the Australian Government implementing the internationally agreed measures to impose a global minimum tax rate. We welcome that over 50 jurisdictions have either implemented, are in the process of implementing, or have announced an intention to implement the Global anti-Base Erosion (GloBE) Model Rules.

The submitting organisations strongly support the Treasury's view that the hybrid mismatch rules and foreign hybrid entity rules should continue to operate even if a foreign jurisdiction imposes global or domestic minimum taxes.

The TJN-Aus and CICTAR support that taxes imposed under a foreign Income Inclusion Rule or Undertaxed Profits Rule will not give rise to foreign income tax offsets. We also agree with the Treasury that Australia's Controlled Foreign Company rules should not provide notional allowable deductions for any taxes paid under an Income Inclusion Rule or Undertaxed Profits Rule.

In the *Taxation (Multinational – Global and Domestic Minimum Tax) Consequential Bill 2024*, TJN-Aus and CICTAR support that the administrative penalties that will apply to a Constituent Entity of an Applicable Multinational Enterprise (MNE) Group in respect of false and misleading statements about GloBE top-up tax or domestic top-up tax liabilities of the MNE Group are doubled. We also support that administrative penalties for failing to lodge a return, notice or other document concerning GloBE top-up tax or domestic top-up tax

liabilities are 500 times the base penalty amount to align with the administrative penalties that apply to significant global entities. With the financial size of significant global entities, there is a need to ensure the penalties will deter the entity from making a calculation that the benefit of non-compliance will outweigh the maximum penalty that could be imposed.

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Background on the Tax Justice Network Australia

The Tax Justice Network (TJN) is an independent organisation launched in the British Houses of Parliament in March 2003. It is dedicated to high-level research, analysis and advocacy in the field of tax and regulation. TJN works to map, analyse and explain the role of taxation and the harmful impacts of tax evasion, tax avoidance, tax competition and tax havens. TJN's objective is to encourage reform at the global and national levels.

The Tax Justice Network believes our tax and financial systems are our most powerful tools for creating a just society that gives equal weight to the needs of everyone. But under pressure from corporate giants and the super-rich, our governments have programmed these systems to prioritise the wealthiest over everybody else, wiring financial secrecy and tax havens into the core of our global economy. This fuels inequality, fosters corruption and undermines democracy. We work to repair these injustices by inspiring and equipping people and governments to reprogram their tax and financial systems.

The Tax Justice Network Australia (TJN-Aus) is the Australian arm of TJN.

In Australia, the current members of TJN-Aus are:

- ActionAid Australia
- Aid/Watch
- Anglican Overseas Aid
- Australian Council for International Development (ACFID)
- Australian Council of Social Service (ACOSS)
- Australian Council of Trade Unions (ACTU)
- Australian Education Union (AEU)
- Australian Manufacturing Workers Union (AMWU)
- Australian Nursing & Midwifery Federation (ANMF)
- Australian Services Union (ASU)
- Australian Workers Union, Victorian Branch (AWU)
- Baptist World Aid
- Caritas Australia
- Centre for International Corporate Tax Accountability & Research (CICTAR)
- Community and Public Service Union (CPSU)
- Electrical Trades Union, Victorian Branch (ETU)
- Evatt Foundation
- Friends of the Earth (FoE)
- GetUp!
- Greenpeace Australia Pacific
- International Transport Workers Federation (ITF)
- Jubilee Australia
- Maritime Union of Australia (MUA)
- National Tertiary Education Union (NTEU)
- New South Wales Nurses and Midwives' Association (NSWMWA)
- Oaktree Foundation
- Oxfam Australia
- Publish What You Pay Australia
- Save Our Schools
- SEARCH Foundation
- SJ around the Bay
- TEAR Australia
- The Australia Institute
- Union Aid Abroad – APHEDA
- United Workers' Union (UWU)

- Uniting Church in Australia, Synod of Victoria and Tasmania
- UnitingWorld
- Victorian Trades Hall Council
- World Vision Australia

Background on the Centre for International Corporate Tax Accountability & Research (CICTAR)

CICTAR is a global corporate tax research centre that produces information and analysis to untangle the corporate tax web. The Centre is a collective resource for workers and the wider public to understand how multinational tax policy and practice affects their daily lives. CICTAR's work supports public participation in the tax debate so that everybody can participate in decision-making that affects their communities.

For more information, visit the CICTAR website here: <https://cictar.org/>