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## **Submission on extending the definition of a Significant Global Entity**

**17 August 2018**

The Tax Justice Network Australia (TJN-Aus) welcomes this opportunity to make submission on the exposure draft of the Bill to extend the definition of a significant global entity. The TJN-Aus has been very supportive of the Australian Government implementing country-by-country reporting and of the *Multilateral Anti-Avoidance Law* and *Diverted Profits Tax*. The TJN-Aus strongly support the exposure draft of the Bill and support the government placing the Bill in the Parliament at the earliest possible opportunity. Country-by-country reporting, *Multilateral Anti-Avoidance Law* and *Diverted Profits Tax* have all helped increase confidence in the tax system as well as assisting in getting large multinational corporations to pay more tax in Australia, when they are doing business in Australia.

The TJN-Aus supports the definition of significant global entity in the *Income Tax Assessment Act 1997* being extended so that it:

- Applies to groups of entities headed by an entity other than a listed company in the same way as it applies to groups headed by a listed company; and
- Is not affected by the exceptions to requirements applying to consolidated or materiality rules in the applicable accounting rules.

The TJN-Aus also supports the amendments to modify the rules for entities that must undertake country-by-country reporting under Subdivision 815-E so that these rules apply to country-by-country reporting entities rather than significant global entities more generally, to ensure these rules are aligned with Australia's international commitments.

The TJN-Aus supports the amendments to require that country-by-country reporting entities need to include information on the other members of notional listed company groups of which the entity is a member for the purposes of the country-by-country reporting provisions. The TJN-Aus supports that such entities must provide statements dealing with the global operations and activities and the allocation between countries of the tax paid by the group members of any notional listed company group of which they are a member.

Ultimately, the TJN-Aus would like to see global country-by-country reporting extended to all multinational entities with over \$250 million in revenue.

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## **Background on the Tax Justice Network Australia**

The Tax Justice Network Australia (TJN-Aus) is the Australian branch of the Tax Justice Network (TJN) and the Global Alliance for Tax Justice. 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 aims to:

- (a) promote sustainable finance for development;
- (b) promote international co-operation on tax regulation and tax related crimes;
- (c) oppose tax havens;
- (d) promote progressive and equitable taxation;
- (e) promote corporate responsibility and accountability; and
- (f) promote tax compliance and a culture of responsibility.

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
- Australian Manufacturing Workers Union
- Australian Nursing & Midwifery Federation
- Australian Services Union
- Australian Workers Union, Victorian Branch
- Baptist World Aid
- Caritas Australia
- Community and Public Service Union
- Electrical Trades Union, Victorian Branch
- Evatt Foundation
- Friends of the Earth
- GetUp!
- Greenpeace Australia Pacific
- International Transport Workers Federation
- Jubilee Australia
- Maritime Union of Australia
- National Tertiary Education Union
- New South Wales Nurses and Midwives' Association
- Oaktree Foundation
- Oxfam Australia
- Save the Children Australia
- Save Our Schools
- SEARCH Foundation
- SJ around the Bay
- Social Policy Connections
- TEAR Australia
- The Australia Institute
- Union Aid Abroad – APHEDA
- UnitedVoice
- Uniting Church in Australia, Synod of Victoria and Tasmania
- UnitingWorld

- Victorian Trades Hall Council
- World Vision Australia