

BCA

Business Council of Australia

19 July 2024

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senators

The Business Council of Australia welcomes the opportunity to provide a submission to the Senate Inquiry into the *Taxation (Multinational—Global and Domestic Minimum Tax) Bill 2024* and related bills

All companies must meet their tax obligations and where arrangements do not keep pace with community norms, they should be reviewed. Existing integrity measures, institutions and enforcement all contribute towards and complement a high level of compliance with Australia's tax system.

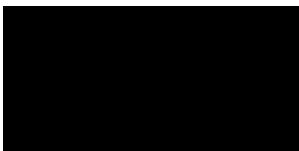
Global tax issues require global solutions. How profits of companies operating internationally are taxed is a complex issue. The Organisation for Economic Cooperation and Development (OECD) continues to be the key multilateral forum for progressing changes to global tax laws, with around 140 jurisdictions participating. This process should continue to be supported, because if one country acts alone, it risks unintended consequences such as double taxation, reducing competitiveness or deterring vital investment. It also risks undermining an enduring and credible long-term solution.

The BCA welcomes the work of Treasury to date in preparing the OECD rules for an Australian context. It will be critical to ensure that Australia's implementation is considered a qualifying regime by the OECD, while also balancing compliance costs for taxpayers and administration costs for the Australian Taxation Office (ATO).

This new framework involves significant complexity and increased compliance costs. Treasury estimates around 5,000 entities fall within scope of the rules, while around 140 companies will likely pay extra tax as a result. The estimated \$370 million of revenue over the forward estimates will be collected through around \$110 million of additional resources for the ATO to administer the changes, and more than \$120 million of (deductible) compliance costs for companies over the same period. It is critical that Australia implements the changes as part of its role in the OECD process. In the context of the relative size of the net revenue gain, as well as the likely impact on investment, it is critical that the changes are administered in a proportionate way that minimises compliance costs for the 97 per cent of companies that must comply with the changes but not pay any extra tax.

The BCA also endorses the Corporate Tax Association submission lodged in response to the bills.

Yours sincerely



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Business Council of Australia