

ARA SUBMISSION

GLOBAL AND DOMESTIC MINIMUM TAXES: INTERACTIONS WITH OTHER AUSTRALIAN TAX LAWS

APRIL 2024

The Australian Retailers Association (ARA) welcomes the opportunity to provide comments on the Global and Domestic minimum tax consultation paper, and how it relates to the OECD/G20 Two-Pillar Solution.

The ARA is the oldest, largest and most diverse national retail body, representing a \$420 billion sector that employs 1.4 million Australians – making retail the largest private sector employer in the country.

We represent the full spectrum of Australian retail, from our largest national and international retailers to our small and medium sized members, who make up 95% of our membership. Our members operate in all states and across all categories - from food to fashion, hairdressing to hardware, and everything in between.

In principle, the ARA supports the Government's policy approach, as outlined in the Consultation Paper titled *Global and domestic minimum taxes: Interactions with other Australian tax laws*. We support the implementation of a 15 per cent global minimum tax and domestic minimum tax as part of a coordinated approach across approximately 140 Inclusive Framework member jurisdictions in line with the Two-Pillar Solution.

We welcome the Government's plan to adopt the OECD Model Rules to ensure Australia's global and domestic minimum tax rules achieve qualified status under the OECD Peer Review processes. This is particularly beneficial to businesses operating across borders, with compliance obligations in multiple jurisdictions.

However, we do have concerns about the implementation of these reforms and recommend that the Government defers the start date for 12 months after the legislation is enacted. This would be in line with other member jurisdictions that have already deferred their start dates.

The ARA also calls on the Australian Tax Office and Treasury to continue working with industry to ensure that businesses understand their obligations sufficiently and that every effort is taken to reduce the compliance burden on Australian taxpaying entities.

We believe that this burden could be minimised, particularly for multinationals, by compelling reporting at the highest level of an entity's corporate structure in each jurisdiction, rather than for each subsidiary.

It is important that the new rules and obligations are clearly defined and communicated to impacted businesses and note that this consultation process offers a pathway to achieving good engagement with stakeholders.

Thank you again for the opportunity to provide a submission on these matters. We look forward to a continued open consultation now and into the future. Any queries in relation to this submission can be directed to our policy team at policy@retail.org.au.