

11 February 2015

Michael Atfield  
Acting Secretary – The Board of Taxation  
c/The Treasury  
Langton Crescent  
CANBERRA ACT 2600

By email: [taxtransparency@taxboard.gov.au](mailto:taxtransparency@taxboard.gov.au)

Dear Mr Atfield,

## **Re: Infrastructure Partnerships Australia’s submission to the Board of Taxation consultation paper – A tax transparency code**

Infrastructure Partnerships Australia (IPA) welcomes the opportunity to provide feedback on the Board of Taxation’s December 2015 consultation paper, titled *A tax transparency code*. IPA supports tax transparency and acknowledges the important role that tax transparency plays in improving community confidence in the tax system and improving the environment for tax reform. It should also be noted that many of IPA’s members already publish substantial information in relation to taxes, for example, through their published financial statements.

We also acknowledge the extensive consultation that has already been undertaken by the Board of Taxation on this issue. Many of IPA’s members would be considered large business for the purposes of the consultation paper and, as such, would be subject to the higher requirements. We therefore request that we continue to be involved in consultations on this important topic going forward.

In terms of the substantive issues covered in the paper, IPA supports the Board of Taxation’s view that the calculation of a company’s effective tax rate should be in accordance with accepted accounting standards and not by reference to the ATO’s “effective tax borne” methodology.

We note that, in respect of infrastructure projects in particular, the focus on “total income” rather than profit will make the disparity between total income and taxable income particularly stark. Although infrastructure projects may have significant total income, they also have significant costs/outlays.

Furthermore, if the voluntary tax transparency code is to be in operation for the 2015-2016 financial year, we encourage its timely implementation, to allow companies to put in place appropriate compliance and data capture systems.

Finally, we recognise the role that peak bodies like IPA play in educating the community about the business tax system. We will continue to work to assist the community and policymakers to better

understand misunderstood tax concepts, particularly those relevant to infrastructure projects, for example:

- the important role of transparent entities such as trusts;
- the effect of timing differences on tax payments, especially in relation to depreciation on asset intensive projects and in respect of capitalised interest; and
- the relevance of tax losses and the incidence of these in the early part of a project's life cycle.

Should we be able to provide additional information please contact Zoe Peters on (02) 9152 6024.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Brendan Lyon', with a stylized flourish at the end.

**BRENDAN LYON**

CHIEF EXECUTIVE OFFICER