



# Multinational Tax Integrity and Tax Transparency

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Director  
International Tax Branch  
Corporate and International Tax Division  
Treasury

By email: [MNETaxIntegrity@treasury.gov.au](mailto:MNETaxIntegrity@treasury.gov.au)

Dear sir/madam

## Multinational Tax Integrity and Tax Transparency

As the primary union representing Australian Public Service employees, the Community and Public Sector Union (CPSU) is committed to providing a strong voice for our members in key public policy and political debates. Decisions around the tax system are central to our members' interests as it raises the revenue required to fund public services.

The CPSU welcomes the opportunity to make a submission to this consultation on proposals on multinational tax integrity and tax transparency. Our submission focuses on multinational tax transparency and responses to the questions raised in the discussion paper.

In recent years there has been a heightened public awareness that some multinationals do not pay their fair share of tax in Australia. In addition to reducing revenue, this also undermines trust in the taxation system and the Parliament and authorities who oversee our tax system.

The use of tax strategies, such as the use of tax havens, that rely on secrecy and a lack of transparency have drawn particular public criticism. The CPSU believes that further steps to improve the integrity and transparency of the tax system are warranted.

In seeking to address multinational tax compliance and transparency, government procurement processes can be a powerful tool. The CPSU believes that Government should actively use its procurement power to drive better standards and conditions and ensure tenderers do not make a profit off the Commonwealth without contributing their fair share of tax.

For further information, please contact Osmond Chiu, Senior Policy and Research Officer via email [Osmond.chiu@cpsu.org.au](mailto:Osmond.chiu@cpsu.org.au) or on 0424 159 463.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Michael Tull', written over a white background.

Michael Tull  
ASSISTANT NATIONAL SECRETARY

## **Public reporting of tax information on a country-by-country basis**

Public country-by-country reporting (EU standard)

### 4. Should Australia mandate improved tax transparency regime in line with the EU's approach to public CbC reporting?

The CPSU does not support the EU's approach to public Country by Country (CbC) reporting. The EU's approach is not true country-by-country reporting as it only requires reporting on tax payments within EU member states. Companies are not required to report on how much tax they pay outside of the EU in other tax havens, except for a limited and problematic list of selected countries that have been placed on an EU tax blacklist.

Global Reporting Initiative – Tax Standard

### 6. Should the GRI tax standard be used as a basis for Australia to mandate MNE public CbC reporting?

The CPSU supports the Global Reporting Initiative (GRI) tax standard being used as the basis for Australia to mandate MNE public CbC reporting as it is the only acceptable standard for genuine public country-by-country reporting.

The GRI tax standard was developed with a broad range of global stakeholders for the purpose of country-by-country reporting. It is similar to what multinational companies already do under the OECD's base erosion and profit shifting (BEPS) but with improvements. It includes a greater level of detail about actual tax practices and a company's workforce (both employees and contracted workers) and is designed to be publicly communicated.

The GRI tax standard mandates explanation of a company's overall strategy on tax. Companies are required to detail the statutory versus effective tax rate and asked to explain the difference in each jurisdiction, creating comparable data.

The CPSU does not believe there will be any significant compliance costs associated with adopting the GRI tax standard as it is similar to what multinational corporations already do for non-public reporting under the OECD BEPS.

(Voluntary) Tax Transparency Code

### 8. Would legislating the Tax Transparency Code to include CbC reporting provide a suitable basis for a mandatory transparency reporting framework?

The CPSU does not support legislating the voluntary Tax Transparency Code. It does not provide a suitable basis for a mandatory transparency reporting framework as it has no consistent formula and provides limited information.

## **Standardised public CbC reporting**

### 10. How should entities be required to publicly report their CbC information? Would publication in their annual report be adequate? Should this CbC data be verifiable (via independent audit, certification letter from CFO, reconcilable with financial accounts etc)?

Country-by-country data should be included in a company's annual report and published separately. An option for separate publication would be the requirement to lodge information

to a repository that it is searchable and accessible. A precedent for a repository is the Modern Slavery Register that was developed because of failures of provisions in the UK where there was no enforcement.

12. What is the most appropriate way to ensure consistent (standard) reporting by MNEs of their public CbC information?

The CPSU notes that the GRI does not check compliance with standards. The government should play a role in ensuring third-party verification or auditing of country-by-country reporting occurs to ensure there is public confidence in the accuracy of the data.

13. Should the data be reported in a standardised template? What should this be?

The country-by-country data should be reported in a standardised way that is machine readable.

14. When should mandatory tax transparency reports fall due? For example, should they occur at the same time as annual reports are produced, tax returns lodged, or be staggered to spread compliance burdens?

Mandatory tax transparency reports should occur at the same time as annual reports are produced given data meeting the GRI tax standard is already produced for those reports.

15. Are there any transitional arrangements that would need to be considered prior to commencement of a legislated reporting requirement? What would these be?

While smaller companies may need additional support, the CPSU does not support a phased-in transition about what is reported under legislated reporting requirements.

**Other forms of high-risk tax arrangements**

17. What would be an appropriate channel for entities to disclose if they are doing business in a low-tax jurisdiction?

The CPSU believes that a legislated requirement to disclose all subsidiaries is a simpler, better method than whether they are doing business in low-tax jurisdiction, which would be the subject of debate. Entities should disclose all basic information about subsidiaries including the full legal name, ownership percentage, description of purpose and jurisdiction of incorporation.

In addition to declaring all subsidiaries, entities should also be required to disclose advance pricing agreements and specific arrangements with tax authorities and any exemptions below the recognised statutory rate.

18. What types of high-risk tax arrangements should be disclosed to shareholders? Alternatively, are the existing definitions or PCG guidance that should be used to declare higher tax risk arrangements?

The CPSU supports the proposal to require listed entities to publicly disclose to the share market if they self-identify as a high-risk taxpayer, in line with certain key Practical Compliance Guidelines (PCGs), in principle. The requirement should be across the board to all multinational companies, including those not on the ASX.

Large private Australian companies and private subsidiaries of non-Australian listed multinationals could be required to disclose any self-assessment of risk against any of the Australian Taxation Office's PCGs in annual financial statements files with Australian Securities and Investments Commission.

**Requiring government tenderers to disclose their country of tax domicile**

21. In considering a disclosure requirement, should the entity's tax residency status be used as the definition of 'tax domicile'?

The purpose of the disclosure requirement is to provide transparency about tax affairs and strategies.

This must also be done in a way that provides the public with readily understandable information, and which eliminates the opportunity for multinational corporations to avoid reporting the totality of their tax arrangements.

It is therefore important that the definition adopted be adequate for this purpose.

17. What would be an appropriate channel for entities to disclose if they are doing business in a low-tax jurisdiction?

A more appropriate channel would be the faster implementation of GRI tax standards and disclosure of all subsidiaries by any companies tendering for government contracts. Any new government contracts should require implementation of these requirements within a year.