



In his speech to the Australian federal parliament on 12 May 2015 in support of the Bill for the 2015 Budget, Treasurer Hockey announced that with effect from 1 January 2016, OECD transfer pricing documentation standards will apply to multinational corporations with global annual income of AUS\$1 billion or more.

In order to implement the initiative the Australian Taxation Office (ATO) will receive the following information on large companies that operate in Australia:

- A Country-by-Country Report showing information on the global activities of the multinational, including the location of its income and taxes paid.
- A master file containing an overview of the multinational's global business, its organisational structure and its transfer pricing policies.

- A local file that provides detailed information about the local taxpayer's intercompany transactions.

Together, these reports will provide the ATO with a global picture of how multinational entities operate, assisting it to identify multinational tax avoidance.

The government will provide the ATO with AUS\$11.3 million over the forward estimates period to implement the new standards. This measure is estimated to have an unquantifiable gain to revenue over the forward estimates period¹.

HFW will provide an analysis of the possible effect of the application of these transfer pricing policies in subsequent Briefings to ensure that industry stakeholders are aware of relevant issues.

Our Australian offices have extensive experience in advising clients in the global shipping and commodities industry on revenue issues impacting their business operations in Australia.

¹ See Budget 2015 – 16, Budget Measures, No. 2, page 15 available here: http://www.budget.gov.au/2015-16/content/bp2/download/BP2_consolidated.pdf



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