



**The Group of 100 Incorporated**

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The Treasury  
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Dear Sir/Madam,

### **DIVERTED PROFITS TAX (DPT)**

The Group of 100 {G00}, Australia's peak body for CFOs, notes the release of the consultation paper on "Implementing a Diverted Profits Tax."

The G100 supports the stated objective of improving the competitiveness of the Australian tax system to support investment and growth, and is supportive of legislation and processes that ensure Australian and multi-national corporations meet their taxation obligations.

The G100 notes that Australia is part of a global programme to combat Base Erosion profit Shifting ({BEPS}) and considers that the DPT legislation is part of this programme.

However, we have significant concerns over the use of the "80% test" in the effective mismatch requirement. This is in the light of Australia's current comparatively very high corporate tax rate. The use of 80%, which we understand was the rate used in the UK where the corporate tax rate is far lower, would encompass many of Australia's trading partners which would not usually be described as tax havens – including the UK.

The G100 would recommend that the use of this rate and a review of whether it would encompass many ordinary commercial arrangements, which we understand not to be the intent of this legislation, be further reviewed.

Sincerely,  
**Group of 100 Inc.**

Andrew Porter  
Chair – Tax Working Group