

MEMO# 35956

December 13, 2024

Australia Enacts Public Country-by-Country Reporting Requirement

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TO: Asia Regulatory and Policy Committee

Global Tax Committee

International Compliance Advisory Committee

Tax Committee RE: Australia Enacts Public Country-by-Country Reporting Requirement

On November 29, 2024, Australia enacted [legislation](#) to require large multinational enterprises to publicly report selected tax items on a country-by-country (CBC) basis for specified jurisdictions and either CBC or an aggregated basis for the rest of the world. The final legislation incorporates several of ICI's recommendations as compared to the initial draft proposal to align more closely with the EU Directive on public CBC reporting, removing several problematic requirements from the initial proposal.[\[1\]](#)

Australia's public CBC reporting requirement applies to certain corporations, partnerships, or trusts that are members of a CBC reporting group. The stated objective of the law is to improve information flows to help the public, including investors, 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 reporting obligation applies to parent entities (a CBC Reporting Parent) with at least AUD \$10 million or more Australian sourced income if they or a member of their CBC reporting group is an Australian resident or a foreign resident with an Australian permanent establishment and are not otherwise exempt. The information for Australia and certain jurisdictions - to be determined by the Minister - 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 law applies to reporting periods commencing on or after July 1, 2024.

Required Information

The tax information required to be disclosed is based on the Global Reporting Initiative (GRI) standards, [GRI 207](#). While there is significant overlap with the [EU Directive](#) on public CBC reporting, the GRI 207 requires a broader set of disclosures.

A CBC Reporting Parent must report the following on behalf of itself and the CBC reporting

group:

- The CBC Reporting Parent name and the names of each entity in the CBC reporting group; and
- A description of the CBC reporting group's approach to tax.

For Australia and specified jurisdictions, the CBC Reporting Parents must publish:

- Name of the jurisdiction
- Description of main business activities;
- 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);
- Reasons for the difference between income tax accrued (current year) and the amount of income tax due if the income tax rate applicable to the jurisdiction were applied to profit and loss before income tax; and
- Currency used in calculating and presenting the above information.

Information reported on an aggregated basis for non-specified jurisdictions is generally the same except for the specification of jurisdictions. The legislation provides the Government with regulation-making power to require additional tax information that must be published.

The reporting period will be the period for which audited, consolidated financial statements for the entity are prepared. The selected tax information must be published within 12 months after the end of the relevant reporting period. The Australian government will post this tax information on an Australian government website as soon as practicable after receiving the information.

The specified jurisdictions required to be reported on a CBC basis will be determined by the Minister and are expected to be informed by the Commission of Taxation's International Dealings Schedules specified countries of jurisdictions list and taxpayer behavioral trends. The list is intended to complement the EU Directive 2021/2101 on public CBC reporting. In an explanatory statement, the government indicated that the jurisdictions specified will be "those that are typically associated with tax incentives, tax secrecy, and other matters likely to facilitate profit shifting activities."

If a CBC Reporting Parent becomes aware of a material error in the reported tax information, it has 28 days after it becomes aware of the material error to make a correction on an approved form.

Australian resident entities will be subject to penalties under section 8E of the TAA if they refuse or fail to comply. CBC Reporting Parents are also liable to administrative penalties for refusal or failure to comply.

Exemptions

The public CBC legislation provides the Commissioner with authority to exempt a specific entity from publishing CBC information either in whole or in part for a single reporting

period (1 year). In considering an exemption request, the Commissioner may consider whether disclosure of the information would:

- 1) impact national security;
- 2) breach Australian law or breach the laws of another jurisdiction; and
- 3) result in substantial ramification for an entity (by an objective standard) by revealing commercially sensitive information.

A CBC Reporting Parent will have the option to disclose that an exemption has been granted to differentiate this from non-compliance. The Australian Taxation Office (ATO) will provide more comprehensive guidance on how the exemption powers will be applied, including subsequent renewals of an exemption. ICI intends to participate in upcoming ATO consultations to advocate for a robust and workable exemption procedure that ensures competitively sensitive commercial information remains confidential while balancing Australia's policy goals.

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Notes

[1] See [ICI Memorandum No. 35654](#), dated March 20, 2024, and [ICI Memorandum No. 35340](#), dated June 8, 2023.

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