

28 October 2021

Tax Treaties Branch
Corporate and International Tax Division
Treasury
Langton Cres
Parkes ACT 2600

Email: RGCITDTaxTreatiesBranch@treasury.gov.au

Dear Sir/Madam,

SUBMISSION REGARDING THE EXPANSION OF AUSTRALIA'S TAX TREATY NETWORK – IRELAND

Virgin Australia Holdings Pty Ltd (and its subsidiaries (**Virgin Australia** or **VA**)) welcomes the opportunity to make a submission on Australia's tax treaty network.

In particular, VA would like to see the *Agreement between the Government of Australia and the Government of Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital Gains (Australia and Ireland DTA)* renegotiated as a key priority.

VA is headquartered in Brisbane and prior to the COVID-19 global pandemic, flew to 39 destinations across Australia and a range of destinations around the world. It operated a fleet of over 130 commercial passenger aircraft and employed more than 10,000 people. As a result of the pandemic and ensuing Voluntary Administration process, there have been significant changes to the VA fleet, network operations and workforce. These changes will continue to evolve with the opening of domestic and international borders. VA continues to source a substantial proportion of its aircraft fleet via lease agreements with a range of different lessor counterparties globally. A significant portion of the aircraft leasing industry is based in Ireland.

To compete in a global market, VA requires efficient access to a wide range of leasing and capital markets in securing its aircraft. It is vitally important for existing treaties to be renegotiated where they contain outdated articles regarding cross-border leasing of equipment which leaves VA and other Australian based airlines at a disadvantage to its competitors in other jurisdictions. Specifically, we request that the Australia and Ireland DTA (from 1983) be prioritised for renegotiation and modernisation and that the following changes be made:

- Updating Article 5 Permanent establishment, paragraph 4(b); and
- Removing Article 13 Royalties, paragraph 3(b).

Detail on VA's rationale for these changes is set out in the confidential Appendix 1. As Appendix 1 contains commercially sensitive and confidential information, it should not be made publicly available.

Thank you for taking the time to review our submission and should you want to discuss any of the issues raised further, please contact me on 0481 033 932 or at rhys.jones@virginaustralia.com.

Yours sincerely



Rhys Jones
Tax Manager