

Australia to follow UK in creating public register of shell companies

Canberra commits to anti-tax avoidance measure ahead of an anti-corruption conference in London in mid-May convened by David Cameron

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Australia will follow the United Kingdom and become the second major economy to create a public register revealing the identities of the beneficial owners of shell companies in an effort to stamp out tax avoidance by multinational companies.

The Canberra government has signalled it will make a public commitment to a register of beneficial ownership within weeks, ahead of an anti-corruption conference in London in mid-May convened by David Cameron.

Australia's assistant treasurer Kelly O'Dwyer signalled the Turnbull government's plans in an interview with Guardian Australia. "We agree there needs to be a registry of beneficial ownership in our country," O'Dwyer said.

"It does improve transparency. It means that the public and law enforcement agencies know who ultimately controls the company. It means it is a lot easier to expose wrongdoing or fraudulent conduct. It make it much easier to disrupt illicit financial flows and it makes it much, much harder to engage in tax avoidance."

The government's move comes in the wake of revelations in the Panama Papers that more than 800 Australians were on the files of Panama-based law firm Mossack Fonseca - and amid a strong domestic voter backlash about businesses not contributing their fair share of tax.

The Australian prime minister Malcolm Turnbull faced questions in parliament from the Labor opposition in October 2015 about his personal investments in Cayman-registered funds. Turnbull told parliament Australian tax on the investments was paid in full.

Cameron has also faced questions in the wake of the Panama Papers leak about his personal wealth and offshore investments. Cameron published his tax records in an effort to end a parliamentary inquisition about his personal wealth after his late father's offshore fund was referenced in the Panama Papers.

A federal election looms in Australia within weeks, and the Labor opposition has been campaigning for months on measures to crackdown on multinational tax avoidance. Labor is, however, yet to make a specific commitment to the register of beneficial ownership.

The UK government will require the disclosure of the beneficial owners of companies in a public register from June, despite complaints from British business. The move by the Turnbull government is also unlikely to be popular with big business in Australia.

O'Dwyer said Australia's corporate watchdog, Asic, had trace powers to establish the identity of beneficial owners but the current system was "clunky".

She told Guardian Australia it was "critical that we ensure the integrity of our tax base in Australia and we know we have to cooperate with international jurisdictions in order to properly achieve that aim".

The assistant treasurer also flagged stronger actions if "non-compliant jurisdictions" refused to sign up to G20 standards on tax transparency.

"We certainly agree that further action should be taken by the international community if they do not do that," she said.

O'Dwyer declined to specify what stronger action might mean but there have been widespread calls to outlaw shell companies or to apply sanctions to countries that refuse to take action.

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