



## MEDIA RELEASE

### AFMA Concerned about Potential Delay to OBU Changes

**1 September 2021**

The Australian Financial Markets Association (AFMA) is concerned that the passage of legislative measures in relation to the Offshore Banking Unit (OBU) regime in Schedule 2 of the Treasury Laws Amendment (2021 Measures No. 2) Bill 2021 may be delayed due to an unrelated amendment that has been moved, as this outcome could harm Australia's standing and be a deterrent to international investors.

The proposed amendment concerns the disclosure of JobKeeper payment details, which is a separate and unrelated matter to the measures in the Bill.

Schedule 2 of the Bill seeks to abolish the OBU regime in order to address concerns expressed by the OECD Forum on Harmful Tax Practices about the regime exhibiting harmful features. The OECD assessment needs to be addressed swiftly to avoid adverse consequences for European investment in Australian residential mortgage backed securities. In this regard, AFMA agrees with the concerns the Australian Securitisation Forum has raised about the need for Bill to be passed without delay.

More generally, if Parliament fails to enact the Bill, Australia runs the risk of ultimately being considered to be a non-cooperative jurisdiction by the European Union. This would be significantly detrimental to cross-border trade between Australia and jurisdictions within the European Union.

AFMA accepts the need to abolish the OBU regime to address the OECD's concerns, given the economic harm that would otherwise occur. It is vital to now focus energy on the design of a viable replacement, as the uncertainty that prevails about the future tax settings is of itself a competitive disadvantage to Australia. The 2009 Johnson Report into Australia as a Financial Centre highlighted the importance of an effective tax regime for mobile financial centre business as a pillar of financial centre competitiveness. This is achievable within the framework of the OECD's work establishing a global consensus on a minimum corporate tax rate.

International trade and investment are important factors in Australia's economic success and there is great potential to grow income and employment through international financial services business. This requires the absence of unnecessary barriers to the openness of Australia's financial system.

**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.

For further information:

Kristin Westlake

The Continuum Partners

[kwestlake@thecontinuumpartners.com](mailto:kwestlake@thecontinuumpartners.com)

+61 416 219 358