



Tuesday, 22 July 2025

Paul Korganow
Secretary & Tax Counsel
Board of Taxation Secretariat

By email: TaxTransparency@taxboard.gov.au

Dear Paul

Draft redesigned voluntary tax transparency code

Chartered Accountants Australia and New Zealand (CA ANZ) welcomes the opportunity to provide feedback on the draft redesigned Voluntary Tax Transparency Code (Draft VTTC). We commend the Board of Taxation (Board) for its efforts to modernise the VTTC in light of global developments and the introduction of Australia's mandatory public country-by-country (CBC) reporting regime.

CA ANZ supports the intent of the Draft VTTC to promote transparency, comparability, and public confidence in the tax affairs of large businesses. We particularly welcome the alignment with global standards such as GRI 207: Tax 2019 and the flexibility afforded to businesses in tailoring disclosures.

However, we believe further refinements are necessary to ensure the VTTC remains practical, proportionate, and appropriately harmonised with Australia's evolving tax transparency landscape. We have set our detailed comments on the Draft VTTC in the attached Appendix.

In light of the Board's work towards aligning the VTTC with other mandatory tax transparency requirements, CA ANZ is of the view that entities included in the public CBC reporting regime should be excluded from the Australian Taxation Office (ATO) corporate tax transparency disclosures to reduce the red tape burden. Given the quality of the information provided under the public CBC reporting regime, the purpose for publishing the ATO corporate tax transparency data in respect of those entities is redundant and the differences in numbers provided only causes confusion for users. We request that the Board provide this feedback to the Government when they report on the final redesign of the VTTC.

Please do not hesitate to contact Karen Liew at karen.liew@charteredaccountantsanz.com should you wish to discuss any aspect of this submission.

Sincerely,

A handwritten signature in purple ink that reads "Susan Franks". The signature is written in a cursive, flowing style.

Susan Franks

Australian Leader – Tax, Superannuation and Financial Services

Appendix

Change of classifications

The previous classification of reporters between Large (businesses with aggregated TTC Australian turnover of AUD 500 million or more) and Medium (as businesses with aggregated TTC Australian turnover of at least AUD 100 million but less than AUD 500 million) entities have been removed and the classification of reporters are now aligned with the public CbC reporting regime. This change is practical and leverages the mandatory requirements of the public CbC reporting regime. However, medium entities will be less incentivised to adopt the redesigned VTTC as there are more disclosures required, such as:

- the reconciliation of the Australian Taxation Office (ATO) Corporate Tax Transparency data
- tax policy, strategy and governance
- attitude to tax planning and risk
- qualitative disclosure of international related party dealings.

There is no disclosure distinction based on the size of the business.

Recommendation:

To encourage medium entities to adopt the VTTC, Board may want to consider reducing the disclosures required for these entities. For example, the requirement to disclose the reconciliation of the ATO Corporate Tax Transparency data could be optional. Also, a similar exemption under the public CBC reporting regime for commercially sensitive information could be provided.

Draft Appendix to the Tax Transparency Code

The Australian Accounting Standards Board (AASB) guidance in the Draft Appendix to the Tax Transparency Code, is an important element of the VTTC to ensure consistency and comparability of information. However, the Appendix remains in draft form, creating uncertainty for preparers.

Recommendation:

CA ANZ recommends the AASB guidance in the Draft Appendix be finalised by the AASB before the release by the Board of the finalised redesigned VTTC.

Reconciliation to ATO Corporate Tax Transparency Disclosures

The Draft VTTC states that the VTTC provides an opportunity for business to provide meaningful context to the information published annually by the ATO under the mandatory

corporate tax transparency measures. However, as the proposed VTTC publication timing is likely to be a few months prior to the ATO data release this may reduce the usefulness of this reconciliation. We suggest the timing of the report be made flexible to allow taxpayers to decide the timing based their reporting obligations and existing processes.

Furthermore, it may be difficult for a VTTC reporting group to reconcile their numbers with a specific taxpayer entity given the differences between accounting consolidated groups and tax consolidated groups. A reporter should have the option to provide a qualitative explanation if this reconciliation is required.

We also note that with almost 4,000 entities being included in the 2022-23 Corporate tax transparency report, it is most likely that only the information on the large businesses or high-profile businesses that would attract scrutiny from the media and public community. As the corporate tax transparency population recently increased by over 1,000 entities due to the inclusion of Australian-owned private companies with a total income of \$100 million and \$200 million being published, it is not likely that all these medium entities would be subject to media and public scrutiny and therefore need to provide this reconciliation.

Recommendation:

To be more practical, we recommend that the reconciliation to ATO corporate tax transparency disclosures be reclassified as an optional element rather than a minimum standard, allowing flexibility based on timing and relevance.

In addition, to ensure an even playing field, this requirement should be optional as non-corporate entities will not need to provide the reconciliation.

Overview for a non-public CBC reporter

Under the Overview requirement for a non-public CBC reporter, businesses should provide a list of all material subsidiaries in the group.

[Treasury Laws Amendment \(Making Multinationals Pay Their Fair Share – Integrity and Transparency\) Act 2024](#) amended the *Corporations Act 2001* to require Australian public companies (listed and unlisted) to disclose information about subsidiaries in their annual financial reports from the financial year commencing on or after 1 July 2023.

An Australian public company's annual financial report will need to include a 'consolidated entity disclosure statement' (CEDS), which either:

- discloses details of each entity within the company's consolidated group, if the accounting standards require the company to prepare consolidated financial statements, or
- if the accounting standards do not require the company to prepare consolidated financial statements, a statement to that effect.

Recommendation:

To streamline disclosures of subsidiaries in a consolidated group, where a non-public CBC reporter prepares a CEDS, the reporter should be able to provide a link to the CEDS instead of providing a list of all the material subsidiaries in the group.

Methods to promote greater awareness and increase VTTC participation

The Board could collaborate with the ATO to update the ATO Voluntary Tax Transparency Code webpages¹ to provide more information about the benefits of tax transparency e.g. how transparent tax practices can improve a business's environmental, social, governance (ESG) ratings which makes them more attractive to institutional investors and consumers. Also, being transparent about your tax practices increases public trust and reputation in your business. We note that these webpages provide factual information about the VTTC and not much market style commentary about the attractiveness of being more tax transparent.

In regard to previous ideas raised to promote greater participation, CA ANZ does not support the idea of linking VTTC participation to the award of Commonwealth Government contracts² as many smaller private businesses do not need or want to participate in the VTTC and it would unfairly penalise these businesses for not participating in a regime that is supposed to be voluntary.

¹ <https://www.ato.gov.au/businesses-and-organisations/corporate-tax-measures-and-assurance/large-business/corporate-tax-transparency/voluntary-tax-transparency-code> and <https://data.gov.au/data/dataset/voluntary-tax-transparency-code>

² Consultation question 17.4 on page 8 of the Consultation Guide