

Board of Taxation Secretariat
The Treasury – Sydney Office
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11 July 2025

Dear Sir/Madam,

Consultation Guide: Updating and Simplifying the Voluntary Tax Transparency Code

This submission provides feedback on the draft redesigned Voluntary Tax Transparency Code (VTTC).

The redesigned VTTC offers clear guidance and is well-presented, effectively distinguishing reporting requirements between 'Public CbC reporters' and 'Non-public CbC reporters', which is considered logical and clear. The example template in Appendix A is also helpful.

Despite these improvements, several significant issues could undermine the VTTC's effectiveness and voluntary adoption:

- The VTTC constitutes an additional report for most large Australian companies that is in addition to several other tax transparency reports. Currently, most companies comply with the VTTC through their Tax Transparency Reports that are released a few months after their year-end as there are administrative synergies. This will not be possible with this version of the VTTC given the resource intensity required to prepare all of the data.
- The mandatory reconciliation to ATO Corporate Tax Transparency data is a primary concern. It does not necessarily reduce duplication and introduces an additional report for the public that presents data differently from other reports for the same financial period. It creates a significant timing issue, potentially requiring businesses up to 20+ months to complete the VTTC due to the delay in ATO CTT Report publication.

Please refer to the Appendix for our response to the questions raised in the consultation guide. If you have any queries about this submission, please contact me on jenny.wong@cpaaustralia.com.au

Yours sincerely,



Jenny Wong
Tax Policy Lead
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Response to Consultation Questions

Our submission addresses the consultation questions as follows:

Structure, design and usability

1. **Is the structure and design of the draft VTTC clear and simple to follow, particularly for new VTTC participants?**

The guidance within the VTTC is considered clear and works well as it is currently presented in terms of distinguishing requirements between a public CbC reporter and a non-public CbC reporter. However, despite this clarity, the redesigned VTTC introduces an additional layer of compliance that is resource-intensive to prepare, which may contradict an objective of simplicity (see below).

2. **Do you consider the design of the VTTC, with reporting separated between 'Public CbC reporters' and 'Non-public CbC reporters', clear and logical to follow?**

Yes, the revised VTTC clearly distinguishes what overlaps with the public CbCR and then splits the requirements between public and non-public CbCR reporters. This separation is seen as logical.

3. **How can the VTTC design and structure be improved?**

A significant improvement would be the removal of the requirement to reconcile to ATO Corporate Tax Transparency disclosures. See below for more detailed response.

4. **How should the guidance material be presented within the VTTC for the best user experience? Should guidance be included under each respective reporting requirement or removed and captured in a separate Appendix?**

The current presentation of guidance material is effective. There is no need to necessarily put guidance in an Appendix, as it works well embedded within the VTTC as currently presented.

5. **Does the inclusion of the example template format for VTTC reporting and the self-assessment reporting checklist sufficiently support VTTC participants and encourage consistency in reporting? Is there any additional guidance that the Board can provide?**

The example in Appendix A is helpful.

Objectives

6. **Do you consider the objectives of the VTTC to be clearly articulated?**

There is a general understanding of the VTTC's objectives; however, the code should also explicitly acknowledge the evolving nature of tax transparency frameworks. To remain relevant and effective, the VTTC should be subject to regular review to ensure its reporting requirements remain streamlined and proportionate. This will help minimise duplication with other reporting obligations and support continued voluntary adoption.

7. **Do the updated objectives meet your understanding of the purpose of the VTTC?**

See answer to Question 6.

8. Are there any elements of the objectives that could be revised?

See answer to Question 6.

Disclosure criteria

9. Has the draft redesigned VTTC met the objective of reducing the reporting duplication and compliance burden, particularly for 'Public CbC reporters' who are required to report under the public CbCr regime?

Not necessarily. The requirement to reconcile to the ATO's Corporate Tax Transparency (CTT) data does somewhat contradict the objective of reducing the compliance burden. Most large companies provide public explanations of their CTT data shortly after the release of the ATO data. Some examples: [Tax Transparency Report for the year ended 30 September 2023](#) (See Section 7 of the NAB report) and BHP ATO Corporate Tax Transparency Disclosures FY23 [Tax and transparency | BHP](#)

10. For current VTTC participants who are required to publish reports under the public CbCr regime, do you intend to continue publishing VTTC reports as a 'Public CbC reporter' under the draft redesigned VTTC?

It may not be possible for many companies due to the resource intensity required to prepare all the data in the redesigned VTTC. The reconciliation requirement, in particular, is highlighted as something that will impact the willingness of companies to participate.

11. Do you consider the updated VTTC reporting requirements for 'Non-public CbC reporters' to be sufficiently simple and clear to encourage participation in the VTTC?

There is a view that there would be benefit of the VTTC for companies exempt from public CbC. For this group, the requirements are perceived as sufficiently simple and clear to encourage participation, particularly as they would not face the same duplication concerns as public CbC reporters.

12. When reviewing the updated VTTC reporting 'requirements' and the 'optional elements', do you consider:

12.1. The requirements and optional elements interact appropriately with other global and domestic tax transparency measures?

They interact to some degree but the VTTC constitutes an additional report for most large Australian companies that is in addition to several other tax transparency reports.

Currently, most companies comply with the VTTC through their Tax Transparency Reports that are released a few months after their year-end as there are administrative synergies. This will not be possible with this version of the VTTC given the resource intensity required to prepare all of the data.

This introduces an additional report that the general public/stakeholders will have to digest in relation to the same financial period but with data that looks different to the other reports.

12.2. Any requirements or optional elements should be removed or revised? If so, please specify.

The requirement to reconcile to ATO Corporate Tax Transparency disclosures should be removed. This reconciliation is not believed to add much value and will negatively impact companies' willingness to participate. Producing an addendum for this reconciliation is seen as another additional "backward looking" item, and including prior year data for reconciliation in the current report would be very confusing for users. It is argued that the ATO Corporate Tax Transparency Disclosures themselves should be made redundant in light of public CbCR, as they cause confusion and necessitate reconciliation within the VTTC report.

12.3. Any additional reporting requirements or optional elements should be included? If so, please specify. The interaction with Pillar 2 should be addressed within the VTTC. There is also a suggestion that

adopting the VTTC could come with a concession elsewhere, such as an exemption from the RTP, as there is already sufficient information provided to the ATO for them to assess taxpayer behaviour.

13. **Do you agree, for simplicity, that the VTTC optional elements should align with the GRI 207, or should the VTTC leverage other international reporting guidelines further?**

For public CbC reporters, there are already elements of GRI 207 that are mandatory for reporters and it would seem to make sense to leverage GRI 207 for the optional elements.

Timing and transitional issues

14. **For 'Public CbC reporters', does aligning the preparation and publication of the VTTC with the public CbC report provide the most beneficial and efficient timing option? Are there other preferred timings for publication of the VTTC?**

There is a significant timing issue. The ATO Public CbCR is due 12 months after the financial year-end, while the ATO's tax transparency disclosures are typically released 15 to 17 months after. If the requirement to reconcile to ATO's tax transparency disclosures is retained, businesses might need up to 20+ months to complete the VTTC. It is noted that current compliance with VTTC often occurs through Tax Transparency Reports released a few months after year-end for administrative synergies, but this will no longer be possible with the redesigned VTTC..

15. **Noting the first public CbC reports are due by 30 June 2026 (for 30 June reporters), what are your views or preferences for when the redesigned VTTC should first take effect?**

It is preferred that the redesigned VTTC relates to data for the FY26 financial year onwards. This timing would provide most companies with sufficient time to set up the necessary systems and processes to meet the additional reporting requirements of the VTTC, aligning with the public CbC reports for 30 June balancers being due on 30 June 2027.

16. **Do you consider inclusion of the 'reconciliation to ATO CTT' in the draft redesigned VTTC to be of value noting the proposed VTTC publication timing is likely to be prior to the ATO CTT Report publication (see below timelines)? Potential approaches to deal with this timing include:**

16.1. The VTTC requires a reconciliation of the data as an addendum to the current year VTTC report, once the ATO CTT Report is published; or

16.2. The VTTC requires the current year data to be reconciled in the following year VTTC. Do any issues arise with respect to the above approaches and which approach is preferable?

The feedback from our members is that the inclusion of this reconciliation will not add much value and will impact the willingness of companies to participate in the VTTC.

- Regarding Approach 16.1 (addendum), it introduces another additional "backward looking" item that companies would need to produce.
- Regarding Approach 16.2 (reconciliation in following year VTTC), it is believed that it will get very confusing for users of the reports if prior year data is included in the current year report. The current experience shows that reconciling these numbers can already take up a significant portion of a report (e.g., 1.5 pages out of 9 in NAB's VTT report).

17. **What methods can the Board use to promote greater awareness and increase VTTC participation, particularly for 'Non-public CbC reporters'?**

Ultimately, the uptake of the VTTC is significantly a question of "social licence". If there is a clear and valued reputational benefit in being seen as a good corporate citizen, then uptake is likely to be good. Conversely, if entities, particularly inbound companies, perceive little or no value in this reputational aspect, widespread adoption is doubtful. Indeed, some businesses have expressed uncertainty of the value of continuing to allocate resources to the VTTC given recent developments in the tax transparency landscape, with some taxpayers noting it is simply additional compliance.

The expectation that businesses will voluntarily adopt the VTTC to demonstrate responsibility appears inconsistent with the already extensive information that must be submitted to the Australian Taxation Office (ATO). Australia has numerous existing tax transparency measures, including the ATO CTT Report, R&D Tax Incentive Transparency Report, Consolidated Entity Disclosure Statements, OECD confidential country-by-country reporting, mandatory public CbCr (legislated with effect from 1 July 2024), and General Purpose Financial Statements disclosures.

To genuinely encourage adoption and engagement, particularly for companies not subject to mandatory public CbC reporting, a direct incentive should be considered. Therefore, voluntary adherence to the VTTC could be accompanied by a tangible concession elsewhere, such as an exemption from the Reportable Tax Position (RTP) schedule for example. This would provide a clearer benefit for participation beyond purely reputational considerations.

18. Do any other transitional or implementation issues need to be considered?

It is important to ensure that companies have sufficient time to set up systems and processes to meet the requirements of the VTTC.

Additional comments on the Effective Tax Rate (ETR)

While not directly posed in the consultation questions, the discussion on page 10 of the Board of Taxation's Draft Voluntary Tax Transparency Code in relation to effective tax rates – Australia and global need to be clarified.

The guidance commentary on page 10 refers to AASB developing guidance material to "establish a common definition of ETR". Whilst the commentary on page 10 does not specifically refer to the actual AASB guidance (but instead to a submission referenced in footnote 2 and 3), presumably the intention is for the guidance to be referencing AASB's [Draft Appendix to the Tax Transparency Code](#).

There's a couple of observations to note if this is the case:

- The AASB draft guidance distinguishes between the accounting ETR (tax expense (income) divided by accounting profit) and the TTC ETRs (company tax expense divided by 'accounting profit'). The "company tax expense" for TTC ETRs is a narrower concept, generally excluding taxes like Petroleum Resources Rent Tax, which are included in the broader "tax expense (income)" for accounting ETRs.
- The TTC ETRs may differ from accounting standards ETRs, and where they differ, TTC ETRs are considered Non-IFRS ratios. To avoid misleading users, these are explicitly referred to as TTC ETRs.
- The AASB guidance does not establish a single "common definition of ETR." Instead, it defines two distinct ETRs and acknowledges they may differ. It also allows for alternative profit measures for the denominator of TTC ETRs if deemed more relevant, which are also considered non-IFRS numbers. Consistency is sought by requiring presentation of both when they differ, explanation of adjustments, and clear articulation of the basis used.

It is important to clarify in the Board's guidance whether it intended to reference TTC ETR or the accounting effective tax rate as shown in financial statements.