



MEDIA RELEASE

AFMA Commits to Working with Government on OECD Review into Offshore Banking Unit Regime

26 October 2018

The Treasurer, the Hon Josh Frydenberg MP, today issued a media release advising that the Government will amend Australia's Offshore Banking Unit (OBU) regime in response to concerns raised by the OECD's Forum on Harmful Tax Practices.

The Australian Financial Markets Association (AFMA) is committed to working with the Government to ensure that the OBU regime adheres to OECD standards and can continue to support financial services exports, along with the economic benefits and job opportunities this brings to Australia.

The OBU regime covers a broad range of trading, investment management and other financial activities that are internationally mobile. Users of the regime include a strong complement of innovative, high tech companies who generate significant employment, income and taxation revenue for Australia.

The landmark Johnson report into Australia as a Financial Centre, which had bipartisan support, stated that "an effective OBU regime is a key element in ensuring that Australia's financial sector takes full advantage of opportunities to participate in international transactions."

Australia competes with jurisdictions like Singapore and Hong Kong that host successful global finance centres, built on their commitment to provide attractive business and tax regimes for mobile financial services businesses.

Australia's competitive advantages lies in the access international firms have to highly skilled staff, our stable regulatory system, economic performance and market access. AFMA members report that the taxation outcomes for participants conducting such business from key competitor jurisdictions in the region, like Singapore, are generally superior to those under the OBU regime.

The goal of the OECD's work in the area of harmful tax practices is to address the issues raised by regimes that apply to mobile financial services activities and that unfairly erode the tax bases of other countries. Australia's OBU regime is not of this character but it evidently could be refined to conform to the technical framework adopted by the OECD. AFMA looks forward to working with the Government to this effect.

Notes for Editors:

The Australian Financial Markets Association (AFMA) is an industry association that promotes efficiency, integrity and professionalism in Australia's financial markets and provides leadership in advancing the interests of all market participants. These markets are an integral feature of the economy and perform the vital function of facilitating the efficient use of capital and management of risk. AFMA member firms perform a range of important roles within these markets, including financial intermediation and market making.

Australian Financial Markets Association
Level 25, Angel Place, 123 Pitt Street Sydney
Tel: +61 2 9776 7907 Fax: +61 2 9776 4488
Email: secretariat@afma.com.au Web: www.afma.com.au

For further information:
Kristin Westlake
The Continuum Partners
kwestlake@thecontinuumpartners.com
+61 416 219 358