ENSURE MULTINATIONAL COMPANIES PAY THEIR FAIR SHARE OF TAX

A faulty global tax system is one of the key reasons economic inequality continues to spiral out of control. Australia should join with other countries and demand that multinational companies are more transparent about their finances and pay their fair share of tax.

All countries need to ensure tax is collected and spent wisely — it's part of being a good global citizen. It is also increasingly important for them to be able to generate income from enormous profits being made by multinational companies. Yet, too often these companies are shifting funds to tax havens or low-tax countries to avoid paying their fair share of tax in the territories in which they operate. The recent release of the Panama Papers, revealing pervasive tax avoidance among the world's elite, has highlighted these practices further.

Whether at home or abroad in developing countries, tax evasion and *minimisation* means there is less money to spend on health, education and economic development. National and global action is needed now to stop these harmful practices.

WHAT THE AUSTRALIAN GOVERNMENT SHOULD DO

MAKE TAX TRANSPARENT AT HOME AND ABROAD.

Introduce legislation that ensures multinational companies with an income of \$250 million or more and function in or from Australia, report publicly on their incomes, employees, profits earned and taxes paid in every country in which they operate.

CURB IRRESPONSIBLE USE OF TAX HAVENS.

Consult with the International Monetary Fund (IMF) and the Organisation for Economic Cooperation and Development (DECD) to develop a list of tax havens and legislate to stop companies using these havens to avoid paying their fair tax share. The burden of proof should be on companies to demonstrate they have a legitimate reason for investing in a tax haven.

SUPPORT GLOBAL ACTION TO END TAX DODGING.

Oxfam, along with many other international observers and experts, believes that a global tax body is the best way to end the use of tax havens to dodge tax. The "Global Tax Platform" presented by the IMF, OECD, and the World Bank, is one such mechanism. We are calling on the Australian Government to take leadership in curbing tax dodging, and to take an active role to involve developing countries in such a platform.

MAKE MULTINATIONAL OWNERSHIP PUBLIC INFORMATION.

Deliver on the commitment to establish a public registry of beneficial owners of companies, and ensure that the registry covers all companies operating in and from Australia. It should be illegal for an Australian to act as a front person of a shell company where the real owner or controller of the company is hidden. It should also be illegal for an Australian to own or control a company where they have not disclosed that fact. It's time for the Australian Government to act.

SHARE WHAT WE KNOW.

Ensure the Australian Taxation Office and other appropriate agencies share country by country financial reports of companies with relevant developing country governments beyond the OECD automatic information exchange arrangements.

WHY

Extreme inequality — the gap between the rich and the poor — is rising and threatening to undo the progress made in tackling poverty over the past 20 years.

The world's richest 62 people — who own some of the biggest multinational companies — have as much wealth as the poorest 3.6 billion people. In Australia, the richest 1% are as rich as the poorest 60% of Australians.

One of the ways this inequality is created, sustained and exacerbated is corporate tax avoidance and evasion. This is money that could have gone towards schools, hospitals, essential infrastructure and social services. Estimates are that the poorest nations lose more than \$100 billion annually through the tax avoidance and tax dodging practices of multinational companies.

Everyone should benefit from big companies making big profits and paying fair taxes. That's why the income, employees, profits and the taxes paid by large multinational companies should be public information for all to see.

Despite talking tough, Australia is dragging its feet on tax transparency, with recent new laws only applying to a few

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big companies. These laws still do not require them to make enough information public about their global activities. Right now, it is too easy for multinational companies operating in or from Australia to dodge taxes by using loopholes in legislation and shifting money to tax havens.

Only by making information public can the Australian community — and communities abroad — get the full picture on whether or not companies are paying their fair share of tax.

There is fair precedent for this sort of transparency. Following widespread involvement of civil society organisations, legislation came into force in 2013 requiring European banks to publish information on their profits, turnover, staff, tax paid and subsidies received in each territory in which they are established, including tax havens.

When implemented, the Dodd-Frank legislation, passed in the United States (US) in 2010, will require all mining, oil and gas companies listed on US stock exchanges — including Australian mining giants — to report on taxes paid to governments in the countries in which they operate. Canada has implemented similar reporting standards for extractive companies to support development in the countries where they operate and make it harder to conceal illicit payments. Australia has also committed to making ownership information on companies available on a public register through a pledge at the Group of 20 (G20). Shell companies with front people are used as vehicles for all sorts of harmful and criminal activities, from tax evasion, money laundering and illicit arms dealing to funding terrorism.

ABOUT OXFAM

Around the world, one person in three lives in poverty. Oxfam is determined to change that by mobilising the power of people against poverty. Globally, Oxfam works to find practical, innovative ways for people to lift themselves out of poverty and thrive. We save lives and help rebuild livelihoods when crisis strikes. And we campaign so that the voices of poor people influence the local and global decisions that affect them. In all we do, Oxfam works with partner organisations and alongside vulnerable women and men to end the injustices that cause poverty.

Oxfam Australia, a partner of the Australian Government, is an independent, not-for-profit, international development organisation. We have more than 550,000 supporters in Australia who contribute skills, time and financial support to advance our work in Australia and around the world.

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