

CEO Update – November 2017

Dear Stakeholders,

The Board of Taxation recently held its eighth meeting for 2017 - in Perth, on 19 October 2017. The focus of this meeting was to discuss the Board's stocktake of reports, current projects and Sounding Board ideas. The Board also reviewed its future pipeline of projects.

The Board's meeting was hosted by EY in Perth, and included an information session and discussion over lunch with the partners and clients of EY and the Board's Advisory Panel and stakeholders. Thank you to everyone for your attendance and insightful contributions about operation of the tax system.

During our visit:

- KPMG hosted a function with the Board, Treasury and stakeholders including Chief Financial Officers and Heads of Tax;
- The Western Australian branch of the Tax Institute also hosted a roundtable meeting with members of the Board to discuss the Board's work.

Some additional detail on the progress of the Board's work is set out below.

Pipeline of possible projects

The Board discussed the scope and content of a number of possible projects, including:

- A review of small business tax concessions;
- A comparison of the taxing rights for real property under Australia's double tax agreements and domestic laws;
- Certain compliance issues relating to taxation in agriculture;
- New tax measures to promote innovation; and
- Tax settings and digital disruption.

Please contact the Board if you would like to share your views or be involved in any of these projects should they progress. Thank you to our stakeholders who have already reached out to express an interest in being involved in these projects.

Contingent consideration

The Working Group continues to draft a working paper on the contingent consideration project. This paper includes a post-implementation review of the earnout provisions introduced in 2016 as well as a review of tax outcomes for transactions that do not fall within these provisions but involve elements of contingent consideration.

Definitions under State and Federal tax laws

The Board's recent report – *Board of Taxation Study – Differences in core definitions and concepts between state, territory and federal tax laws* is now published on the Board's website, and can be found at: <http://taxboard.gov.au/consultation/board-of-taxation-study-differences-in-core-definitions-and-concepts-between-state-territory-and-federal-tax-laws/>.

Black Economy Taskforce

The Board received an update from the Chair on the ongoing work of the Black Economy Taskforce (the Taskforce). The Chair thanked the Board for its significant contribution to the Taskforce.

Sounding Board

The Board discussed a number of Sounding Board ideas that were allocated to Board members for further investigation – refer to the previous CEO Update for details. Please see the Sounding Board site for an update on how ideas are progressing – <https://taxboard.ideascale.com/>. The Sounding Board continues to be a standing agenda item for every Board meeting.

Stocktake of Reports

The Board discussed the stocktake of its reports and recommendations and the feedback (to date) received about potential priorities for reform. The Board is still receiving feedback from stakeholders to understand which (if any) of its outstanding reports and recommendations continue to be a priority for reform for the tax and business community. Meetings are scheduled for 30 October and 1 November in Melbourne. Stakeholder feedback will be collated for the purposes of the Board's report back to the Minister for Revenue and Financial Services.

This is an opportunity to identify outstanding priorities for the tax and business community and improve tax certainty surrounding these measures. Please contact the Board if you would like to contribute or share your views.

Tax Transparency Code

The Board noted that 114 organisations (including Government Business Enterprises and foreign companies) have now indicated their intention to adopt the Code – the set of principles and minimum standards to guide the disclosure of tax information by businesses. A register of signatory organisations can be found at: <http://taxboard.gov.au/current-activities/transparency-code-register/>. The Board noted that 83 organisations have now published their transparency reports under the Code, as at the time of the meeting.

The Board will be selecting a number of published transparency reports for review to confirm what tax information and transparency approaches the Code has encouraged and to identify any areas of disclosure that may warrant further guidance. Where the Board considers that any transparency reports could be improved, we will be writing to the organisations concerned. The Board is committed to supporting and enhancing the community's understanding of the Code's principles and standards. This includes both organisations that publish transparency reports and those that wish to read them.

If your organisation has published a report, we may contact you to discuss it.

The Board encourages you to adopt the Code and support and assist your clients to adopt it. It is as simple as sending us an email setting out your groups' intentions! For further information on the Code or to register your intention to adopt it, please contact us at taxboard@treasury.gov.au.

