

17 April 2024

Corporate and International Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

To whom it may concern

The Business Council of Australia welcomes the opportunity to provide a submission in response to the proposed global and domestic minimum tax primary legislation.

All companies must meet their tax obligations and where arrangements do not keep pace with community norms, they should be reviewed. Existing integrity measures, institutions and enforcement all contribute towards and complement a high level of compliance with Australia's tax system.

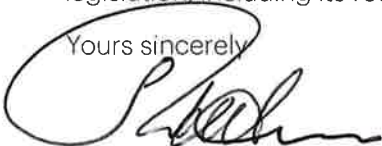
Global tax issues require global solutions. How profits of companies operating internationally are taxed is a complex issue. The Organisation for Economic Cooperation and Development (OECD) continues to be the key multilateral forum for progressing changes to global tax laws, with around 140 jurisdictions participating. This process should continue to be supported, because if one country acts alone, it risks unintended consequences such as double taxation, reducing competitiveness or deterring vital investment. It also risks undermining an enduring and credible long-term solution.

The BCA welcomes the work to date of Treasury in preparing the OECD rules for an Australian context. It will be critical to balance ensuring that Australia's implementation is considered a qualifying regime by the OECD, while also balancing compliance costs for taxpayers and administration costs for the Australian Taxation Office (ATO). Ample time for implementation should also be provided.

This new framework involves significant complexity and compliance costs. Treasury's Impact Analysis estimates around 5,000 entities fall within scope of the rules, while around 140 companies will likely pay extra tax as a result. The estimated \$370 million of revenue over the forward estimates will be collected through around \$110 million of additional resources for the ATO to administer the changes, and more than \$120 million of (deductible) compliance costs for companies. It is critical that Australia implements the changes as part of its role in the OECD process. In the context of the relative size of the net revenue gain, as well as the likely impact on investment, it is critical that the changes are administered in a proportionate way that minimises compliance costs for the more than 97 per cent of companies that must comply with the changes but not pay any extra tax.

The BCA endorses the Corporate Tax Association submission lodged in response to the draft legislation, including its recommendations.

Yours sincerely



Stephen Walters
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Business Council of Australia