

MEMO# 35340

June 8, 2023

Australia's Public Country-by-Country Proposal: Coalition Letter Submitted

[35340]

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TO: ICI Global Members
Accounting/Treasurers Committee
Global Tax Committee
Management Company Tax Subcommittee
Tax Committee SUBJECTS: Disclosure
Fund Accounting & Financial Reporting
International/Global
Investment Advisers
Tax RE: Australia's Public Country-by-Country Proposal: Coalition Letter Submitted

ICI Global coordinated the twelve national, regional, and global industry associations^[1] that made a submission to the Australian Government addressing substantial concerns with a draft proposal to require multinational tax transparency through [public country-by-country \(CbC\) reporting](#). The proposal as currently drafted would require multinational entities to prepare for public release certain tax information on a country-by-country basis and a statement on their approach to taxation (for income years commencing from 1 July 2023).

Specifically, the concerns shared in the letter are that:

- the proposal fails its goal of fairly informing the public about a company's true tax position;
- the proposal's goal to increase transparency may not be achievable even if companies include an enormous amount of narrative to supplement the data provided;
- the proposal's expansive scope goes far beyond what other jurisdictions require and will result in confusing inconsistencies in how information is reported;
- Australia's commitment under BEPS to keep this information private is being violated and may undermine future global coordination;
- significant harm will be incurred by companies required to disclose highly sensitive commercial information to their competitors; and
- the proposal's Australia-specific requirements could mislead the public in many cases.

The letter explains that industry supports the disclosure of information that promotes sound investment decisions and tax compliance. The current proposal, however, does not balance

appropriately the desire for greater transparency to potential investors and the public with the legitimate business need for certain competitive information to remain confidential.

To mitigate these concerns the letter recommends that the draft proposal be modified to:

- limit the proposal's extraterritorial effect by:
 - exempting non-resident parent MNEs with de minimis Australian operations; and
 - aggregating information for all non-Australian countries that are not tax havens;
- include a "comply or explain" mechanism to allow Australian subsidiaries of non-resident parent MNEs to be in compliance if they cannot obtain the required information;
- include a safeguard clause that would protect the competitive position of firms by allowing commercially sensitive information to remain confidential; and
- eliminate the extensive reporting that is not required anywhere else in the world by requiring reporting consistent with international norms and Pillar 2.

Katie Sunderland
Associate General Counsel

Notes

[\[1\]](#) The letter is joined by Asia Securities Industry & Financial Markets Association (ASIFMA), ASIFMA - Asset Management Group, Assogestioni, BVI Bundesverband Investment und Asset Management, EFAMA - European Fund and Asset Management Association, The Investment Association, Irish Funds, Association of the Luxembourg Fund Industry (ALFI), Managed Funds Association, SIFMA, and SIFMA - AMG.

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