

Additional Comments by Labor Senators

1.1 Labor Senators welcome the intention of the legislation and note the support of the Australian Labor Party.

1.2 Labor Senators draw attention to the Government's inconsistency in relation to the issue of multinational tax avoidance. After voting against the previous Labor government's measures, the Coalition government proceeded to water down tax transparency measures and refused to implement outstanding measures aimed at closing tax loopholes that had been announced by the previous Government.

1.3 Subsequent efforts by the Abbott-Turnbull governments to address multinational tax avoidance have been patchy and belated, lagging behind the expectations of the Australian community that multinational companies pay their fair share of tax, and behind measures announced by the Labor Opposition. The Diverted Profits Tax only raises one-eighth of the revenue that proposals taken to the 2016 election by Labor to close debt deduction loopholes would have collected. The Coalition still refuses to legislate such debt deduction changes, preferring to focus on handing a \$50 billion company tax cut to the very companies it claims to be targeting with this legislation.

1.4 Labor Senators note that this legislation was rushed in an effort to meet the Treasurer's self-imposed deadline of introducing the legislation to Parliament before the end of the 2016 parliamentary sitting year. The Treasurer missed this deadline. Labor Senators note that additional consultation on the draft legislation was conducted, with submissions and representations not publicly disclosed.

1.5 The Government has now imposed a very tight implementation deadline on affected parties, including government agencies such as the Australian Taxation Office.

1.6 As such, Labor Senators note submissions recommending the Australian Taxation Office or the Senate Economics References Committee review the legislation in a reasonable timeframe (e.g. within three years) to ensure the Diverted Profits Tax is operating as intended and address any unintended consequences of the legislation, and urges the Government to support such a review.

Senator Chris Ketter
Deputy Chair

Senator Jenny McAllister
Senator for New South Wales

