

Media Release

Consistency Must be Key on Multilateral Tax Matters

Tonight, the Federal Government has announced the implementation of a 15 per cent global minimum tax and domestic minimum tax for income years starting on or after 1 January 2024.

"While there are a number of other jurisdictions contemplating the introduction of a global minimum tax from 2024, those jurisdictions are well advanced in terms of draft legislation and consideration of domestic interactions. Australia is yet to consider any of these matters – and yet seeks to line up with countries who have already spent significant time and resources on getting the interactions right and giving their taxpayers the opportunity to build the systems necessary to comply," said the Corporate Tax Association's (CTA) Executive Director, Michelle de Niese.

"The Pillar Two solution is a multilateral solution – not a unilateral revenue-raising measure. It must be implemented with a commitment to consistency across jurisdictions, not with a desire to be different.

"We welcome the Government's commitment to consider the interactions of the Pillar Two solution with Australia's existing income tax laws and amendments made as part of the Multinational Tax Integrity Package announced in the October 2022-23 Budget. The proposed anti-avoidance rule on denying deductions for payments relating to intangibles connected with low corporate tax jurisdictions and a number of key foundations of the proposed multinational tax transparency rules directly conflict with multilateral approaches taken by other jurisdictions, including the EU. As consistency is key, these conflicts must be removed from these measures if Australia is to be seen as cooperative rather than combative.

"This Federal Budget did not focus on structural tax reform including competitive tax policy for large business. There are no incentives to encourage investment by large business or any announcements on long outstanding issues such as clarity on corporate tax residency rules.

"If all we are able to politically pursue in Australia are the Multinational Tax Integrity measures, then they must be consistent with global multilateral reform. To do otherwise will place Australia in an inconsistent position internationally and at a further competitive disadvantage than we already are – a fact that is currently conveniently masked by high commodity prices – something beyond the Government's control," said Ms de Niese.

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