

MEMO# 35654

March 20, 2024

Australia's Public CBC Proposal: Coalition Letter Submitted

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TO: ICI Members
ICI Global Members
Asia Regulatory and Policy Committee
Global Tax Committee
Management Company Tax Subcommittee
Tax Committee SUBJECTS: International/Global
Tax RE: Australia's Public CBC Proposal: Coalition Letter Submitted

ICI Global coordinated the nine national, regional, and global industry associations that made a submission to the Australian Treasury addressing concerns with an updated draft [proposal](#) to require large multinational enterprises (MNEs) to publicly report selected tax items on either a country-by-country (CBC) or aggregated basis. This new proposal incorporates several of the recommendations we made last year to better align with the EU's public CBC reporting requirements.[\[1\]](#)

The stated objective of the proposal is to improve information flows to help the public, including investors, to compare entity tax disclosures, to better assess whether an entity's economic presence in a jurisdiction aligns with the amount of tax they pay in that jurisdiction. The proposal would apply to reporting periods commencing on or after July 1, 2024.

The reporting obligation applies to parent entities if AUD \$10million or more of their aggregate turnover for the income year is Australian-sourced. The information for Australia and specified jurisdictions – including Hong Kong, Singapore, and Switzerland – must be published on a CBC basis. For all other jurisdictions, the CBC reporting parent has a choice to publish the information on either a CBC or aggregated basis.

The information required to be reported includes:

- a description of main business activities;
- the number of employees (on a full-time equivalent basis) at the end of the reporting period;
- revenue from unrelated parties;

- revenue from related parties that are not tax residents of the jurisdiction;
- profit or loss before income tax;
- book value at the end of the reporting period of tangible assets, other than cash and cash equivalents;
- income tax paid (on a cash basis);
- income tax accrued (current year);
- the currency used in calculating and presenting the above information.

The submission includes recommendations to ensure the public has confidence that MNEs are paying their fair share of tax while balancing the business need to safeguard competitively sensitive commercial information and comply with the rules. Specifically, the letter recommends:

- 1) A "safety clause" provision to ensure that competitively sensitive commercial information remain confidential for as long as disclosure would be seriously prejudicial.
- 2) A "comply or explain" provision to address potential difficulties that will confront an Australian branch or subsidiary of a nonresident MNE parent.
- 3) A provision requiring objective criteria for inclusion on the specified jurisdictions for which CbC reporting is required.

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Associate General Counsel

Notes

[1] See [Memorandum No. 35630](#), dated June 8, 2023.

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