



**Private Healthcare Australia**  
Better Cover. Better Access. Better Care.



# Multinational tax integrity – Legislation exposure drafts

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## About Private Healthcare Australia

Private Healthcare Australia (PHA) is the Australian private health insurance industry's peak representative body. We have 24 registered health funds throughout Australia as members and collectively represent 98% of people covered by private health insurance. PHA member funds provide healthcare benefits for over 14 million Australians.

## Response

PHA welcomes the opportunity to contribute to the exposure drafts for two stages of the legislation to improve multinational tax integrity; denying deductions for payments relating to intangible assets connected with low corporate tax jurisdictions and public country by country reporting.

PHA's [submission](#) for the August 2022 consultation on the Multinational Tax Integrity and Tax Transparency highlighted the issues for Australian consumers through the mechanism for funding most medical devices in the private health system called the Protheses List. Prices for these devices are set by government and remain amongst the highest in the world. Australia's taxation system entrenches advantages for multinational companies in extracting supernormal profits from Australians with private health insurance and veterans, while those companies pay very low tax rates.

PHA supports the proposed legislation to amend the *Income Tax Assessment Act 1997* to introduce an anti-avoidance rule designed to deter significant global entities (SGEs) from avoiding income tax by structuring their arrangements by exploiting intangible assets with no amendments or recommendations.

PHA supports the proposed legislation to amend the *Taxation Administration Act 1953* to require certain large multinational enterprises to publish selected tax information on a country-by-country basis. For this proposed legislation, PHA asks the government to consider an amendment to the list of items that must be published to include:

- Revenue directly received from a government entity, and
- Revenue derived from an activity where prices, rebates, grants or other benefits are regulated by government.

For the former proposition, governments should be able to determine if funded entities are competing fairly, for the reasons outlined in the explanatory memorandum and other policy documents. Reporting monies received from the Australian Government, state and territory jurisdictions and local government agencies will assist government purchasing decision-making.

For the second proposition, several multinational companies exploit Australia's regulatory system to drive profits, and the government should require transparency to help determine if the level of competition is fair. In the private health industry, governments subsidise premiums, control minimum prices paid to hospitals, and set the prices of medical devices. Reporting revenue from these sources, plus other relevant funding from sources such as Medicare, the Pharmaceutical Benefits Scheme, veterans' benefits, research grants and the National Disability Insurance Scheme, will help government and the community understand where taxpayer dollars are being earned and spent.