

The Treasury
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To whom it may concern,

Boeing Defence Australia welcomes the opportunity to make a submission in respect of the Draft Procurement Connected Policy Guidelines.

As a background, Boeing Defence Australia (BDA), a wholly-owned subsidiary of The Boeing Company within the Boeing Defense, Space & Security business unit, is one of Australia's leading aerospace enterprises. BDA has been an integral part of the region's defence industry and the partner of choice for some of Australia's largest and most complex defence projects.

We acknowledge the content of the Draft Procurement Connected Policy Guidelines, and support the Government's intent to reduce black economy activity in its supply chain, and encourage best practice by businesses that provide goods and services to the Government through a satisfactory tax record.

We do note a few comments and recommendations that the Government could consider upon implementation of its measures, which are outlined in detail below –

Statement of Tax Record proposal

Boeing has examined the current Statement of Tax Record ("STR") requirements, and agrees with a majority of the requirements. However, we would recommend confirming of clarifying the following points –

- The Statement should be a confidential document requested by the taxpayer and shared with the procuring authority only. Given the sensitive nature of this document, we believe there should be a defined scope of who may be privy to its content and distribution. This is will be of particular importance to subcontractors of the prime contractor – based on the draft policy, it appears the prime contractor will have access to the STR of the subcontractor;
- The STR should confirm that all relevant returns and payments are current but not include amounts. Based on the draft policy it is unclear as to what (if any), values may be provided on the STR. As part of the consultation process, and finalisation of the policy, it would be helpful to taxpayers if an example of the STR was provided as part of the process.

Overall, we do not believe the time period of up to 4 days to produce the Statement of Tax Record by the Australian Tax Office will affect the procurement process materially.

Given that the Tax Transparency Code remains voluntary – we would encourage the ATO to ensure disconnection with this existing voluntary process.

Applying the Rules to Non Australian Subcontractors

We agree, that as the Australian Statement of Tax Record, or similar, would not be feasible for Non-Australian subcontractors of a Prime Contractor. In these instances, we would recommend and support a self-certification approach, as prescribed in the draft policy, whereby the taxpayer confirms they have complied with their tax obligations in their country of registration.

We would also suggest the clarification of section 8 (a)(iii) (*"has no tax related and/or criminal convictions in the last four years (applicable to Australian and foreign entities)"*). Boeing recommends that ordinary litigation in terms of tax disputes between an entity and the relevant tax authority (including in the case of settlement) is excluded from this definition, except in instances of events under Part IVA: General Anti-Avoidance (or similar provisions in the foreign jurisdiction).

Alternative approach - Self-certification

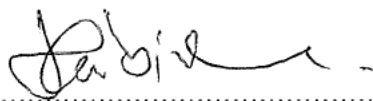
Consistent with the UK requirements, the Australian Government could consider a 'self-certification' approach, whereby the taxpayer confirms they have not engaged in tax evasion or tax avoidance as defined under local legislation. The statement could extend to include wording that tax returns and payments due are current.

This would reduce the compliance cost and administrative requirements from the Australian Tax Office perspective. As already determined in the draft Guidelines, this is the only method that would be practicable to apply to foreign businesses – but could be extended to local Australian based businesses also, offering speed and agility in meeting the Australian Government's objectives for integrity and transparency.

Boeing would welcome further discussions on the Draft Procurement Connected Policy Guidelines.

Please don't hesitate to contact either Robert Marxen ([REDACTED]) or Caroline Giles ([REDACTED]).

Yours faithfully



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