

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2016 - 2017

Division/Agency: Corporate and International Tax Division

Question No: 240

Topic: Diverted Profits Tax

Reference: Written

Senator: Ketter, Chris

Question:

1. The Treasurer promised twice that the Diverted Profits Tax would be introduced to Parliament in 2016. Instead, exposure draft legislation was revealed in November 2016, and the Bill introduced into Parliament in February 2017. In last October's Senate Estimates, Treasury officials said that at the time the legislation was "yet to be drafted". What was the reason for the delay in drafting and introducing the legislation?
2. Was the Treasurer informed of these difficulties? If so, when was he informed?
3. Treasury reportedly held a second round of consultations regarding the DPT legislation. Can Treasury provide a list of the stakeholders in the second round of consultations?
4. What were the primary issues raised in consultations?

Answer:

1. The Diverted Profits Tax was introduced into Parliament in February 2017 and passed the Senate in March 2017, well in advance of the commencement date of 1 July 2017. In preparing the legislation, the Government engaged in close consultation with interested parties in order to ensure that the implementation of this complex legislation achieves its aims. This included a consultation paper released in May 2016 and Exposure Draft legislation released in November 2017.
2. Treasury does not reveal the details of advice that it provides to Government.
3. Revealing the details of participants in confidential consultations would undermine the confidential nature of those discussions.
4. The issues raised in consultations on the Diverted Profits Tax (and the Government's responses to those issues) are outlined in the Regulatory Impact Statement that forms part of the Explanatory Memorandum to the *Treasury Laws Amendment (Combating Multinational Tax Avoidance) Bill 2017*. This can be found at:
http://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bId=r5805.