

## [Home](#) - [Case studies](#)

# Our Policy

## Worldwide Gearing Ratio

*Tax deductions will be based on a company's entire global operations, not just what they do in Australia.*

Labor is proposing to amend the current thin capitalisation rules to reduce the amount of debt that multinational companies can claim deductions for in Australia. Companies will no longer be able to claim up to a 60 per cent debt-to-equity ratio for their Australian operations. Instead, deductions will be assessed on the debt-to-equity ratio of a company's entire global operations. This means that if a company has an average 30 per cent debt-to-equity ratio across its different subsidiaries, it will only be able to claim tax deductions up to that level.

Show your support

## No Tax Cut for Billion-Dollar Multinationals

*Labor supports small businesses, not tax cuts for billion dollar multinational firms.*

The Government has proposed a \$50 billion tax cut for banks and multinationals. Labor will stop this tax cut for the big end of town. Labor believes this revenue should be used to fund schools, protect families and improve the budget bottom line.

Show your support

## Hybrid Mismatches

*Standardising our tax law with other countries so that companies can't "double-dip".*

In 2015, Labor proposed to better align Australia's rules on hybrid entities and instruments with tax laws in other countries. Standardising the rules will reduce opportunities for companies to "double-dip" by claiming tax exemptions in one country and tax deductions in another. We note the Liberals are following our lead in accepting the Board of Taxation recommendations on implementing this reform.

Show your support

## Increased ATO Compliance

*Improving compliance with the ATO by providing effective funding.*

Labor is proposing that the Australian Tax Office has the resources it needs to properly investigate and pursue multinational profit shifting. Evidence in Senate estimates, and from the Australian Tax Commissioner himself, showed additional compliance from the Tax Office is yielding greater revenue from multinationals. Evidence in House estimates shows investing in the ATO can yield up to \$6 for every \$1 invested.

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## Increased Penalties for Non-Compliance

*Increase penalties for non-compliance with country-by-country reporting.*

It is simply wrong that the current penalty for failing to file country-by-country reports is a mere \$5400 – less than you get for streaking across the SCG. Labor will increase that penalty 50 times. Should a company continue non-compliance after the maximum fine is reached, the Commissioner of Taxation would be empowered to conduct a broad review of the company's tax affairs.

Show your support

## Restore Public Reporting Integrity

*Restore the \$100 million threshold for reporting the tax affairs of large private firms.*

Labor's original threshold was watered-down in a dirty deal between the Coalition and the Greens last year, with 600 companies being shielded from public scrutiny as a result. This reform brings them back in line with public companies.

Show your support

## Public Register of Beneficial Ownership

*Obligation to disclose the beneficial ownership for Australian legal identities.*

Labor will ensure that the G20 principles Australia committed to at the G20 summit in Brisbane in 2014, which are based on guidance from the Financial Action Task Force, are implemented fully and quickly to ensure that Australia cannot be used as a destination for money-laundering, tax evasion, terrorism financing or other criminal behaviour.

This will be achieved by establishing a publicly accessible central registry of the beneficial ownership of companies, trusts and other corporate structures.

Show your support



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Authorised by G Wright, Australian Labor Party, 5/9 Sydney Ave, Barton ACT 2600