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1 CONTACT DETAILS

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GLOSSARY OF TERMS

AO	Order of Australia – Officer of the Order
AM	Order of Australia – Member of the Order
ATO	Australian Taxation Office
BDO	Binder Dijker Otte
The Board	The Board of Taxation
CGT	Capital Gains Tax
CEO	Chief Executive Officer
EY	Ernst & Young
GST	Goods & Services Tax
LVIG	Low Value Imported Goods
MAC	Ministerial Advisory Council
OECD	Organisation for Economic Co-operation and Development
OPC	Office of Parliamentary Counsel
PwC	PricewaterhouseCoopers
PSM	Public Service Medal
QC	Queen’s Counsel
R&DTI	Research & Development Tax Incentive

2020-21 HIGHLIGHTS



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announcements
relating to the
Board's work



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Signatories to
the Tax
Transparency
Code as at
30 June 2021

INTRODUCTION FROM THE CHAIR

On behalf of the Board of Taxation (the Board), I am pleased to present our 2020-2021 Annual Report.



In the past year the Government made significant announcements in the 2020-21 and 2021-22 Federal Budgets drawing on the Board's work including on granny flat arrangements, fringe benefits tax, corporate tax residency rules, small business tax concessions, individual tax residency rules and corporate collective investment vehicles. The inclusion of the Board's work in the Budgets highlight the important role it plays in advising the Government on how to improve the design and operation of tax laws.

In 2020-21, the Board continued its work on the review of capital gains tax (CGT) rollovers and delivered a report to Government on corporate tax residency rules. The Government also announced in the 2021-22 Budget that the Board would undertake a review of the dual-agency administration model of the research and development tax incentive (R&DTI). This reflects a continuation of the Board's traditional role in conducting in-depth reviews of various aspects of the tax system.

I would like to acknowledge the contributions of three departing members, Dr Mark Pizzacalla Mr Craig Yaxley, and Mr Peter Quiggin PSM QC, ex-officio member of the Board. These members brought a wealth of knowledge and experience to the Board's reviews during the past several years. I would also like to acknowledge three new members including Ms Tanya Titman who has extensive experience in the accounting industry and small business, Mr Ian Kellock, who specialises in corporate and international tax and Ms Meredith Leigh, First Parliamentary Counsel, who replaced Mr Peter Quiggin PSM QC as ex-officio member. All members have made an outstanding commitment to the Board, and I thank them for their contributions over the past year to improving the tax system in Australia.

The past year has not been without challenges particularly the impact of the COVID-19 pandemic which has resulted in a continued program of virtual engagement with stakeholders. On behalf of the Board, I would like to take this opportunity to thank those stakeholders who engaged with us during the year. Their ongoing contribution, input and assistance is greatly appreciated and vital to the Board conducting its important work.

My fellow Board members and I look forward to another productive year ahead. The Board will provide regular updates of its activities and encourages stakeholders to stay connected to the Board by subscribing via the Board's website (<http://taxboard.gov.au>).

A handwritten signature in black ink that reads "Rosheen Garnon". The signature is fluid and cursive.

Rosheen Garnon
Chair, Board of Taxation

INTRODUCTION FROM THE CEO

The 2020-21 reporting year was again a significant year for the Board and the Secretariat. The year involved:

- Providing advice to Government resulting in six announcements in the 2020-21 and 2021-22 Federal Budgets;
- farewelling and welcoming new Board Members and two CEOs; and
- navigating through the considerable uncertainty brought about by a global pandemic.

This year more than ever has certainly demonstrated our resilience and flexibility to react positively to change.


During the year we farewelled Lynn Kelly and welcomed Kathryn Davy to the interim CEO role for the remainder of 2020-21 year after which I took over the role as the new CEO. Both Lynn and Kathryn brought an extraordinary amount of commercial and tax experience to the role, and their contributions to the Board and the Secretariat were greatly valued. We thank Lynn and Kathryn for both their leadership and commitment and wish them well in their roles in Treasury.

In addition to the six tax measures, announced as part of the 2020-21 and 2021-22 Federal Budgets that reflected the Board's work over many years, highlights from the 2020-21 reporting year include:

- The completion of the review of corporate tax residency rules;
- The ongoing review of CGT roll-overs;
- The commencement of the review of the dual agency administration of R&DTI program; and
- Maintaining watching briefs over international developments in the taxation of the digital economy and the impact of the COVID-19 pandemic on Australian small businesses.

The Board was also pleased in April 2021 to introduce 'Sounding Board +' as our principal public forum for enabling the broader community to submit ideas for tax law simplification and regulatory reform. Sounding Board + replaces the original Sounding Board platform so that is easier for stakeholders to contribute ideas on tax reform, without the need to go through a registration and log-in process. At each of its Board Meetings, the Board considers all new additions to Sounding Board+. The ideas submitted on Sounding Board+ and the Board's response to these ideas (including any progress made) are published on the Sounding Board+ platform.

I, and the Secretariat, look forward to assisting the Board continue to bring together the views of the business and wider tax community to deliver credible advice to the Government.



Christina Sahyoun
CEO – Board of Taxation

2 THE BOARD

The Board is a non-statutory advisory body charged with contributing a business and broader community perspective to improving the design of taxation laws and their operation.

During the 2020-21 year, the Board was comprised of 10 members, seven drawn from the private sector and three *ex-officio* members being the Secretary to the Treasury, the Commissioner of Taxation, and the First Parliamentary Counsel.

The Board is supported by the Secretariat which is a group primarily provided by the Treasury and supplemented with secondees from the private sector, the ATO as well as other Government departments and agencies depending on the nature of the review.

Our Charter, including the Board's mission, governs the operations of the Board and functions set out below. The Charter is reproduced in full at Appendix A.

2.1 The Board's mission and function

The Board provides an independent source of advice to government, from a business and broader community perspective, on taxation matters. In doing so the Board provides advice to the Treasurer and Minister for Housing and Assistant Treasurer on:

- the quality and effectiveness of tax legislation and the processes for its development, including the processes around community consultation and other aspects of tax design;
- improvements to the general integrity and functioning of the taxation system;
- research and other studies commissioned by the Board on topics approved or referred by the Treasurer; and
- other taxation matters referred to the Board by the Treasurer and/or Minister for Housing and Assistance Treasurer.

Our activities during the financial year ended 30 June 2021 are described more fully in Chapter 3.

2.2 Board members

The Board comprises members appointed by the Treasurer. Private sector members are appointed in their personal capacity from within the business and wider community. The Secretary to the Treasury, the Commissioner of Taxation and the First Parliamentary Counsel are *ex-officio* members.



Rosheen Garnon – Chair

Mrs Garnon has over 30 years of experience in the field of taxation having been a senior partner with KPMG. She was admitted as a tax partner in 2000 and went on to hold senior executive roles with the firm.

From 2009 to 2015, Mrs Garnon was the National Managing Partner for KPMG Australia's Taxation Division. She has extensive experience advising both domestic and global organisations.

Mrs Garnon's background includes Bachelor of Economics (Accounting Major) and Bachelor of Laws from the Australian National University. She is a Fellow of Chartered Accountants in Australia and New Zealand, a Chartered Tax Advisor, and a Graduate of the Australian Institute of Company Directors. She is also a member of Chief Executive Women.

Mrs Garnon's appointment as chair is for a 3-year period from 26 March 2020.



Dr Julianne Jaques QC

Dr Jaques is a commercial barrister specialising in taxation and has over 25 years' experience as a taxation professional. She maintains chambers in both Melbourne and Sydney and has appeared in all higher Federal, Victorian and New South Wales courts.

Dr Jaques is a Chartered Accountant and a Chartered Tax Adviser. She holds bachelor degrees in economics and law from Monash University and a Doctorate in Juridical Science from the University of Melbourne. Her doctoral thesis was on corporate taxation. Dr Jaques is a part-time member of the Independent Parliamentary Expenses Authority and the Tax Practitioners Board.

Dr Jaques was appointed to the Board on 1 July 2017. The Treasurer appointed Dr Jaques as Acting Chair of the Board from 11 July 2019 to 10 January 2020. On 1 July 2020 Dr Jaques was reappointed for a further three years.



Ian Kellock

Mr Kellock is a Tax Partner at Ashurst and has over 25 years' experience as a taxation professional. Mr Kellock's practice deals with all aspects of Australian income tax, with a focus on M&A transactions in the financial services, healthcare, property, and resources sectors.

Mr Kellock is a Chartered Accountant and a Chartered Tax Adviser. He holds bachelor degrees in law and commerce from the University of Melbourne and a Master's degree in law from Monash University.

Mr Kellock was appointed as a part-time member for a 3-year period from 12 May 2021.



Neville Mitchell

Mr Mitchell is a qualified Chartered Accountant with 27 years of experience (until March 2017) as Chief Financial Officer and Company Secretary of ASX-listed Cochlear Limited, a world leading medical device developer, manufacturer, and seller, with a market capitalisation of over \$10bn.

Mr Mitchell is currently a non-executive director of ASX-listed Fisher & Paykel Healthcare, Sonic Healthcare and Osprey Medical, as well as privately owned Australian life sciences company, Q'Biotics Group. He is also a member of the Australian Board of Taxation and a director of the Southeast Sydney Local Health District Board.

Previously, he served on the New South Wales Medical Devices Fund, was Chairman of the Group of 100 (an Australian body for senior finance executives), and Chairman, Standing Committee (Accounting and Auditing), for the Australian Securities and Investments Commission (ASIC).

Mr Mitchell was appointed to the Board on 14 May 2015 and was reappointed for a further 3-year term commencing on 14 May 2018, after which he was further extended until 31 November 2021.



Tanya Titman FCPA

Mrs Titman is a Partner and Head of Strategic Innovation at BDO Australia. She has over 20 years' experience in the accounting industry that spans management accounting, tax advisory, and business consulting specialising in small to medium sized businesses.

Mrs Titman is the founder of a financial education business and has a keen interest in working closely with early-stage high growth companies and SME businesses to improve their financial literacy. With a strong history in the field of innovation, Mrs Titman is responsible for leading BDO's strategic innovation program through the creation of business opportunities, diversification, and new value propositions.

Mrs Titman is a Fellow of the Certified Practising Accountants Australia and holds a Bachelor of Commerce degree from Griffith University.

Mrs Titman was appointed as a part-time member for a 3-year period from 12 May 2021.



Ann-Maree Wolff

Mrs Wolff has over 27 years' experience as a qualified tax professional with over 17 years' experience in senior tax rolls within the mining industry. She is currently the Global Head of Tax for Rio Tinto responsible for all tax matters relevant to Rio Tinto.

Mrs Wolff is a Chartered Tax Advisor and Fellow of Chartered Accountants Australia and New Zealand.

Mrs Wolff was appointed to the Board in May 2015 and was reappointed for a further 3-year term commencing 14 May 2018, after which was extended for a further three months until 26 August 2021.



Chris Vanderkley

Mr Vanderkley is currently Special Counsel at PwC leading their tax transparency and tax governance practice. He has over 30 years' experience in the field of taxation, mainly within the financial services sector. Prior to joining PwC in 2016, he held senior positions at GE and GE Capital ANZ; including chief financial officer and Board member of most GE Australian entities from 2003 to 2016. In 1995 he was appointed Director of Taxation for GE ANZ; from 1998 to 2003 he was Director of Taxation for GE Capital Asia Pacific. His background includes a Graduate Diploma of Law (Taxation) from Monash University and a Bachelor of Business (Accounting, Law, and IT) from Federation University.

Mr Vanderkley was appointed as a part-time member for a 3-year period from 26 March 2020.



Chris Jordan AO – Commissioner of Taxation

Mr Jordan was previously Chair of KPMG New South Wales and Partner in Charge of the New South Wales Tax and Legal Division of KPMG. He is the former Chair of the New Tax System Advisory Board and was also the State Chair of the New South Wales Division of the Taxation Institute of Australia. He was appointed by the NSW Government to the Games Advisory Committee of the Sydney 2009 World Masters Games.

Until his appointment as Commissioner of Taxation in January 2013, Mr Jordan was a member of the Sydney Children's Hospital Foundation Board, the Board of the Bell Shakespeare Company, a member of the Audit Risk Committee of the Art Gallery of NSW and Chair of the Committee for Sydney.

Mr Jordan has been a member of the Board since its inception in September 2000. He was Deputy Chair from January 2005, was appointed to the position of Chair in June 2011 and retired from this position in December 2012 following his appointment as Commissioner of Taxation.

Mr Jordan has been an *ex-officio* member of the Board since January 2013.



Dr Steven Kennedy PSM – Secretary to the Treasury

Dr Kennedy was appointed Secretary to the Treasury with effect from 2 September 2019.

Prior to his appointment as Treasury Secretary, Dr Kennedy was Secretary of the Department of Infrastructure, Transport, Cities and Regional Development between September 2017 and August 2019.

During his nearly 30 years in the public service, Dr Kennedy has held other senior positions including Deputy Secretary at the Department of the Prime Minister and Cabinet; Deputy Secretary at the Department of Industry, Innovation and Science; Deputy Secretary at the Department of the Environment; Deputy Secretary at the Department of Climate Change and Energy Efficiency, and the Head of Secretariat of the Garnaut Climate Change Review – Update 2011.

He is also the Institute of Public Administration Australia (IPAA) ACT President.

Dr Kennedy was awarded a Public Service Medal in 2016 for outstanding public service in the area of climate change policy.

Dr Kennedy has been an ex-officio member since 2 September 2019.



Meredith Leigh – First Parliamentary Counsel

Ms Leigh is the First Parliamentary Counsel with the Office of Parliamentary Counsel (OPC), which is responsible for drafting all principal legislation, all regulations, and a range of legislative instruments for the Australian Government. OPC is also responsible for the publication of Commonwealth legislation through the Federal Register of Legislation.

Ms Leigh has 23 years of drafting experience. She has worked extensively with all Departments and many agencies, including Treasury and the ATO, including in the areas of tax, corporations' law, education, and more recently counter-terrorism legislation and electoral legislation.

She is also a member of the inaugural Board of the Australian Government Legal Service which supports a whole-of-government, high quality, consistent and coordinated approach to the delivery of legal services and the management of legal risk across the Commonwealth.

Before joining OPC, Ms Leigh worked for a short period as a corporate lawyer at Allen, Allen and Hemsley.

Ms Leigh was appointed as First Parliamentary Counsel on 11 October 2021.

2.3 Changes to the Board membership

During the 2020-21 reporting year, the Board farewelled Dr Mark Pizzacalla and Mr Craig Yaxley and ex-officio member Mr Peter Quiggin PSM QC. The Board also welcomed new members Mrs Tanya Titman and Mr Ian Kellock, and new ex-officio member Ms Meredith Leigh.



Dr Mark Pizzacalla

Dr Pizzacalla is a Senior Partner with BDO in Melbourne Office. Dr Pizzacalla's business experience, including acting as Managing Partner of his predecessor firm, gives him a strong appreciation of both the strategic and operational issues facing business and provides relevance to the technical tax advice he delivers.

Dr Pizzacalla completed his PhD in relation to the taxation of SMEs in Australia and is one of the few tax practitioners whose work has been cited in Australia's Parliament. Dr Pizzacalla is also a member of The Tax Institute's Victorian Technical Committee and was previously the former Chair of The Tax Institute's National SME Sub-Committee, as well as being a former Victorian State Councillor.

Dr Pizzacalla was appointed to the Board in January 2015. The Board farewelled Dr Pizzacalla on 31 March 2021.



Craig Yaxley

Mr Yaxley is a senior tax partner with KPMG with over 35 years corporate tax experience including 2 years as a partner with KPMG Perth office. He provides tax advice to a wide range of international and Australian mining, oil and gas, mining services, property and agriculture clients on structuring inbound and outbound investments, financing, joint ventures and mergers and divestments.

Mr Yaxley is a Chartered Tax Advisor, Fellow of Chartered Accountants Australia & New Zealand, and member of AICD. He has been extensively involved in mining industry tax issues and policy developments in his previous role as Chairman of the Tax Committee for the Association of Mining and Exploration Companies Inc.

Mr Yaxley was appointed to the Board in January 2015. The Board farewelled Mr Yaxley on 31 March 2021.



**Peter Quiggin PSM, QC –
First Parliamentary Counsel**

Mr Quiggin is the First Parliamentary Counsel of OPC which is responsible for drafting all principal legislation, all regulations, and a range of legislative instruments for the Australian Government, including taxation legislation. OPC is also responsible for the publication of Commonwealth legislation through the Federal Register of Legislation.

Mr Quiggin has been a drafter with OPC for over 30 years and has drafted legislation covering a wide range of topics including taxation, native title, and immigration.

Prior to working at OPC, Mr Quiggin worked for a number of years with the Tax Office and the Administrative Appeals Tribunal.

Mr Quiggin was appointed a Commonwealth Queen’s Counsel on 15 October 2020 and retired from his position in December 2020.

Mr Quiggin has been an ex officio member of the Board since January 2004 until 11 October 2021.

2.4 Stakeholder Communications and Engagement

The Board's website provides general information on the Board, including its membership, the Board's Charter, contact details, Board press releases and published Board reports to the Government¹.

The Board communicates with its stakeholders through various channels. The Board meets regularly with stakeholders at the time of each Board meeting to inform the Board on current and emerging taxation issues.

In conducting its reviews, the Board canvasses stakeholder views by conducting formal and informal consultation meetings, publishing consultation papers calling for public submissions and surveys.

Stakeholders are informed of the Board's activities through various electronic communications including the website, the CEO Update, the Board's presence on LinkedIn and other electronic means as agreed in the Board's communication strategy.

The Board also invites contributions from stakeholders through the **Sounding Board +**, a web-based collaborative platform where stakeholders from the broader business community can submit ideas to improve the current tax system.

¹ Board's website: <http://www.taxboard.gov.au>

3 ACTIVITIES OF THE BOARD IN 2020-21

3.1 Overview

During the 2020-21 reporting year, the Board provided advice to the Government on a range of issues in relation to the taxation system through a variety of processes, including:

- Formal reports to government with Board recommendations;
- Letters to the Treasurer, the Minister for Housing and Assistant Treasurer, Treasury and the ATO providing insights into the operation of the tax system including emerging issues identified by the Board members through consultation with stakeholders;
- Providing real-time intelligence to the Treasury and ATO, particularly in relation to the impacts of the COVID-19 pandemic on the Australian businesses;
- Meetings with Ministers to provide real time policy advice;
- Providing oversight of the Commissioner's remedial powers; and
- Reviewing the ATO Regulator Performance Framework self-assessment report for 2019-20 to ensure the ATO's conclusions are reasonable and that areas identified for further improvement are appropriate.

A number of announcements were made by the Government in the 2020-21 year that reflect the Board's recommendations from projects completed in previous years. These announcements are outlined below at 3.5.

3.2 Completed projects

3.2.1 *Review of Corporate Tax Residency Rules*

In August 2019, the Treasurer asked the Board to conduct a review of the operation of Australia's corporate tax residency rules. The purpose of the review is to ensure that the rules are operating appropriately having regard to modern, international, and commercial board practices and international tax integrity rules.

As a result of the review, the Board concluded that the rules determining the tax residency of a foreign incorporated company are in urgent need of reform. The Board conducted extensive consultation in developing its recommendations and also worked closely with stakeholders to ensure that the recommended reform would operate appropriately considering modern board practices and Australian international tax integrity rules.

The Government released the Board's Report on 6 October 2020.

3.3 Ongoing reviews/projects

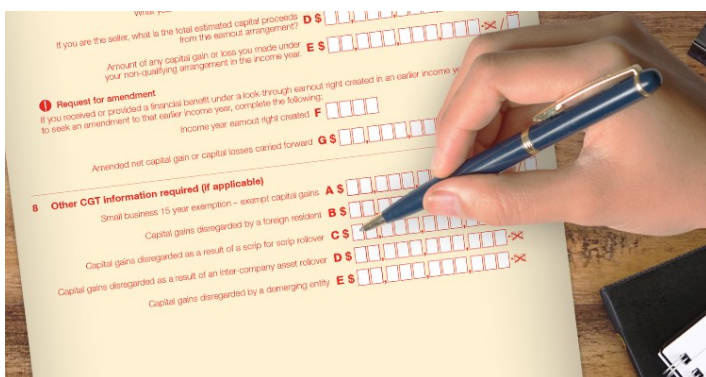
3.3.1 Review of CGT Roll-overs

In December 2019, the Government announced the Board would undertake a review of the CGT roll-over rules.

In February 2020, the Board published a consultation guide in which it provided an overview of the current suite of CGT roll-overs and the policy considerations that are central to evaluating and improving the framework of roll-over relief. The guide also posed a number of questions for interested parties to consider when formulating input to the review. The Board received 16 written submissions.

A series of roundtable consultation sessions were also conducted including two face-to-face consultations in February 2020 and eight virtual consultations over May and June 2020. The initial consultation period was extended in response to the COVID-19 pandemic.

The Board sought additional input into the review on 23 December 2020. The consultation paper set out a potentially significant innovation to the CGT rollover regime – the Board’s first stage model for rationalising (and replacing) seven of the key roll-overs that deal with the most common business restructuring transactions, including mergers (i.e., takeovers), demergers, and internal reorganisations.



The Board received 23 written submissions. In addition, a series of targeted virtual consultation sessions were conducted over January, February, and March 2021.

3.4 Commenced projects

3.4.1 *Review of the Dual-Agency Administration model for the Research & Development Tax Incentive*

On 11 May 2021, the Government announced that the Board would undertake a review to evaluate the dual-agency administration model for the R&DTI program.

The R&DTI program is a self-assessment program that provides tax offsets for eligible company R&D expenditure. The R&DTI is jointly administered by the ATO, Industry Innovation and Science Australia (IISA) and the Department of Industry, Science, Energy and Resources (DISER). DISER (on behalf of IISA) is responsible both for registering 'self-assessed' R&D activities by participating companies, and for examining and making findings about those activities. The ATO is responsible for the administration and processing of R&DTI tax offset claims in a participating company's tax return.

The Board was requested to evaluate the R&DTI dual-agency administration model, with a view to identifying opportunities to reduce duplication between the two administrators, simplify administrative processes, or otherwise reduce the compliance costs for applicants.

The Board appointed Board members Mr Neville Mitchell and Mr Chris Vanderkley to lead the review. They were assisted by a working group comprising members of the tax profession and representatives of DISER, the Treasury, and the ATO. The Board notes the exceptional interagency cooperation received throughout the review from the ATO and DISER.

The Board released a Consultation Guide in June 2021 setting out its plans for extensive program consultation with a wide range of stakeholders in the business community.

The Board submitted its report to government in the 2021-22 reporting period.



3.5 Budget announcements relating to the Board's work

The Government made a number of announcements drawing on the Board's recommendations.

3.5.1 Corporate tax residency rules

The Government announced in the 2020-21 Federal Budget on 6 October 2020 that it will adopt the Board's key recommendation set out in the Board's report in relation to the review of the corporate tax residency rules.

The Government will amend the law to provide that a company that is incorporated offshore will be treated as an Australian tax resident if it has a 'significant economic connection to Australia'. This test will be satisfied where both the company's core commercial activities are undertaken in Australia and its central management and control is in Australia.

The amendments will restore certainty to multinational businesses and ensure that, in an increasingly globalised world, the tax system is aligned with corporate practices and advancements in technology.

This change will mean the treatment of foreign incorporated companies will reflect the corporate residency position prior to the 2016 High Court decision in *Bywater Investments Ltd v Federal Commissioner of Taxation*.

It will have effect from the first income year after the date of Royal Assent of the enabling legislation, but taxpayers will have the option of applying the new law from 15 March 2017 (the date on which the ATO withdrew its previous binding advice, set out in Taxation Ruling TR 2004/15).

3.5.2 Fringe benefits tax

The Government's announcement in the 2020-21 Federal Budget to reduce the compliance burden of recording for fringe benefits tax (FBT), will deliver significant red tape reduction in an area that many businesses tell us is one of the biggest irritants when employing staff in Australia.

The Board commenced a comprehensive review of compliance costs associated with obligations under FBT legislation in February 2018 and provided its report to Government in October 2019.

3.5.3 Exempt granny flat arrangements from CGT

On 5 October 2020, the Government released the Board's report on the taxation of granny flat arrangements and announced a targeted CGT exemption for the creation, variation, and termination of granny flat arrangements where a formal, written agreement is put in place.

This announcement will make a real difference, providing greater flexibility and financial security to older Australians contemplating the next phase of their lives as well as those with disabilities.

The Government's announcement draws on the Board's recommendations outlined in the final report of the Board's review of granny flat arrangements.

The Board's review of granny flat arrangements involved assessing the tax circumstances surrounding the making of formal, written and legally enforceable family arrangements where, at its two simplest, older Australians transfer their home, or proceeds from the sale of their home to their adult children, or other trusted persons, in return for the promise of ongoing housing and care.

The Board completed its review and provided its report to government in the previous reporting period.

3.5.4 Small business tax concessions

The Board recognises the significant commitments outlined in the 2020-21 Federal Budget targeted at small and medium sized business. In particular, the adoption of a loss-carry back, highlighted in the Board's report on Small Business Tax Concessions, will provide much cash flow relief at a time when it is most needed to many small businesses.

3.5.5 Individual tax residency rules

The Board was delighted by the announcement of reforms to the individual tax residency rules in the 2021-22 Federal Budget on 11 May 2021 to make them more certain and easier to understand and apply in practice. Modernising residency rules has been a significant part of the Board's work program since 2016. These changes build on the reforms announced last year to corporate residency and play an important role in the Government's strategy for attracting global talent to Australia.

3.5.6 Collective investment vehicles

The Government's announced in the 2021-22 Budget to progress the tax and regulatory reforms for corporate collective investment vehicles. These reforms partly draw on the Board's review of Tax Arrangements Applying to Collective Investment Vehicles. Completed in 2011, this demonstrates the importance and longevity of the Board's advice to Government.

3.6 Other ongoing work

3.6.1 *Sounding Board +*

The Board utilises ‘Sounding Board+’ to identify proposals for system improvement with a focus on red tape reduction and compliance savings. Sounding Board+ is a web-based platform where users can raise ideas on how to improve the current tax system and replaces the previous Tax Issues Entry System. At each of its regular meetings, the Board looks at all new ideas posted to Sounding Board. Where suitable, the Board will advocate a pathway for their implementation via legislative or administrative means.



In April 2021, the Sounding Board was re-branded to Sounding Board + and migrated to its current Treasury-hosted platform. Sounding Board + was redesigned to focus on its core purpose of providing a public platform where users can submit ideas for law reform. Under its new design, ideas can now be submitted without the need to go through a registration and log-in process.

3.6.2 *Watching Briefs*

The Board maintains watching briefs over:

- International developments in the taxation of the digital economy
- The impact of the COVID-19 pandemic on Australian small businesses

3.6.2.1 *Taxation of the digital economy*

The Board has been monitoring the work by the OECD to address the tax challenges raised by digitalisation and the steps being taken to develop a consensus-based solution to take effect by 2023. The Board is assisted on this matter by Treasury, who provided a number of updates and presentations to the Board. Board members Ann-Maree Wolff and Craig Yaxley led the Board’s work during the 2020-21 reporting year.

3.6.2.2 *The impact of the COVID-19 pandemic on Australian small businesses*

During the reporting period, the Board held a workshop with its Small Business Tax Concessions working Group. The aim was for participants to share their perspectives on how small businesses are faring in the current environment, and to discuss tax reform priorities. The workshop

produced very useful intelligence on how small businesses are currently operating. A key observation was that the effects of the crisis are having very different impacts in different sectors with hospitality and tourism singled out as the most exposed. The Board also gathered very useful feedback on the various government programs and generated new ideas for possible future small business taxation reforms. Our sincere gratitude to those who participated in the workshop.

3.6.3 Regulatory reform

The Board continues to assist the Government in reducing the regulatory burden associated with taxation. This focus arose both because of the Board's role as the Ministerial Advisory Council (MAC) for tax matters and from its general mandate to contribute to the improvement to the general integrity and functioning of the taxation system.

In fulfilling the MAC role, the Board is asked to:

- identify potential targets for regulatory reform (for example, areas of inefficient regulation, excessive red tape, or unnecessarily high regulatory burden)
- provide a sounding board for regulatory reform or repeal proposals
- provide feedback on the progress of regulatory reform within the portfolio
- advise on broader policy issues relevant to the portfolio.

In particular, the Board is asked to provide appropriate input on:

- immediate deregulatory tasks, including the stocktake and audit of tax regulation
- future regulatory reforms, that is, ideas on deregulatory opportunities and priorities that can be included in the regulatory budgeting process.

3.7 Stakeholder Consultation

The role of the Board is to be a trusted adviser to the Treasurer and Minister for Housing and Assistant Treasurer (and the Government). The Board fulfils this role by providing a business perspective on taxation issues. Therefore, it strives to engage with the community on tax matters through a variety of different channels.

The Board utilises a working group model to conduct its reviews. As such, it reaches out to subject matter experts to become part of the working group for the duration of the project. During the course of a review, the working group may canvass stakeholder views by conducting formal and informal consultation meetings, publishing consultation papers, calling for public submissions and surveys.

Information and regular updates about the Board are contained on its website². The website contains information on Board members, its Charter, contact details, press releases, published reports, and other activities currently being undertaken by the Board.

Stakeholders are informed as to Board activities through the Board's regular CEO Update newsletter which is produced following each Board meeting. To receive a copy of this newsletter stakeholders can subscribe to the Board's website. The Board also has a presence on LinkedIn and Twitter which it uses to promote stakeholder events and call for submissions for reviews it is undertaking.

Ideas for tax system improvement can be submitted via Sounding Board+. Discussion of new ideas posted to Sounding Board+ are a standing item on the agenda at each Board meeting. Refer section 2.6.1 for further details in relation to Sounding Board+.

In 2020-2021 the Board's broad range of engagements – including Board meetings, consultation sessions and broader stakeholder engagements - were predominately held virtually due to travel restrictions in place as a result of COVID-19.

² Board's website: www.taxboard.gov.au

4 THE YEAR AHEAD

In the 2021-22 year, the Board will continue to provide proactive policy advice to the government on issues as they come to hand. Further, the Board will continue to action any other matters referred to the Board by Ministers during the course of the year ahead.

A key focus for the Board in 2021-22 will be on economic recovery in a post-COVID-19 world. The Board will be working with government and the taxation community to develop measures that drive growth, increase productivity, and reduce red tape.

The Board will continue to progress the following projects which were underway during the 2020 – 2021 reporting year:

- CGT roll-overs; and
- Review of the dual agency administration of the R&DTI program.

Additionally, the Board will work on the Review of GST on Low Value Imported Goods (LVIG). The Board will assess the effectiveness of the LVIG regime and provide advice regarding its ongoing operation.

The Board will continue to adapt to operating in a post-COVID-19 world. This means operating virtually for Board meetings and stakeholder events where needed. The Board is keen to host virtual stakeholder engagement sessions and is looking forward to resuming face to face events when it is safe to do so.

On the international front, the Board will maintain a watching brief on developments on the taxation of the digital economy. Continued engagement with Treasury has been very much appreciated and the Board will be pleased to offer its insights on any proposed changes as events play out.

5 APPENDIX A: THE BOARD'S CHARTER

5.1 The Charter

5.1.1 *Mission*

Recognising the Government's responsibility for determining taxation policy and the statutory roles of the Commissioner of Taxation and the Inspector General of Taxation, the Board's mission is to contribute a business and broader community perspective to improving the design of taxation laws and their operation.

5.1.2 *Membership*

Members of the Board will be appointed by the Treasurer, for a term of up to three years, in their personal capacity. It is expected that members will be appointed from within the business and wider community having regard to their ability to contribute at the highest level to the development of the tax system. The Chair will be appointed by the Treasurer from among these members of the Board. If the Treasurer decides to appoint a Deputy Chair, he or she will also be appointed from among these members of the Board. Members may be re-appointed.

In addition, the Secretary to the Department of the Treasury, the Commissioner of Taxation and the First Parliamentary Counsel will also be members of the Board. Each may be represented by a delegate.

5.1.3 *Function*

The Board will provide advice to the Treasurer on:

- the quality and effectiveness of tax legislation and the processes for its development, including the processes of community consultation and other aspects of tax design
- improvements to the general integrity and functioning of the taxation system
- research and other studies commissioned by the Board on topics approved or referred by the Treasurer
- other taxation matters referred to the Board by the Treasurer.

5.1.4 Relationship to other boards and bodies

From time to time the Government or the Treasurer may establish other boards or bodies with set terms of reference to advise on aspects of the tax law. The Treasurer will advise the Board on a case-by-case basis of its responsibilities, if any, in respect of issues covered by other boards and bodies.

5.1.5 Report

The Chair of the Board will report to the Treasurer, at least annually, on the operation of the Board during the year.

5.1.6 Secretariat

The Board will be supported by a Secretariat provided by the Treasury but may engage private sector consultants to assist it with its tasks.

5.1.7 Other

Members will meet regularly during the year as determined by the Board's work program and priorities.

Non-government members will receive remuneration and allowances to cover travelling and other expenses, at rates in accordance with Remuneration Tribunal determinations for part time public offices.

The Government will determine an annual budget allocation for the Board.

6 APPENDIX B: MEMBERSHIP OF THE BOARD

6.1 Terms of Board members

Table 1: Term of Board members

The term of the Board members is as follows:

Member	Term commenced	Term expires
Rosheen Garnon, Chair	26 March 2020	25 March 2023
Dr Julianne Jaques	1 July 2017	30 June 2023
Neville Mitchell	14 May 2015	30 November 2021
Dr Mark Pizzacalla	1 January 2015	31 March 2021
Chris Vanderkley	26 March 2020	25 March 2023
Ann-Maree Wolff	14 May 2015	26 August 2021
Craig Yaxley	1 January 2015	31 March 2021
Tanya Titman	12 May 2021	11 May 2024
Ian Kellock	12 May 2021	11 May 2024
Dr Steven Kennedy	2 September 2019	Ex-officio
Chris Jordan(a) AO	1 January 2013	Ex-officio
Peter Quiggin PSM	19 January 2004	Ex-officio

(a) Chris Jordan AO has been a member of the Board in various capacities since 14 September 2000.

7 APPENDIX C: BOARD'S WORKING GROUPS AND PRIVATE SECTOR SECONDEES

Table 2: Membership of Board Working Groups, 2020-21

All working groups for each review are supported by Government officials from other agencies in particular Treasury and the ATO.

Completed reviews 2020-21

Corporate tax residency review
Neville Mitchell (Chair) Ann-Maree Wolff Dr Julianne Jaques

Ongoing reviews 2020-21

CGT roll-over rules review
Craig Yaxley/Ian Kellock (Chair) Ann-Maree Wolff

Commenced reviews 2020-21

Review of dual-agency administration of the R&DTI program
Neville Mitchell (Chair) Chris Vanderkley

Watching briefs	
International developments digital tax	COVID-19 impacts on Small Business
Ann-Maree Wolff (Chair) Craig Yaxley	Dr Mark Pizzacalla (Chair) Dr Julianne Jaques Rosheen Garnon Peter Quiggin

Table 3: Secondments from the private sector, 2020-21

EY – Vicky Lin, Manager, Melbourne

8 APPENDIX D: ATTENDANCE AT EVENTS, CONFERENCES, WORKSHOPS AND DISCUSSION GROUPS

In addition to the events hosted by the Board when it regularly meets, Board members also attended events, conference and discussions hosted by the organisations below.

Table 4: External events attended by Board members

Organisations	Events
Tax Institute	Project Reform Tax Summit – virtual series
Tax Institute	Victorian Tax Forum
Tax Institute	Western Australia State Conference
Tax Institute	Financial Services Taxation Conference
Tax Institute	Tax Retreat

9 APPENDIX E: ATTENDANCE AT BOARD MEETINGS

Table 5: Attendance at Board meetings, 2020-21

Member	Number of meetings eligible to attend	Number of meetings attended
Rosheen Garnon	8	8
Dr Julianne Jaques	8	8
Neville Mitchell	8	7
Dr Mark Pizzacalla	6	6
Chris Vanderkley	8	8
Ann-Maree Wolff	8	8
Craig Yaxley	6	6
Dr Steven Kennedy*	8	8
Chris Jordan AO*	8	8
Peter Quiggin PSM* / Meredith Leigh	8	8
Tanya Titman	1	1
Ian Kellock	1	1

* The Board's Charter allows for ex-officio members of the Board to be represented by a delegate at Board meetings

- a) Mrs Garnon was appointed as Chair for a 3-year period from 26 March 2020.
- b) Dr Mark Pizzacalla and Craig Yaxley concluded March 2021
- c) Peter Quiggin PSM concluded December 2020/ Meredith Leigh currently representing Peter Quiggin PSM
- d) Tanya Titman and Ian Kellock commenced May 2021
- e) The Board's Charter allows for ex-officio members of the Board to be represented by a delegate at Board meetings

10 APPENDIX F: MEMBERS OF THE BOARD'S ADVISORY PANEL

Table 6: Members of Advisory Panel as at 30 June 2021

Panel Member	Position, Organisation
Michael Barbour	General Manager, Group Tax, Westpac
Paul Balkus	Co-leader – Oceania Transfer Pricing, EY
Steve Baxter	Director, Mazars (NSW) Pty Limited
Patrick Broughan	Partner, Deloitte
Michael Carruthers	Tax Director, Knowledge Shop
Michael Croker	Tax Leader – Australia, CA ANZ
Jason de Boer	Tax Partner, BDO
Philip Diviny	Partner, Madgwicks Lawyers
Michael Fenner	Taxation Manager, Chevron
Mark Ferrier	Executive Director, Macquarie Group
Michael Flynn QC	Barrister, Victorian Bar
Geoffrey Fooks	General Manager, Group Taxation, Wesfarmers
Steve Ford	Partner, PwC
Brett Freudenberg	Professor – Taxation, Griffith University
Kevin Griffiths	Leader Tax Division, EY
Tony Greco	General Manager, Institute of Public Accountants
Matt Hayes	Director – Tax, KPMG
Steve Healey	Partner, RSM Australia
Paul Hooper	Group Head of Tax, Lend Lease
Nick Houseman	Transfer Pricing Partner, PwC
Peter Janetzki	Tax Partner, EY
Anthony Klein	Co-Founder, Tooronga Advisory
Jasmine Leonard	General Manager – Global Tax Advisory, Rio Tinto
Adam Levin	Senior Consultant, Jackson McDonald Lawyers
Michael Longes	Tax Manager, Sunsuper Pty Ltd
Alia Lum	Partner, KPMG
James Macky	Partner, Corporate Tax, KPMG

Panel Member	Position, Organisation
Larry Magid	Consultant, Allens
Jane Michie	Head of Group Tax, BHP Billiton
Mark Molesworth	Tax Partner, BDO
Katrina Parkyn	Partner, King & Wood Mallesons
Michael Perez	Partner, King & Wood Mallesons
Dale Pinto	Professor of Taxation Law, Curtin Law School, Curtin University
Anthony Portas	General Manager Taxation, Rio Tinto
Tony Principe	Associate Director – Tax, ShineWing Australia
Brian Purdy	Head of Tax, South32
John Rawson	Tax Partner, Deloitte
Premila Roe	Global Head of Tax, BHP Billiton
Hayden Scott	Tax Controversy Leader, PwC
Shannon Smit	Director, Transfer Pricing Solutions Asia
Steve Southon	Chief Tax Officer, NAB
Miranda Stewart	Professor of Law, University of Melbourne
Judy Sullivan	Non-executive Director, Judy Sullivan Consulting Pty Ltd
Paul Suppree	Assistant Director, Corporate Tax Association
Reynah Tang AM	Member, Victorian Civil and Administrative Tribunal
Vic Timos	Group Tax Manager, Incitec Pivot Limited
William Thompson	Director, Thompson Group
Coralie Trotter	Vice President Tax (Asia Pacific) Shell
Richard Vann	Challis Professor of Law, University of Sydney
Grant Wardell-Johnson	Lead Tax Partner, KPMG Economics & Tax Centre
Steve Westaway	Partner, Director & Company Secretary, Grant Thornton
Sue Williamson	Partner, Holding Redlich
Ken Woo	Partner, PwC

11 APPENDIX G: CONSULTANCIES

Consultants are engaged in accordance with Treasury's policies for the engagement of consultants and contractors. These policies, which are consistent with the Chief Executive Instructions and the Commonwealth Procurement Guidelines, are outlined in the Treasury Annual Report.

In 2020-21, the Board had no consultancy contracts.

12 APPENDIX H: FINANCIAL STATEMENTS

Table 7: Revenue, expenses, and operating result

	2019-20	2020-21
	\$	\$
Revenue		
Revenue – Department of the Treasury budget allocation	1,610,642	1,370,103
Revenue – Other	542,243	426,441
Total revenue	2,152,885	1,796,544
Expenses		
<i>Employee expenses</i>		
Wages	601,542	463,990
Superannuation	157,983	129,945
Other employee expenses	507,497	527,919
Total employee expenses	1,267,022	1,121,854
<i>Other expenses</i>		
Travel	87,674	26,396
Conferences and training	5,004	16,000
Consultants and Contractors	66,000	-
Seconded Employees	678,606	584,959
Office supplies	4	46
Other supplier expenses	48,575	47,289
Total operating expenses	885,863	674,690
Total expenses	2,152,885	1,796,544
Operating surplus	-	-

Table 8: Remuneration paid to non-government Board members, 2020-21

Board Members 2020-21	\$
Total	\$463,575