

Media Release

Senate report emphasises the crucial role of consultation in legislative development

The need for suitable and purposeful consultation in the development of taxation laws was highlighted in today's Senate Economics Legislation Committee Report on the Treasury Laws Amendment (Making Multinational Pay Their Fair Share – Integrity and Transparency) Bill 2023.

"Consultation with stakeholders, experts, and the public plays a vital role in shaping effective taxation policies," said Corporate Tax Association (CTA) Executive Director Michelle de Niese.

"This report underscores the importance of consultation in the design of tax policy and legislation."

One of the key findings of the report was that the debt deduction creation rules were not subject to any consultation prior to the Bill entering Parliament. This observation regarding the surprise insertion of the debt deduction creation rules in the Bill highlights the unfortunate consequences caused by not appropriately consulting with impacted stakeholders on complex taxation law.

The recommendation for technical amendments to the thin capitalisation rules in the Bill is welcomed though having the debt deduction creation rules carved out and subject to a proper consultation process is preferred.

Ms de Niese said that whilst the CTA was fully supportive of the intent of the Bill, the recommendations have made it clear that more work was required to ensure the Bill was fit for purpose.

"The recommendation to remove the debt deduction creation rules and have them subject to a considered consultation process would ensure these rules do not inadvertently capture ordinary commercial transactions. As currently drafted, the rules would have adverse flow-on implications to the cost of living, housing affordability, Australia's energy transition and our economic prosperity," said Ms de Niese.

"The CTA looks forward to constructively engaging with all relevant stakeholders on the appropriate design of the debt deduction creation rules."

ENDS

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