

## **Shining a light in dark places – Senate Committee recommendations to address corporate tax avoidance welcomed**

The Tax Justice Network Australia (TJN-Aus) has welcomed the recommendations of the interim report of the Senate Economics Committee inquiry into corporate tax avoidance.

“The Committee has made welcome recommendations to greatly increase transparency around the tax paying behaviour of multinational corporations”, said Dr Mark Zirnsak, spokesperson for the TJN-Aus. “Transparency is one of the best deterrents to corporate tax dodging.”

“The Senators on the Committee have clearly been persuaded that too many companies are getting away with dodging the taxes they should be paying in Australia”, Dr Zirnsak said. “The Senators are to be commended for the work they have done in bringing to light the extent and depth of corporate tax avoidance in Australia.”

The Committee has reported that:

- “the tax incentives afforded by overseas jurisdictions to some multinational companies are facilitating aggressive tax minimisation and erosion of Australia’s tax base”;
- artificially loading up Australian subsidiaries with debt from loans by an overseas part of the company is being used to cheat Australia out of tax revenue; and
- some companies activity avoided giving straight answers to the Senators, “this reluctance verged on contempt for the committee process” and “exhibited disdain for Australian taxpayers”.

“We call on the Treasurer to not delay in implementing the recommendations of the Committee”, Dr Zirnsak said.

However TJN-Aus would have liked to see the Committee go further in its recommendations.

“We would have like to see the Committee strongly recommend that the reports that multinational companies will have to provide on their sales, profits and taxes paid broken down by each country they are operating in be made public”, said Dr Zirnsak. At the moment these reports will only be provided in private to the Australian Taxation Office.

“We also wanted the Committee to go further and call for the Government to create a register of company ownership, to end the ability of corporations to set up front companies for the purposes of dodging tax”, Dr Zirnsak said. “The Committee should have also required companies to have to publicly reveal all their subsidiaries to remove the loophole where companies choose to avoid disclosing subsidiaries in secrecy jurisdictions”.

“We hope the Committee will go further with its recommendations in its final report”, Dr Zirnsak said. “We hope the Committee will recommend protection and rewards for whistleblowers who expose corporate tax evasion and avoidance and recommend that Australia adopt laws similar to those successfully used in the UK to require companies and their tax advisers to disclose to the tax authority any potentially dodgy tax avoidance scheme they are proposing to use.”

### **Media contact**

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For more details on the Tax Justice Network Australia go to <http://taxjustice.org.au/>

### **Background on the Tax Justice Network Australia**

The Tax Justice Network Australia (TJN-Aus) is the Australian branch of the Tax Justice Network (TJN) and the Global Alliance for Tax Justice. TJN is an independent organisation launched in the British Houses of Parliament in March 2003. It is dedicated to high-level research, analysis and advocacy in the field of tax and regulation. TJN works to map, analyse and explain the role of taxation and the harmful impacts of tax evasion, tax avoidance, tax competition and tax havens. TJN's objective is to encourage reform at the global and national levels.

The Tax Justice Network aims to:

- (a) promote sustainable finance for development;
- (b) promote international co-operation on tax regulation and tax related crimes;
- (c) oppose tax havens;
- (d) promote progressive and equitable taxation;
- (e) promote corporate responsibility and accountability; and
- (f) promote tax compliance and a culture of responsibility.

The current members of TJN-Aus are:

- ActionAid Australia
- Aid/Watch
- Australian Council for International Development (ACFID)
- Australian Council of Trade Unions (ACTU)
- Australian Education Union
- Anglican Overseas Aid
- Baptist World Aid
- Caritas Australia
- Columban Mission Institute, Centre for Peace Ecology and Justice|
- Friends of the Earth
- Global Poverty Project
- Greenpeace Australia Pacific
- Jubilee Australia
- National Tertiary Education Union
- New South Wales Nurses and Midwives'
- Oaktree Foundation
- Oxfam Australia
- Save the Children Australia
- SEARCH Foundation
- SJ around the Bay
- Social Policy Connections
- Synod of Victoria and Tasmania, Uniting Church in Australia
- TEAR Australia
- Union Aid Abroad – APHEDA
- UnitedVoice
- UnitingWorld
- UnitingJustice
- Victorian Trades Hall Council
- World Vision Australia