



THE TAX INSTITUTE

1 December 2020

Ms Maryanne Mrakovcic
Deputy Secretary Revenue Group
The Treasury
Langton Crescent
PARKES ACT 2600

By email: maryanne.mrakovcic@treasury.gov.au

Dear Ms Mrakovcic,

Corporate tax residency

The Tax Institute made a submission to the Board of Taxation in relation to the paper released in December 2019 and entitled Corporate tax residency – Options Paper. Subsequently, the Institute also had meetings with the Board of Taxation to discuss our position and the recommendations made by the Board of Taxation.

In the Federal Budget 2020-21, the Government announced that it will make technical amendments to clarify the corporate tax residency test. The Government will amend the law to provide that a company that is incorporated offshore will be treated as an Australian resident for tax purposes if it has a 'significant economic connection to Australia'.

This test will be satisfied where the company's:

- core commercial activities are undertaken in Australia; and
- central management and control is in Australia.

The purpose of this letter is to express the Institute's desire to be involved in any consultation process in relation to this measure. The Institute considers that it is vital that a comprehensive consultation process is undertaken before this measure is implemented. Further, the Institute considers that any legislation released in relation to this measure should be released in exposure draft form to facilitate a comprehensive consultation process.

If you would like to discuss any of the above, please contact either myself or Tax Counsel, Angie Ananda on 02 8223 0000.

Yours faithfully,

Scott Treatt
General Manager
Tax Policy & Advocacy