



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Tax Laws Amendment (Implementation of
the Common Reporting Standard) Bill 2015**

Consideration of Senate Message

SPEECH

Monday, 29 February 2016

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Monday, 29 February 2016
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Questioner
Speaker Morrison, Scott, MP

Source House
Proof No
Responder
Question No.

Mr MORRISON (Cook—Treasurer) (15:12): I move:

That the amendments be agreed to.

The government supports the Senate amendments to the Tax Laws Amendment (Implementation of the Common Reporting Standard) Bill 2015. The bill is part of the government's commitment to ensure that Australia is at the forefront of the fight against tax avoidance, and avoidance both by individuals and by multinationals, as we stressed again at the meeting of the G20 on the weekend where Australia was, in fact, the leading voice when it came to what was being done to crack down on multinational tax avoidance. We received particular commendation from the OECD for the good work that we are doing in that area. This bill is part of the government's commitment to do this and the Common Reporting Standard is an international framework developed by the OECD, working with non-OECD G20 countries to tackle and deter cross-border tax evasion.

The government's bill will help ensure that all taxpayers pay their fair share of tax by requiring financial institutions to provide tax authorities with information on individuals with offshore accounts, regardless of where their financial accounts are located. The Common Reporting Standard primarily addresses tax evasion by individuals who are illegally concealing offshore investment income. The timetable in the bill for exchanging information aligns with the OECD's recommendations for jurisdictions seeking to implement the CRS as fast as can be expected and in line with other countries that are adopting the CRS.

Collaborating with other countries is essential because it is the information that they exchange with Australia which contributes to catching offshore tax evaders. The CRS complements the OECD's country-by-country report, which relates to companies and hence combats multinational tax avoidance. Australia is one of the first countries to commit to implementing country-by-country reporting with the legislation that was passed in this place last December that, regretfully, was not supported by the opposition.

The government supports the amendments passed by the Senate to ensure that provisions operate as intended. These changes correct a technical anomaly in the original bill so that statements relating to the pre-existing individual accounts that are high-value accounts as of 30 June 2017 must be reported to the tax commissioner by 31 July 2018. The changes ensure that this timing is required regardless of whether the reporting financial institution conducts its due diligence procedures for these accounts between 1 July 2017 to 31 December 2017 or 1 January 2018 to 31 July 2018. The timing provisions in the bill have been carefully crafted to ensure that we align with the OECD guidance on collection, review and exchange of information. The government also supports the proposed amendments to require the Commissioner of Taxation to publish an annual report providing aggregated de-identified data on financial holdings of foreign nationals in Australia.

Indeed, the government measure is a key initiative that sees Australia join a coalition of over 96 jurisdictions that have committed to implement the Common Reporting Standard. The standard will build on the ATO's current information exchanges. In 2014-15 total tax liabilities raised as a direct result of exchange of information with Australia's treaty partners was approximately \$255 million. People who do not comply with their Australian tax obligations undermine the integrity of the tax system. The standard will improve the integrity of the tax system by engendering confidence in the community that taxes are not being evaded. The standard will also encourage greater voluntary compliance as taxpayers will be now safe in the knowledge that it has just got a whole lot harder to hide funds offshore without the tax office tracking you down.

This legislation, along with the combating multinational tax avoidance legislation and implementing a GST on digital goods measure, shows the resolve of the government to ensure that multinational companies pay their fair share of tax on profit earned in Australia. These are measures that Labor did not pursue whilst in government and instead decided to do nothing. In addition, the government has also made a condition of foreign investment

in this country full compliance with our provisions in relation to multinational tax. This includes not engaging in base erosion, profit shifting and transfer pricing that would seek to undermine the revenue base in Australia.

We commend these amendments and we look forward to their support. But we also note that those opposite have not been fellow travellers with the government on multinational tax avoidance. They have frustrated our legislation at every turn and opposed this government's efforts, which are consistent with international practice, to ensure that multinationals pay their fair share of tax.