



## THE TAX INSTITUTE

THE MARK OF EXPERTISE

10 April 2015

Evan Bitmead  
New Measures and Government Relations  
Public Groups and International  
Australian Taxation Office

By email: [ReportingEntityInfo@ATO.gov.au](mailto:ReportingEntityInfo@ATO.gov.au)

Dear Mr Bitmead

### **Tax secrecy and transparency**

The Tax Institute welcomes the opportunity to make a submission to the Australian Taxation Office (**ATO**) in relation to the *Tax secrecy and transparency: administrative arrangements for reporting entity information – ATO consultation paper March 2015 (Consultation Paper)*.

We set out below our responses to the questions in the Consultation Paper.

### **Responses to consultation questions**

1. *Would you prefer option 1 or option 2 to be adopted for reporting information contained in amendments requested by entities?*

The Tax Institute prefers Option 1.

The Commissioner has discretion as to whether to publish information provided by an entity to correct an error in its return. Two options are provided in the Consultation Paper on when the discretion should be exercised. The discretion should be exercised according to Option 1, where amendments to the return which are processed by the ATO before the reporting cut-off date would be published. This option should rarely result in corrections to the report, resulting in lower compliance costs and less delay in publishing the report than would be expected under Option 2. Under Option 2, the Commissioner would publish amendments requested before the reporting cut-off date (for example amendment requests made by the entity during the confirmation process) which have not been processed by the ATO at cut-off date.

2. *Do you agree the report should be a final report (that is, it will not be updated to reflect amendments you request after the reporting cut-off date)?*

Yes, for the reasons noted in response to Question 1.

3. *Do you want the opportunity to confirm your entity's information before it is reported?*

Yes, entities should be given an opportunity to confirm the information correctly reflects what was reported in their tax return, before it is published.

*4. Is three weeks a reasonable period for entities with concerns regarding the accuracy of the information to contact us?*

Three weeks is generally a reasonable period, given the limited scope of the review required.

*5. Should the information presented in a different way?*

The Tax Institute does not propose an alternative to the presentation of this information.

*6. What issues do you want the guidance material to explain?*

The guidance material should include a statement explaining that information disclosed for tax consolidated groups may not reflect the information published by a group for corporate law purposes. For example, a corporate group as described in the financial accounts lodged with the Australian Securities and Investments Commission (**ASIC**) would capture the income of subsidiaries that are majority owned by the head company, whereas a consolidated tax return would only capture wholly owned subsidiaries.

It is imperative that the guidance material clearly articulates the source of the information from the particular labels of the corporate tax return and the link to accounting concepts. For example, amounts disclosed as total income would include all gross amounts included in the statutory accounts of the group which may include non-assessable or exempt amounts as well as revaluation and other accounting gains as required under accounting standards. We suggest the guidance material contains a number of examples in explanation or otherwise highlight this issue.

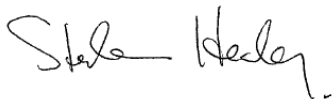
We support the proposed statement in the guidance material explaining some of the factors which may result in a difference between accounting income and taxable income for the same entity.

*7. Are there any other steps we could take to minimise the scope for misinterpretation of the reported information.*

We have no further steps to suggest.

If you would like to discuss any of the above, please contact either me or Thilini Wickramasuriya, on 02 8223 0044.

Yours sincerely



Stephen Healey  
President