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11 July 2025

Board of Taxation Secretariat
Board of Taxation
C/- The Treasury
Langton Crescent
PARKES ACT 2600

By email: TaxTransparency@taxboard.gov.au

Dear Board of Taxation Secretariat,

RE: Property Council of Australia submission on Voluntary Tax Transparency Code Redesign

The Property Council of Australia welcomes the opportunity to respond to the Board of Taxation's consultation on the redesign of the Voluntary Tax Transparency Code ('VTCC').

We welcome the Board of Taxation's redesign of the VTTC in response to policy developments in global tax transparency. The Property Council commend the Board of Taxation's engagement with industry in this process, and we offer our engagement and assistance during the consultation.

About us

The Property Council is the peak body for owners and investors in Australia's \$670 billion property industry. We represent owners, fund managers, superannuation trusts, developers, and investors across all four quadrants of property investments: debt, equity, public and private.

General comments

We acknowledge that the VTTC plays an important role in promoting public confidence in Australia's tax system. To date, the Australian corporate sector has committed substantial resources to providing tax transparency information, arguably to a greater extent than counterparts in many other countries.

We note that the Australian corporate sector has recently faced significant additional costs due to the introduction of new disclosure requirements. These include the consolidated entity disclosure statement, mandated as part of annual financial reporting from last year, and the implementation of public country-by-country reporting ('CbCR') commencing this year. These new obligations not only impose a substantial compliance burden and resource cost, but also fundamentally alter the scope and nature of public information disclosed by the corporate sector.

We agree with the Board of Taxation that it is appropriate that the review of the VTTC to take into account these developments, and to consider whether the additional disclosures and transparency information that has been made available has contributed to the goal of promoting public confidence in Australia's tax system.

Our recommendations

We have included our recommendations below on the redesigned VTTC.

1. Reconciliation to ATO Corporate Tax Transparency ('CTT') disclosures

While we understand that the ATO is legally required to publish certain tax information under the mandatory CTT measures (specifically: total income, taxable income and tax payable for certain taxpayers) we question whether this remains appropriate or necessary after the introduction of public CbCR.

Where the publication of this information is to be maintained, we believe that the requirement to reconcile to these data points against the data in the Tax Transparency Report should be optional, rather than a requirement.

Firstly, this requirement can be problematic in terms of when the ATO CTT report is released and the time at which entities wish to publish its Tax Transparency Report (which might be before or after publication of the CTT report).

Secondly, there are a multitude of reasons why information in financial accounts may differ from the data points included in the ATO's CTT disclosures, which in many cases means that there is little to be gleaned from such a reconciliation. This is particularly the case in the property sector, where stapled groups are quite common.

2. International Related Party Dealings Summary

In our view, any merit there may have been in disclosure of related party dealings has been superseded by public CbCR. Public CbCr reporting already requires disclosures about an entity's international related party dealings. We recommend that an international related party dealings summary should be an optional element of the Tax Transparency Report, rather than a requirement.

We note that taxpayers are already obligated under tax law to ensure cross border related party dealings are on arm's length terms, and, in some cases, domestic related party dealings. Requiring disclosure of related party dealings may unintentionally imply that businesses are not fully compliant with existing tax laws, or that the ATO's oversight of international related party dealings is insufficient. This could risk diminishing public confidence in the effectiveness of Australia's tax system, despite the strong regulatory framework already in place.

The Property Council looks forward to further engagement on this important issue to encourage greater transparency by the businesses, and to enhance the community's understanding of the corporate sector's compliance with Australia's tax laws.

The Property Council would welcome the opportunity to discuss this submission in more detail. Please contact Kathy Zhang, Policy Manager at kzhang@propertycouncil.com.au to arrange a meeting or to discuss this submission.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Antony Knepe', with a small dot at the end.

Antony Knepe
Executive Director – Capital Markets