



General Manager
Law Design Practice
The Treasury
Langton Crescent
PARKES, ACT, 2600

Submission on the *Tax Laws Amendment (Tax Integrity Multinational Anti-avoidance Law) Bill 2015* 9 June 2015

The Tax Justice Network Australia (TJN-Aus) welcomes this opportunity to make a submission on the *Tax Laws Amendment (Tax Integrity Multinational Anti-avoidance Law) Bill 2015*. TJN-Aus supports the draft legislation as a further step forward in addressing cross-border tax avoidance by multinational enterprises (MNEs). However, TJN-Aus does not believe this draft legislation on its own is enough to address the problem and encourages the government to continue to develop legislation, regulation and enforcement tools that will ensure “Profits should be taxed where the economic activities deriving the profits are performed and where value is created.”¹

Under subsection 177DA (1d), TJN-Aus believes the amendment should apply to MNEs that meet the ATO definition of a large business in terms of their global revenue, which would mean applying it to a non-resident with global revenue in any particular year of \$250 million instead of the current threshold of \$1 billion.

Concerns about the effectiveness of the draft legislation come from who the ATO will make non-resident MNEs declare their Australian revenue? Of course the ATO can simply impose a declaration that the revenue of a subsidiary is Australian-sourced income by the MNE with an Australian “taxable presence”.

Also, there remains the concern that some MNEs will seek to load up their sales in Australia with intangible charges, especially around intellectual property, even if the draft legislation successfully closes off the loophole by which non-resident MNEs seek to avoid having a taxable presence in Australia.

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

¹ G20 Leaders’ Communique, Brisbane Summit, 15-16 November 2014, p. 2.

(f) promote tax compliance and a culture of responsibility.

In Australia the current members of TJN-Aus are:

- ActionAid Australia;
- Aid/Watch;
- Australian Council for International Development (ACFID);
- Australian Council of Trade Unions (ACTU);
- Australian Education Union;
- Australian Services Union;
- Anglican Overseas Aid;
- Baptist World Aid;
- Caritas Australia;
- Columban Mission Institute, Centre for Peace Ecology and Justice;
- Friends of the Earth;
- Global Poverty Project;
- Greenpeace Australia Pacific;
- Jubilee Australia;
- National Tertiary Education Union;
- Oaktree Foundation;
- Oxfam Australia;
- Save the Children Australia;
- SEARCH Foundation;
- SJ around the Bay;
- Social Policy Connections;
- Synod of Victoria and Tasmania, Uniting Church in Australia;
- TEAR Australia;
- Union Aid Abroad – APHEDA;
- UnitedVoice;
- UnitingWorld;
- UnitingJustice;
- Victorian Trades Hall Council; and
- World Vision Australia.

Dr Mark Zirnsak
Secretariat
Tax Justice Network Australia
c/- 130 Little Collins Street
Melbourne, Victoria, 3000
Phone: (03) 9251 5265
E-mail: mark.zirnsak@victas.uca.org.au