

SUBMISSION 5



Ms Julie Owens MP
Committee Chair
House of Representatives Standing Committee on Economics
Parliament House
CANBERRA ACT 2600

Dear Ms Owens

Review of Legislation – Tax Laws Amendment (Countering Tax Avoidance and Multinational Profit Shifting) Bill 2013

The Federal Chamber of Automotive Industries is the peak industry body representing the interests of Australia's manufacturers and importers of passenger motor vehicles, four wheel drives, light commercials and motor cycles. Our members are the main representatives of major international companies in these areas and all are involved in significant international trade.

We have a keen interest in the Committee's consideration of the Tax Laws Amendment (Countering Tax Avoidance and Multinational Profit Shifting) Bill 2013 which has been referred to the Committee. We have previously engaged with the Treasury and Australian Tax Office on the issues addressed in the Bill. However, on examination of the Bill, while a range of improvements have been made our major concerns have not been addressed.

FCAI are concerned that as the legislation proposed in the Bill has no link to an underlying commercial transaction or specific activity, and the emphasis is on overall profitability and taxable income, this creates a number of concerns/issues as follows:

1. Direct conflict with the customs valuation rules as under the Customs Act, customs duty is levied on a transaction by transaction basis; and
2. Such a broad based approach with emphasis on taxable income may lead to a significant risk that general economic and commercial factors present in Australia, which have no bearing on the price of actual transactions in international dealings, may be incorrectly taken into account under the guise of determining an "overall arm's length outcome". Adopting such an approach will make it very difficult to resolve the potential for double taxation through mutual agreement procedures with Australia's Double Tax Treaty partners.

FCAI has expanded on these points in the attached copy of our submission to the Treasury during the consultation phase of preparing the legislation.

Thank you for the opportunity to comment on the Bill. Please feel free to contact Tony McDonald at FCAI on 02 6229 8217 if you require any further information.

Yours sincerely



Tony Weber
Chief Executive