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Australia takes step to tackle multinational tax dodging

Micah Challenge welcomes Treasurer Joe Hockey's announcement that Australia will, along with other countries, implement Automatic Exchange of Information on Tax Matters as part of the new global standard.

Micah Challenge Australia National Director, John Beckett, stated, "The Treasurer is right to be concerned about the fairness of the international tax system, and about the ability of multinationals and high wealth individuals to avoid or evade tax. This kind of tax dodging affects all nations, including Australia. However, developing countries are hurt the most and are robbed of the vital revenue they need to reduce poverty and achieve sustainable human development."

"Highly conservative estimates show that poor nations lose more than \$160 billion each year from just two forms of illegal corporate tax evasion, which is substantially more money than they receive annually in foreign aid," said Mr Beckett.

The Treasurer has committed to announcing Australia's plan to implement Automatic Exchange of Information (AEOI) at the G20 Finance Ministers' Summit in Cairns on 20–21 September.

Implementing this new global standard will allow countries to automatically receive information when their citizens set up bank accounts or make investments in another country. International experience has shown that AEOI cuts down on tax dodging by individuals and corporations. With appropriate, privacy safeguards, AEOI makes it easier for countries to identify legitimate international banking needs and what may be illegitimate tax evasion.

Micah Challenge has concerns, though, that the poorest countries may not be in a position to make use of the global standard and calls on the Treasurer – as chair of the G20 finance ministers' meeting – to ensure that they are adequately supported to make use of AEOI and other measures to tackle tax dodging by multinational corporations.

Mr Beckett said, "We strongly endorse this announcement by the Treasurer. However it is only a first step, and more can be done in the lead up to the G20. Multinational corporations should be required to publish accounts that outline their operations, income, expenditure, taxes owed and taxes paid for every country in which they operate. This will allow for governments to better hold multinationals accountable for paying their fair share of tax and citizens would be better able to hold governments accountable for using this tax revenue to reduce poverty."

The US already requires this country-by-country reporting for oil, mining and gas companies, and the European Union will soon require it for European banking and finance corporations.

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Available for Media Interviews:

- **Ben Thurley** – Political Engagement Coordinator for Micah Challenge Australia
- **John Beckett** – National Director for Micah Challenge Australia

Media Enquiries:

Ben Thurley - Political Engagement Coordinator

P: (02) 9356 8500 | M: 0431 985 009 | E: ben.thurley@micahchallenge.org.au