

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio

Inquiry into the Treasury Law Amendment (Tax Accountability and Fairness) Bill 2023

Department: Department of the Treasury
Topic: Summary data on confidential settlements
Reference: Spoken
Senator: Barbara Pocock

Question:

Senator BARBARA POCOCK: I'm sorry if I've missed this, but could you give me the definition of 'significant global entity'. What does that mean? I understand that's a significant definition in these changes.

Ms Koit: Broadly, it covers partnerships, trusts and corporate entities with an annual turnover of \$1 billion.

Senator BARBARA POCOCK: Thank you. I want to go to a different kind of topic which might be a bit left field. I'm interested in the transparency possibilities and issues around confidential settlements. Some time ago the ATO's Deputy Commissioner for Public Groups, Rebecca Saint, pointed out in a speech at an international tax conference that disclosure of tax disputes to the community could benefit from greater transparency. I notice that the public gets a bit of a look at the summary data on confidential settlements, and I'm just wondering whether any work or thinking has been done in Treasury about an additional tool for transparency which might give us more insight as a community about confidential settlements, who they apply to, the terms and conditions and the scope of them. It seems to me an underutilised mechanism. I'm sorry if that's a bit left field because it's not in the current set of amendments, but I'm curious about it.

Mr Maher: Sorry, that one is a bit too left field for us to have prepared for, but we're very happy to take that on notice and, if there's anything we can provide, come back to you as soon as possible.

Senator BARBARA POCOCK: Thank you. I think it is important down the track. I'm curious about what you might give as background information on it, at least.

Answer:

Treasury is aware of the speech by Ms Saint (referred to in the question) and the broader public discussion around the appropriate level of transparency for settlements reached between taxpayers and the ATO.

As the release of details of particular settlements would involve disclosing the tax affairs of individual taxpayers, raising issues of privacy and commercial confidentiality (both protected by tax secrecy rules), the ATO encourages large businesses to publicly disclose when they enter into settlements with the ATO as a corporate transparency initiative. Taxpayers are free to discuss publicly their own affairs in a way that can best manage any privacy or commercial confidentiality issues.

In addition to the immediate reforms to the tax secrecy laws the Government introduced in the Treasury Laws Amendment (Tax Accountability and Fairness) Bill 2023 (passing through Parliament on 16 May 2024), the Government has also tasked Treasury to undertake a review

of the secrecy provisions that apply to the ATO and TPB to consider whether there are further circumstances in which it is in the public interest for information obtained by the ATO or TPB to be shared with other regulatory agencies. Treasury has commenced work on the review intends to release a discussion paper for public consultation later this year.