

CEO Update – September 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 Sydney on 9 September 2016. The Board discussed and agreed actions on its forward work programme including the progress and direction of a number of key Board projects, ideas posted to Sounding Board, the take-up of the Voluntary Tax Transparency Code, proposed whistle blower protection rules and the Government's superannuation reforms. Some further details are set out below.

Sounding Board

The Board reviewed the ideas posted to the Sounding Board and agreed that ideas that related to major tax reform are outside the scope of that platform. The Board agreed to consider next steps in relation to a number of ideas that have received a high number of votes. Sounding Board has 22 ideas currently open for discussion. The top four ideas currently are:

- A single reporting system for collecting payroll tax information;
- Additional ATO Guidance material on demerger dividends and dividend streaming under section 45B of the *Income Tax Assessment Act, 1936*;
- Amendments to arm's length transfer pricing rules when within safe harbour gearing ratios; and
- Simplified Superannuation Guarantee Charge Rules.

The Board will also soon post a number of legacy issues from the TIES system to the Sounding Board.

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

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.

To date, there are 32 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/>

The Board notes that the number of registered entities is likely to differ from the ATO published data (which is based on taxpayer entities rather than taxpayer groups). This makes direct comparisons less meaningful.

According to a recent evaluation by the Corporate Tax Association, the 32 (of a potential 1,200) signatories registered with the Board represent more than 50 percent of taxable income and tax payable by corporate taxpayers. This illustrates the concentration of corporate tax collections in Australia.

The Board also noted that there has been a slow take-up of the Code by private companies and that October 2016 will be a critical period during which it is expected that further ATO data will be released and the report of the Senate Economics Committee's enquiry into Corporate Tax Avoidance will be tabled.

