

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.



International Trends



- Governments around the world have been responding to demand of increased tax transparency for large corporations
 - UK ‘special measures’ to tackle businesses that persistently adopt highly aggressive tax planning
 - EU introducing new transparency requirements for multinationals



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?
'Large' and 'medium' businesses	<ul style="list-style-type: none">• Reconciliation of accounting profit to tax expense and to income tax paid or income tax payable• Identification of material temporary and non-temporary differences• Accounting effective company tax rates for Australian and global operations (pursuant to AASB guidance)	<ul style="list-style-type: none">• Australian general purpose financial statements; or• Stand-alone report

Disclosures - Part B

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

Not just for large corporations

- All encouraged to adopt the principles of the Code
 - Superannuation funds
 - Trusts
 - Partnerships



International related party dealings

- Public interest to ensure dealings apply the 'arm's length principle
- Public best served by a qualitative explanation of the nature of related dealings.



Other Taxes

- Not just for corporate income tax.
- Can include other Australian taxes paid
 - PRRT
 - Royalties
 - Excises
 - Payroll taxes
 - Stamp duties
 - FBT



Voluntary in nature

- Greater and higher quality information
- Senior management involvement
- NOT a compliance and box checking exercise



Educating the community

- Raising the level of understanding in community as to amount of taxes paid
- Address concerns around effective tax rate
 - Govt incentives for R&D
 - Recoupment of prior year losses
 - Foreign exchange fluctuations
- Target non-expert reader
 - Plain English explanation
 - Comparative data over time



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,



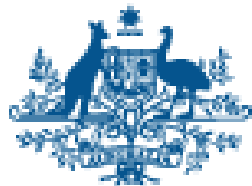
Role of the ATO

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



Role of the AASB

- Development of guidance material to assist businesses meeting minimum standards
- Establishing a common definition of effective tax rate



Australian Government

Australian Accounting Standards Board



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 compliance costs.



Voluntary tax transparency code Register



- To indicate your organisation's intention to adopt the Code, simply contact the Board at **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	Organisation	Financial Year ending for Tax Transparency Report
AGL Energy Ltd	30 June 2016	Mirvac	30 June 2016 (Published)
AMP	31 December 2016	NAB	30 September 2016
ANZ	30 September 2016	Newcrest Mining Ltd	30 June 2016
Ausdrill Ltd	30 June 2016	Orica Limited	30 September 2016
Australian Foundation Investment Company Ltd	30 June 2016	Rio Tinto	31 December 2015 (Published)
AWE Ltd	30 June 2016	SEEK Limited	30 June 2016
BHP	30 June 2016	South32	30 June 2016
BP Australia	31 December 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.
Cochlear	30 June 2016 (Published)	Telstra	Progressive implementation starting FYE 30 June 2016 – fully compliant FYE 30 June 2017
Commonwealth Bank of Australia	30 June 2016	Transurban Limited	30 June 2016
Djerriwarrh Investments Ltd	30 June 2016	Treasury Wines Estate Limited	30 June 2016
EnergyAustralia	31 December 2016	Vicinity Centres	30 June 2016 (Published)
Fairfax Media Limited	30 June 2016	Viva Energy Holding Pty Ltd	31 December 2016
Iluka Resources Limited	31 December 2015 and is likely to be publicly released in August or September 2016.	Wesfarmers Limited	30 June 2016
Lendlease Corporation Limited	30 June 2017	Westpac	30 September 2016
Mirrabooka Investments Ltd	30 June 2016	Woodside Petroleum Limited	31 December 2016

We want to hear from you!

Online:

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Questions?

