



# Why the Code was developed

- Response to community concerns
  - Expectation large businesses be publicly transparent about their tax affairs.
- Drive cultural change within the corporate sector towards greater tax transparency.
  - Senior management to be actively involved in the decision to adopt the Code
  - Voluntary in nature to lead to greater and high quality information.

# Development process

- Board issued with terms of reference
- Established working group
- Expert panel
- Consultation
- Submissions
- Final Report



# Considerations in Developing the Code

- Alignment with best practice
- Balancing the public interest in increased transparency of tax information with the concerns of some businesses:
  - compliance costs and regulatory impact;
  - the impact on the self-assessment system for taxation;
  - commercial confidentiality;
  - misunderstanding of published information;
  - reciprocity — whether other countries will require companies to disclose similar
  - information under transparency initiatives; and
  - lack of consistency in transparency initiatives between countries

# Potential users of the disclosures

- TTC targeted at:
  - ‘General users’ — the ‘person in the street’ and the community at large;
  - ‘Interested users’ — shareholders, analysts, investors, social justice groups,



# Who Should disclose?

- Code outlines recommended disclosures for large and medium businesses
- Large business - 'TTC Australian turnover'  $\geq$  AUD 500m
- Medium business - TTC Australian turnover between AUD 100m and  $<$  AUD 500m
- groups can choose the level of aggregation or grouping of entities for disclosures

# Disclosures – Part A

| Who                                    | Minimum standard of information  | How should the content be disclosed?   |
|--|--|--|
| <b>'Large' and 'medium' businesses</b> | <ul style="list-style-type: none"><li>• Reconciliation of accounting profit to tax expense and to income tax paid or income tax payable</li><li>• Identification of material temporary and non-temporary differences</li><li>• Accounting effective company tax rates for Australian and global operations (pursuant to AASB guidance)</li></ul> | <ul style="list-style-type: none"><li>• Australian general purpose financial statements; or</li><li>• Stand-alone report</li></ul> |

# Disclosures - Part B

| Who                | Minimum standard of information  | How should the content be disclosed?  |
|--------------------|--|---|
| 'Large' businesses | <ul style="list-style-type: none"><li>• Approach to tax strategy and governance</li><li>• Tax contribution summary for corporate taxes paid</li><li>• Information about international related party dealings</li></ul> | <ul style="list-style-type: none"><li>• Stand-alone report – eg 'Taxes paid' report, CSR report etc</li></ul> |



# Other matters

- Reports should meet a minimum standard of content
  - Flexibility - no prescribed form or template
  - Particular circumstances may require further explanation
- Assurance
  - Light touch – audit is optional
  - Senior management sign off or CFO certification
  - Organisation should make a concerted effort to meet the spirit of the Code
- Commencement
  - Adopt at earliest opportunity

# Voluntary tax transparency code Register



- To indicate your organisation's intention to adopt the Code, simply contact the Board at **[taxboard@treasury.gov.au](mailto:taxboard@treasury.gov.au)**
- Also tell us the financial year ending from which you intend to adopt the Code

# Catalogue of Signatories

| Organisation                                 | Financial Year ending for Tax Transparency Report   |
|--|---|
| AMP  | 31 December 2016  |
| ANZ  | 30 September 2016   |
| Australian Foundation Investment Company Ltd | 30 June 2016  |
| BHP  | 30 June 2016  |
| Cochlear                                     | 30 June 2016  |
| Djerriwarrh Investments Ltd                  | 30 June 2016  |
| EnergyAustralia                              | 31 December 2016  |
| Iluka Resources Limited                      | 31 December 2015 and is likely to be publicly released in August or September 2016.   |
| Mirrabooka Investments Ltd                   | 30 June 2016  |
| Mirvac                                       | 30 June 2016  |
| Rio Tinto                                    | 31 December 2015 (Published)  |
| South32                                      | 30 June 2016  |
| Stockland                                    | All key elements of the Code have been adopted with the exception of the tax contribution summary of corporate taxes paid. The summary of all corporate taxes paid will be implemented from the 2017 financial year onward. |
| Telstra                                      | Progressive implementation starting FYE 30 June 2016 – fully compliant FYE 30 June 2017   |
| Vicinity Centres                             | 30 June 2016  |

# Role of the ATO

- Centralised hosting of published TTC reports
- ATO will not review accuracy reports
- Once reports are publicly available – notify the ATO
  - [TTC@ato.gov.au](mailto:TTC@ato.gov.au)



# We want to hear from you!

Online:

[www.taxboard.gov.au](http://www.taxboard.gov.au)

Sounding Board:

<https://taxboard.ideascale.com/>

Email:

[TaxBoard@treasury.gov.au](mailto:TaxBoard@treasury.gov.au)

Twitter:

@taxboard\_au





# Questions?

