



3 April, 2023

Mr Jason Lange
Executive Director
Office of Impact Analysis
Department of the Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600

Dear Mr Lange

Impact Analysis – Two-Pillar Solution: Addressing the tax challenges arising from the digitalisation of the economy – Second Pass Final Assessment

I am writing in relation to the attached Impact Analysis prepared for the Government's election commitment to support the OECD/G20 Two-Pillar Solution, which is a new global agreement on corporate taxation to address the tax challenges arising from the digitalisation of the economy.

I am satisfied that the Impact Analysis addresses the issues raised in your letter of 7 February 2023. Specifically, the analysis:

- Demonstrates that Treasury has listened to and considered a diverse range of stakeholder views, captured through the various consultation periods conducted by the Treasury and the OECD. The Impact Analysis addresses this in detail in the Consultation section, as well as Appendix A.
- Describes and outlines an evaluation plan to be conducted within five years of the policy's implementation. This plan includes the metrics and various data points that would contribute to the analysis of the policy's success and achievement of intended outcomes, whether or not they are currently being captured, and what outcome would be considered a measure of success. The Impact Analysis references this in the Evaluation section.

Due to progress in the design of the pillars, the compliance cost estimates have also been updated to a total of \$32 million per year, these estimated costs are concentrated among a group of 140 multinational businesses. This group is made up of around 40 Australian headquartered multinationals and 100 Australian subsidiaries of foreign multinationals expected to be liable for top-up taxation in Australia under the GloBE Rules and/or a domestic minimum tax.

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Accordingly, I am satisfied that the Impact Analysis is now consistent with the six principles for Australian Government policy makers as specified in the *Australian Government Guide to Regulatory Impact Analysis*.

I submit the Impact Analysis to the Office of Impact Analysis for formal final assessment.

If you have any further queries, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink that reads "Diane Brown". The signature is written in a cursive style with a large initial 'D' and a long horizontal flourish at the end.

Diane Brown
Deputy Secretary
Revenue, Small Business and Housing Group
Department of the Treasury