

CEO Update – October 2016

Dear Stakeholder

I am writing to advise you of some key themes discussed at the recent Board of Taxation (the Board) meeting held in Perth on 11 October 2016. The Board discussed and agreed its 2017 calendar of Board meetings, the take-up of the Voluntary Tax Transparency Code, actions on its forward work programme including the progress and direction of a number of key Board projects, ideas posted to Sounding Board and withholding tax reforms for Collective Investment Vehicles. The Board also discussed a range of tax issues over lunch with stakeholders based in WA, including the Board's Advisory Panel members. Some further details are set out below.

Dates for 2017 Board meetings

A draft calendar of the 2017 Board meeting dates was agreed by the Board, as follows:

Board Meeting Date	Location	Board Meeting Date	Location
January 2017		Thursday 6 July 2017	Melbourne
Thursday 16 February 2017	Sydney	Thursday 10 August 2017	Adelaide
Friday 24 March 2017	Melbourne	Thursday 14 September 2017	Sydney
Friday 28 April 2017	Brisbane	Thursday 19 October 2017	Perth
Friday 26 May 2017	Canberra	November 2017	
June 2017		Thursday 7 December 2017	Melbourne

The Secretariat will finalise a draft invitation list for stakeholder meetings that coincide with the Board meetings planned for 2017.

Voluntary Tax Transparency Code

The Board discussed the Voluntary Tax Transparency Code and reviewed the number of organisations who have indicated their intention to adopt the Code. The Voluntary Tax Transparency Code (the Code) is a set of principles and 'minimum standards' to guide disclosure of tax information by businesses.

The Board noted that it would like to see a greater take-up of the Code, in particular by private sector companies and foreign multinationals but noted the following observations from informal discussions:

- The voluntary transparency code may be ‘perceived’ as merely a multinational anti-avoidance measure, without appropriate recognition and emphasis for the public education and improved communication purposes served by increased tax transparency;
- Private companies may not have sufficient resources to implement the Voluntary Code as quickly as larger companies;
- Private companies may perceive that they have insufficient resources to adopt the Voluntary Code, based on the reports produced by listed companies – a ‘market leader’ private sector report would assist to dispel these perceptions;
- The AASB is yet to publish additional guidance on disclosure under the Voluntary Code, including the calculation of effective tax rates;
- Board agendas (especially international boards) are already crowded with material tax measures including tax integrity measures such as OECD Base Erosion and Profit Shifting agenda, diverted profits tax and other measures;
- The timing of the Voluntary Code may have missed the reporting cycle of many companies – since reports are due within six months of year end;
- Many companies may already meet the requirements of the voluntary code and are simply not registering this fact with the Board.

The Board noted that it is not possible to make direct comparisons between the Board’s register of companies and the ATO’s corporate taxpayer list, since the Voluntary Code is usually prepared to encompass a group of companies which represents many companies on the ATO list. The Board will look to reconcile this data and agreed to take opportunities to discuss the Voluntary Code to see if this will improve the take-up of the Code.

To date, there are 34 organisations indicating their intention to adopt the Code. A register of these organisations can be found at: <http://taxboard.gov.au/current-activities/transparency-code-register/>. According to recent Corporate Tax Association data, the 34 signatories registered represent more than 50 percent of taxable income and tax payable by corporate taxpayers in Australia.

The Board encourages you to adopt the Code and support and assist your clients to adopt it.

Board Projects

The Board discussed progress on its other projects. These included:

- Asset merger roll-overs;
- Shadow Economy;
- High Wealth Individuals and Residency;
- Tax and the Sharing Economy;
- Targeted Trust Simplification;
- Definitions applied under State and Federal Laws; and
- Alignment of Tax and Accounting.

Most projects are focussed on increasing integrity, simplicity and efficiency of the tax system. These are key areas of focus for the Board. The Board also noted that it was yet to deliver its report on Hybrid mismatch arrangements and regulatory capital and that the Treasurer’s Office was advised of this.

Sounding Board

The Board has a standing agenda item to review the ideas posted to the Sounding Board and to consider next steps in relation to ideas that receive comment and attention from the community.

The Board will also soon post some legacy issues from the TIES system to the Sounding Board, including ideas to simplify PAYG reporting requirements, and for companies to have more than one public officer.

The Board encourages you to participate by posting new ideas or by voting or commenting on existing ideas.

Collective Investment Vehicles

The Board noted that it had been asked to consider withholding tax reforms affecting Collective Investment Vehicles.

Stakeholder Engagement

The Board took the opportunity to meet with WA-based stakeholders, including members of the Board's Advisory Panel. Key themes from the discussion were:

- Sounding Board ideas (and the differences between Sounding Board and the TIES system)
- Practical experiences from a recent Tax Transparency Code preparer
- The extension of Goods and Services Tax to digital goods and services
- The different "purpose" thresholds for Part IVA and for the Diverted Profits Tax and Multinational Anti-Avoidance Law
- Some advantages and disadvantages of aligning accounting and tax
- The perceived need for asset merger roll-overs

The Board would like to thank all those who participated in the discussion.

The next Board meeting will be held in Canberra on 11 November 2016.

Please do not hesitate to contact the Board of Taxation on 02 6263 4366 should you wish to discuss any of these matters further.

Kind regards

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