

Inquiry into Corporate Tax Avoidance and Minimisation

October 2014

On Thursday 2 October 2014 the Senate established an inquiry into corporate tax avoidance and minimisation. The Inquiry will be conducted by the [Senate Economics References Committee](#) for report by the first sitting day of June 2015.

The inquiry was proposed by the Australian Greens and was supported by the Opposition, the Palmer United Party, Nick Xenophon and John Madigan.

The Government, the Family First Party and the Liberal Democratic Party opposed the inquiry.

In establishing the Committee, the Senate noted the recent release of the [Who Pays for our Common Wealth?](#) report by the Tax Justice Network and United Voice, which found that of Australia's largest 200 companies, 29 per cent have an effective tax rate of 10 per cent or less, and 14 per cent have an effective tax rate of 0 per cent.

International tax avoidance and minimisation issues are also on the agenda for November's G20 meeting hosted by Australia. The OECD provided [recommendations to the G20](#) at the recent Finance Minister's meeting held in Cairns.

The Senate urged the Government to act on corporate tax avoidance and minimisation in Australia immediately, including acting on matters put in place by the previous government and discontinued by the current Government. It called on the Government to introduce legislation that requires Australian corporations to disclose all foreign subsidiaries in their financial statements, and to not just wait for the G20 in November 2014.

The Committee is yet to establish a timetable for submissions to and hearings for the Inquiry. This paper will be updated as the Committee's deliberations progress.

The Hawker Britton Occasional Paper on Parliamentary Committees is available [here](#).

Terms of reference

The Committee will inquire into tax avoidance and aggressive minimisation by corporations registered in Australia and multinational corporations operating in Australia, with specific reference to:

- (a) the adequacy of Australia's current laws;
- (b) any need for greater transparency to deter tax avoidance and provide assurance that all companies are complying fully with Australia's tax laws;
- (c) the broader economic impacts of this behaviour, beyond the direct effect on government revenue;

- (d) the opportunities to collaborate internationally and/or act unilaterally to address the problem;
- (e) the performance and capability of the Australian Taxation Office (ATO) to investigate and launch litigation, in the wake of drastic budget cuts to staffing numbers;
- (f) the role and performance of the Australian Securities and Investments Commission in working with corporations and supporting the ATO to protect public revenue;
- (g) any relevant recommendations or issues arising from the Government's White Paper process on the 'Reform of Australia's Tax System'; and
- (h) any other related matters.