



## **Australian Government**

Australian Government response to the  
Senate Committee on Economics report:

Corporate tax avoidance - Part III: Much heat, little light  
so far

May 2024



# Response to the recommendations

## Recommendation 1

The committee recommends that the thin capitalisation rules be amended so that the worldwide gearing ratio is the only method by which interest related deductions should be calculated for the purpose of tax treatment in Australia.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Recommendation 2

The committee recommends that the government undertake an independent review into the detriment to Australian tax revenue that arises from the current transfer pricing regime, and explore options to modify transfer pricing rules, or other tax laws, to ensure multinational enterprises make the appropriate contribution to Australian tax revenue.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Recommendation 3

The committee recommends that all companies with a total income equal to or exceeding \$100 million for an income year be required to release tax information of the level specified in the Tax Laws Amendment (Combating Multinational Tax Avoidance) Act 2015.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Recommendation 4

The committee recommends that: companies, trusts and other corporate structures be required to disclose information regarding their beneficial ownership; a publicly accessible, central register be maintained by a suitable government agency; and this information be included in the review as set out in Recommendation 6, with the intent to find ways to provide this information free of charge or at a reduced cost.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Recommendation 5

The committee recommends that the government require all companies, trusts and other financial entities with income above a certain amount to lodge general purpose financial statements with the Australian Securities and Investments Commission.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Recommendation 6

The committee recommends that the government undertake an independent, public review of the Australian Securities and Investments Commission's statutory fees and charges to explore options for reducing or eliminating fees to access company information, including financial statements.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Recommendation 7

The committee recommends that excerpts of Country-by-Country reports be made publicly available free of charge. Information to be released from Country-by-Country reports would include, at a minimum, high level data on how much revenue is collected and tax is paid in jurisdictions the firm operates in, and the number of employees.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Recommendation 8

The committee recommends that the existing voluntary tax transparency code be converted, as soon as practicable, to a mandatory code for all large and medium corporations operating in Australia, including subsidiaries of multinational corporations.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Recommendation 9

The committee recommends that the Australian Taxation Office include a dedicated section on the number and value of significant tax settlements of \$50 million or greater in its annual report.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Recommendation 10

The committee recommends that the government finalise and release its response to the Callaghan report into the Review of the Petroleum Resource Rent Tax.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Recommendation 11

The committee recommends that the government overhaul uplift rates for future Petroleum Resource Rent Tax eligible projects, so as to make them less generous.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Recommendation 12

The committee recommends that the ordering of deductions be rationalised for future Petroleum Resource Rent Tax eligible projects so that those with the highest compounding rates are used first for tax deduction purposes.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Recommendation 13

The committee recommends that the gas transfer pricing method for Petroleum Resource Rent Tax eligible projects be reformed to make it simpler and more transparent so as to ensure that it delivers a fair return to the community.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Dissenting Comments from the Australian Greens - Recommendation 1

End the largesse of government contracts to the big four consulting firms and reinvest that money to rehire permanent ATO staff.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Dissenting Comments from the Australian Greens - Recommendation 2

All companies with a total income equal to or exceeding \$50 million for an income year be required to release tax information of the level specified in the Tax Laws Amendment (Combating Multinational Tax Avoidance) Act 2015.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Dissenting Comments from the Australian Greens - Recommendation 3

Fees and charges to access company reports and financial records held by ASIC should be made available for free for not-for-profit actors such as charities, academics, freelance journalists and Members of Parliament.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Dissenting Comments from the Australian Greens - Recommendation 4

An ATO settlement register should publicly name the company for each settlement, list the amounts that the ATO originally assessed a company's tax liability and the amount the matter was finally settled for.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---

## Dissenting Comments from the Australian Greens - Recommendation 5

To ensure revenue is collected in this decade for Australia's finite gas resources, a flat 10 per cent royalty rate of the wellhead value on all offshore oil and gas projects should be implemented, where that royalty rate would be allowed to offset PRRT liabilities.

### *Australian Government response*

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

---