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By email: Pillar2Project@ato.gov.au

Dear Mr Evans

Draft Practical Compliance Guideline (PCG 2025/D3): Global and domestic minimum tax lodgement obligations – transitional approach

On behalf of The Tax Institute, thank you for the opportunity to provide feedback to the Australian Taxation Office (**ATO**) in respect of its consultation on PCG 2025/D3: *Global and domestic minimum tax lodgement obligations – transitional approach (draft PCG)*.

We have set out below our observations and comments on the draft PCG for your consideration.

Scenarios for local GIR submission

The concluding sentence of paragraph 23 in the draft PCG indicates that, in some cases, the ATO may require the GloBE Information return (**GIR**) to be lodged locally before the GIR is exchanged with the ATO by a foreign government agency. However, the draft does not detail the circumstances that would trigger this requirement. While paragraph 24 seems to touch on one possible scenario, it is not clear if this is the only situation in which this would be required. It would assist the taxpayers if the draft PCG clearly defined the circumstances that would require the local submission of the GIR.

Base penalty amount

The draft PCG addresses the base penalty amount but does not provide a clear explanation of the concept or how it is calculated. Consolidating this information within the draft PCG would enhance its clarity. The base penalty amount corresponds to the Commonwealth penalty unit as defined in [section 4AA](#) of the *Crimes Act 1914* (Cth), currently set at \$330 and is updated every three years in line with the Consumer Price Index. Without this information, the quantum of penalties cannot be ascertained or even broadly approximated by taxpayers without having to make further investigations.

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Also, the draft PCG omits the relevance of time in determining the appropriate penalty, set out in subsection 286-80 of the *Taxation Administration Act 1953 (Cth)*. It should clarify that the base penalty amount is determined as one penalty unit for each 28-day period.

We recommend including the following table from the [ATO web guidance](#) to improve clarity and taxpayer understanding.

Significant Global Entity (**SGE**) failure to lodge on time penalty amount for forms due from 7 November 2024.

Days late	SGE penalties
28 or less	\$165,000
29 to 56	\$330,000
57 to 84	\$495,000
85 to 112	\$660,000
More than 112	\$825,000

Penalty for false or misleading statements and other penalties

At Paragraph 35, the draft PCG indicates that penalties are ‘doubled’ for false or misleading statements, as well as for instances where a taxpayer asserts a position that is not reasonably arguable or fails to submit a return, notice, or document, leading to a default assessment. It would be beneficial if the draft PCG were to provide a worked example of how this applies in practice. We note that Example 6, which deals with the ATO identifying mistakes resulting in a shortfall and imposing a penalty, does not calculate the amount of the penalty the Jasper MNE group would be liable to pay. To improve transparency and understanding, it would be beneficial for the draft PCG to provide concrete examples illustrating the concept and the methodology used to calculate the penalty amount.

Examples

The examples presented in the draft PCG generally provide useful practical guidance. However, Examples 1, 2, and 4 focus solely on situations where taxpayers submit their GIR and Combined Global and Domestic Minimum Tax Return (**CGDMTR**) by the deferred due date and can demonstrate reasonable measures have been taken. To more practically assist taxpayers, it would be beneficial to cover examples of other circumstances, including the implications of not lodging the GIR and CGDMTR by the deferred due date, whether due to taking or not taking reasonable measures. Additionally, as a matter of greater transparency, the draft PCG should clarify instances when the ATO would consider further extension requests.

Further, incorporating alternative outcome wording, such as ‘the outcome would be different if...’, and providing examples of such, would enhance taxpayers’ and practitioners’ understanding, and foster better compliance.

If you would like to discuss any of the above, please contact The Tax Institute's Tax Counsel, John Storey, on (03) 9603 2003.

Yours faithfully,

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Head of Tax & Legal