

Dear Senators Lambie, Tyrrell and Payman,

We, the undersigned civil society organisations and individuals from around the world are writing to express our strong support for Australia's proposed legislation to introduce public country-by-country reporting requirements for major multinational corporations through Schedule 4 of the *Treasury Laws Amendment (Responsible Buy Now Pay Later and Other Measures) Bill 202*. We are deeply concerned over the attempts by the main opposition party to do the bidding of the lobbyists for the multinational corporations in seeking to weaken Schedule 4. We urge you to reject the proposed amendments from the Opposition.

In particular, we urge you to reject the Opposition's attempt to insert a mechanism to provide the multinational corporations with a self-assessment mechanism where they can declare any information as "commercially sensitive information", to be revealed only in five years. Such a clause will undoubtedly be abused by multinational corporations involved in tax avoidance and profit shifting.

The basic transparency provided by country-by-country reporting does not enter into areas of commercial sensitivity. No such mechanism is therefore required – and nor could it legitimately be used by companies. There is zero evidence to suggest that any multinational is commercially dependent on hiding the location of its economic activity from the public, or its competitors.

There is, however, abundant evidence of multinationals having hidden cross-border tax abuse schemes in such a way as to generate an unfair advantage over others. Those who lose out when such schemes remain hidden include the small and medium-sized businesses, which are responsible for the majority of Australia's employment and economic value added and typically do not participate in such schemes.

The path towards public country-by-country reporting has been a long one. In the early 2000s, civil society organisations coalesced around specific proposals to require this basic transparency from multinational corporations around the location of their real economic activity, where their profits are declared and where tax is paid. A decade later, the G20 and G8 groups of countries instructed the OECD to introduce such a reporting requirement. The OECD did so but introduced a number of technical flaws and also left the requirement only for private reporting to certain tax authorities. These flaws included depriving other authorities and the wider public access, despite the evidence that such scrutiny alone has significant benefits through raising the effective tax rates that multinational enterprises actually pay.

Since then, the UK has legislated (in 2016) to require the reporting to be public – but unfathomably, has yet to implement it. The European Union has now required public reporting from this year, for a range of jurisdictions including all EU member states. The proposed Australian legislation is superior because, while it does not yet extend to every jurisdiction, it aligns the reporting with the Global Reporting Initiative (GRI) standard. The GRI standard is technically far more robust than the OECD standard and is already the basis for voluntary, public reporting by a range of the world's largest multinational corporations. In the US, investors with more than US\$2.3 trillion in assets have recently filed a formal petition with the US financial regulator Securities and Exchange Commission demanding a rule to require public country-by-country reporting in line with the GRI standard.

The Australian legislation is, therefore, world-leading and an important step towards placing multinational enterprises on a level playing field for transparency with smaller, domestic businesses that generally file public accounts. It will contribute to reduced tax abuse by multinational corporations both in Australia and around the world and to a more level playing field for smaller businesses on tax too. We urge you to support the unamended text.

Organisational Signatories

ACOSS (Australia)
Alliance Sud (Switzerland)
ANMF NSW Branch / NSW Nurses & Midwives Association (Australia)
Arab NGO Network for Development (ANND) (International)
Attac Austria
Australian Council of Social Service
CPSU-SPSF (Australia)
CICTAR (Centre for International Corporate Tax Accountability & Research) (International)
DeJusticia (Centro de Estudios de Derecho, Justicia y Sociedad) (Colombia)
Christian Aid (UK)
FACT Coalition (US)
Fair Tax Foundation (UK)
Financial Justice Ireland
Finnwatch (Finland)
Global Social Justice (Switzerland)
Oxfam Australia
Oxfam Denmark
SJ Around the Bay (Australia)
Tax Justice Network Australia
Tax Justice Netherlands
Tax Justice Norway
The Australia Institute
Uniting Church in Australia, Synod of Victoria and Tasmania
War on Want (International)

Individual Signatories

Bruno Gurtner, Retired Economist, former Chair Tax Justice Network
Jayati Ghosh, Co-Chair, Independent Commission for the Reform of International Corporate Taxation and Professor, University of Massachusetts Amherst, USA
José Antonio Ocampo, Professor of International and Public Affairs, Columbia University
Saul Zenteno Bueno, Facultad Latinoamericana de Ciencias Sociales Sede Ecuador
Hamish Clarke, University of Melbourne
Henrique Alencar, Oxfam Novib