

**3 November 2023**

Mr Marty Robinson  
First Assistant Secretary  
Corporate and International Tax Division  
The Treasury  
Langton Crescent  
Parkes ACT 2600

Email: [MNETaxIntegrity@treasury.gov.au](mailto:MNETaxIntegrity@treasury.gov.au)

Dear Mr Robinson,

**RE: Multinational Tax Integrity – strengthening Australia’s interest limitation (thin capitalisation) rules**

Australian Energy Producers is the peak national body representing companies actively engaging in oil and gas exploration and production in Australia. Australian Energy Producers welcomes the opportunity to make a submission to Treasury on the *Multinational Tax Integrity – strengthening Australia’s interest limitation (thin capitalisation)* rules Exposure Draft and accompanying Explanatory Memorandum.

Australian Energy Producers has had the opportunity to review the submission by the Corporate Tax Association (CTA) dated 1 November 2023. We support and endorse the commentary and recommendations contained in the CTA submission.

We understand the intention of the debt creation rules is to disallow debt deductions to the extent that they are incurred in relation to debt creation schemes that lack genuine commercial justification. However, as currently drafted, the Bill would capture virtually all related party debt transactions with limited exemptions. This appears to be aimed at requiring businesses to be funded by equity or third-party debt only over the long term. As such the draft Bill will impact on foreign investment into Australia and on the day-to-day operations of companies involved in genuine commercial transactions.

The Australian oil and gas industry has invested well over \$400 billion in the Australian economy over recent decades, undertaking exploration and developing natural gas production, transport, liquefaction and export facilities. This investment will deliver returns for Australia for decades to come, through increased gas supply for Australian customers, export revenue, jobs, and in payments to governments in royalties and taxes – nearly \$65 billion in payments have been made to Australian governments over the last decade.

As a capital importing country, much of this investment has been funded by foreign investors. Australia’s reputation of political and regulatory stability has been essential in motivating this

investment. It is critically important the policy settings and legislative frameworks are designed to attract investment in Australia.

Australia needs to ensure that its reputation as a destination of choice for foreign investment is maintained. This is important for the continued operation of the oil and gas industry in Australia, investment in new gas supply for the domestic market and our regional trading partners. It will also be essential as we look to investment in renewable energy and low emission technologies to deliver the energy transition to a net zero emission economy.

If you require further information or would like to discuss the comments above, please do not hesitate to contact Wayne Calder on 0424 852 384 or [wcalder@energyproducers.au](mailto:wcalder@energyproducers.au).

Yours faithfully,

A handwritten signature in black ink that reads "S McCulloch". The signature is written in a cursive, slightly slanted style.

**Samantha McCulloch**  
**Chief Executive**