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TREASURY MINISTERIAL BRIEF

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PDR No. MB16-000183

5 May 2016

Minister for Small Business and Assistant Treasurer cc: Treasurer

TAX CONSIDERATIONS AND GOVERNMENT PROCUREMENT (RELATES TO MINISTERIAL NO. MC16-007659)

Timing: At your convenience.

KEY POINTS

- On 17 March 2016, you received ministerial correspondence from Mr John Anastasiou, Managing Director of Mercury group of companies. The correspondence raised the issue of procurement policy, proposing that procurement considerations should take into account the amount of tax a company pays in Australia.

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- The measures in the Government's Tax Integrity package announced in the 2016-17 Budget, as well as the recently enacted Multinational Anti-Avoidance Law and GST on digital imported services and goods which recently passed Parliament, will help to ensure that economic activity taking place in Australia is taxed in Australia.

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Contact Officer: s22

Manager
Base Erosion and Profit Shifting Unit
Corporate and International Tax Division

Consultation: Department of Finance, Individuals and Indirect Tax Division

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ADDITIONAL INFORMATION

- Consideration of tax paid in procurement policy has been raised previously in Part 1 of the report of the Senate Inquiry on Corporate Tax Avoidance, released on 18 August 2015.

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- Part 2 of the report was released on 22 April 2016. It did not restate the consideration of tax issues in procurement policy.
- Part 1 of the report contained two recommendations (of the 17 recommendations) regarding procurement policy:
 - Recommendation 8: Government procurement to require tenderers to state their tax country of domicile.
 - Recommendation 9: Escalation of information to Ministers when Government contracts are awarded to foreign companies.