



Dr Kathleen Dermody
Committee Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

email : economics.sen@aph.gov.au

17 September 2015

Dear Dr Dermody,

Inquiry into Tax and Superannuation Laws Amendment (Better Targeting the Income Tax Transparency Laws) Bill 2015

Thank you for the opportunity to make a submission to the Inquiry into *Tax and Superannuation Laws Amendment (Better Targeting the Income Tax Transparency Laws) Bill 2015* which was referred to the Senate Economics Legislation Committee on 10 September 2015.

PricewaterhouseCoopers recommendations

PricewaterhouseCoopers supports the exemption of Australian-owned private companies from the Income Tax Transparency Laws.

We would respectfully request that this amending legislation be enacted as soon as practicable to mitigate the risk of the public release of information prescribed by the original Act.

Alternatively, we would request that the public release of information relating to Australian private companies be at least deferred until such time as the Recommendations contained in the Senate Economics References Committee's Interim Report on Corporate Tax avoidance, and their impact on private companies, have been fully concluded.

Impact of tax transparency rules on privacy and market competitiveness

In our experience, and unlike many multi-national companies or large businesses, Australian-owned private companies are typically owned by families and in most cases the private company represents the majority of their wealth. We consider the absence of the exemption would impinge upon the privacy of these families and in some cases their personal security. In addition market sensitive information may be publicly released which could adversely affect the competitiveness and profitability of these private companies.

General principle of confidentiality

The enactment of the transparency legislation reflects the policy judgement of the Parliament that, despite the general principle enshrined in Australian laws that taxpayer information held by the Australian Taxation Office should be confidential, the public interest in transparency in relation to multi-national public companies creates a legitimate exception. However, we consider there is no

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au



evidence to warrant extension of this exception further to Australian-owned private companies and the general principle of confidentiality continues to be unequivocal. Australian-owned private companies should have their confidential tax information protected.

Interaction with Recommendations contained in Interim Report on Corporate tax avoidance

PricewaterhouseCoopers appreciates that the Australian Taxation Office is planning to publish data as prescribed by the original Act as late as is feasible, to allow the Parliament time to consider the Government's amendment to exclude private companies from the reporting regime.

However, we would respectfully request that consideration be given to deferring the public release of information relating to Australian private companies, so that the application of the tax transparency rules to Australian private companies can be considered in conjunction with the Recommendations contained in the Senate Economics References Committee's Interim Report on Corporate Tax Avoidance.

As the Interim Report's Recommendations relating to increased tax and financial reporting disclosures will directly impact private companies, we would recommend that the current inquiry into the application of the tax transparency rules be included in a larger review of the treatment of private companies with a view to developing more suitably targeted disclosure requirements.

We would be happy to meet with you to discuss our submission.

Yours sincerely

David Wills
National Managing Partner
PwC Private Clients