
From: Media Unit
Sent: Wednesday, 23 August 2017 9:11 AM
To: s22; Media Unit
Cc: Smith, Susie; Jepsen, David; Mossop, Kathy; Payne, Fiona; Media Unit; Parliamentary Services; s22
Subject: RE: needs ATO to look over [SEC=UNCLASSIFIED]

Hi s22

Please see fact checked media release from the ATO below – note we have included a suggested line for consideration following on from the ATO’s testimony yesterday (red text):

The Australian public is getting a fairer tax clip from large multinational companies according to evidence by the ATO to the Senate Economics Committee yesterday.

The Commissioner of Taxation Mr Chris Jordan told the Committee that ATO audits and reviews of well known multinationals, as well as large Australian groups, raised over \$4 billion in assessments in the last financial year. Nearly \$3 billion of this amount has been levied on seven very large multinationals.

The Turnbull Government has enabled this successful work by the ATO. The Government has resourced a new Tax Avoidance Taskforce of over 1,000 officers and introduced tough new laws like the Multinational Anti-Avoidance Law (MAAL), the Diverted Profits Tax and strengthened the general anti-avoidance powers. In addition the Government has enhanced the ATO’s ability to stop multinationals profit shifting to low tax countries through strengthening the transfer pricing laws and sharing country-by-country reports of multinationals’ transfer pricing strategies with our tax partners. **The Commissioner told the Committee yesterday that part of the \$4 billion extra tax he raised last year was \$1 billion in assessments on e-commerce companies and that he has already collected \$800 million cash on those assessments.**

The Government’s co-ordinated plan to tackle profit shifting and avoidance of Australian tax law will keep paying dividends. The ATO expects that the MAAL alone will see sales now taxable in Australia of over \$7 billion each year.

When taken into account with the ATO’s estimate that the outcome of the Chevron litigation will bring in more than \$10 billion dollars of additional revenue over the next ten years through transfer pricing of related party financing alone, Australians should have every confidence that their Government will take the decisions necessary to get multinationals to the table to talk about their real tax position and what taxes they rightly owe Australia.

Kind regards, Julia

Julia O’Neill
Director | Media Unit | Public Affairs
P s22 P s22

From: s22 @treasury.gov.au]
Sent: Wednesday, 23 August 2017 9:24 AM
To: Media Unit
Subject: FW: needs ATO to look over [SEC=UNCLASSIFIED]

See slight updates...Please check \$3 billion figure.

MULTI-NATIONALS AGREE TO PAY TAX ON THEIR AUSTRALIAN EARNINGS

The Australian public is getting a fairer tax clip from large multinational companies according to evidence by the ATO to the Senate Economics Cttee yesterday.

The Commissioner of Taxation Mr Chris Jordan told the Cttee that ATO audits and reviews of well known multinationals, as well as large Australian groups, raised over \$4 billion in assessments in the last financial year. **Nearly \$3 billion of this amount has been levied on seven very large multinationals.**

The Turnbull Gov has enabled this successful work by the ATO. The Gov has resourced a new Tax Avoidance Taskforce of over 1,000 officers and introduced tough new laws like the Multinational Anti-Avoidance Law, the Diverted Profits Tax and strengthened the general anti-avoidance powers. In addition, the Government has enhanced the ATO's ability to stop multinationals profit shifting to low tax countries through strengthening the transfer pricing laws and sharing country by country reports of multinationals' transfer pricing strategies with our tax partners.

The Government's co-ordinated plan to tackle profit shifting and avoidance of Australian tax law will keep paying dividends. The ATO expects that the MAAL alone will see sales now taxable in Australia of over \$7 billion each year.

When taken into account with the ATO's estimate that the outcome of the Chevron litigation will bring in more than \$10 billion dollars of additional revenue **over the next ten years** through transfer pricing of related party financing alone, Australians should have every confidence that their Government will take the decisions necessary to get multinationals to the table to talk about their real tax position and what taxes they rightly owe Australia.

The Government is determined that companies earning income in Australia pay tax in Australia according to our laws.

From: s22
Sent: Wednesday, 23 August 2017 9:09 AM
To: s22
Subject: FW: needs ATO to look over [SEC=UNCLASSIFIED]

MULTI-NATIONALS TO PAY THEIR FAIR SHARE

The Australian public is getting a fairer tax clip from large multinational companies according to evidence by the ATO to the Senate Economics Cttee yesterday.

The Commissioner of Taxation Mr Chris Jordan told the Cttee that ATO audits and reviews of well known multinationals, as well as large Australian groups, raised over \$4 billion in assessments in the last financial year. **Nearly \$3 billion of this amount has been levied on seven very large multinationals.**

The Turnbull Gov has enabled this successful work by the ATO. The Gov has resourced a new Tax Avoidance Taskforce of over 1,000 officers and introduced tough new laws like the Multinational Antiavoidance Law, the Diverted Profits Tax and strengthened the general anti-avoidance powers. In addition the Government has enhanced the ATO's ability to stop multinationals profit shifting to low tax countries through strengthening the

transfer pricing laws and sharing country by country reports of multinationals' transfer pricing strategies with our tax partners.

The Government's co-ordinated plan to tackle profit shifting and avoidance of Australian tax law will keep paying dividends. The ATO expects that the MAAL alone will see sales now taxable in Australia of over \$7 billion each year.

When taken into account with the ATO's estimate that the outcome of the Chevron litigation will bring in more than \$10 billion dollars of additional revenue over the next ten years through transfer pricing of related party financing alone, Australians should have every confidence that heir Government will take the decisions necessary to get multinationals to the table to talk about their real tax position and what taxes they rightly owe Australia.

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Australian Taxation Office

From: s22 [redacted]@treasury.gov.au>
Sent: Wednesday, 23 August 2017 10:46 AM
To: Media Unit
Cc: s22 [redacted]
Subject: URGENT fact check [SEC=UNCLASSIFIED]
Attachments: 20170823 - Joint MR - Crackdown on Labor's tax loopholes.docx

Hello,

Can we get the attached checked urgently, including highlighted bits in particular.

Thanks,

s22 [redacted]

s22 [redacted]

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Australian Taxation Office



The Hon. Scott Morrison MP
Treasurer

The Hon. Kelly O'Dwyer MP
Minister for Revenue and Financial Services

Joint media release

Wednesday, 28 February 2018

CRACKDOWN ON LABOR'S TAX LOOPHOLES

Australians are getting a fairer tax clip from large multinational companies, with over \$4 billion raised in assessments last financial year, according to evidence by the Australian Taxation Office (ATO) to the Senate Economics Committee yesterday.

The Turnbull Government welcomes Commissioner of Taxation Chris Jordan's evidence before the Committee that the ATO's audits and reviews of well-known multinationals, as well as large Australian groups, raised over \$4 billion in assessments in the last financial year. Nearly \$3 billion of this amount has been levied on seven very large multinationals.

The Turnbull Government's tough action to crack down on multinational tax avoidance has enabled this successful work by the ATO. If profit is earned in Australia then it will be taxed here.

The Government has resourced a new Tax Avoidance Taskforce of over 1,000 officers and introduced tough new laws like the Multinational Anti-Avoidance Law (MAAL), the Diverted Profits Tax and strengthened the general anti-avoidance powers.

In addition, the Turnbull Government has enhanced the ATO's ability to stop multinationals profit shifting to low tax countries through strengthening the transfer pricing laws and sharing country-by-country reports of multinationals' transfer pricing strategies with our tax partners.

By contrast, the Labor party and Bill Shorten opposed and voted against the MAAL in the Parliament.

The Commissioner told the Committee yesterday that part of the \$4 billion extra tax he raised last year was \$1 billion in assessments on e-commerce companies and that he has already collected \$800 million cash on those assessments.

The Government's coordinated plan to tackle profit shifting and avoidance of Australian tax law will keep paying dividends. The ATO expects that the MAAL alone will see sales now taxable in Australia of over \$7 billion each year.

When taken into account with the ATO's estimate that the outcome of the Chevron litigation will bring in more than \$10 billion dollars of additional revenue over the next ten years through assessments of transfer pricing of related parties, Australians should have every confidence that their Government will take the necessary decisions and actions to ensure multinationals pay the taxes they rightly owe to the Australian people.

The Government commends Commissioner Jordan and the hard-working staff of the ATO for their efforts in implementing and policing our tough new multinational anti-avoidance laws.

Media contacts:

s22



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Australian Taxation Office

From: Media Unit
Sent: Wednesday, 23 August 2017 11:01 AM
To: s22 ; Media Unit
Cc: s22
Subject: RE: URGENT fact check [SEC=UNCLASSIFIED]

Hi s22

This has been fact checked and is ok to send.

Kind regards, Julia

Julia O'Neill
Director | Media Unit | Public Affairs
P s22 P s22

From: s22 @treasury.gov.au]
Sent: Wednesday, 23 August 2017 11:16 AM
To: Media Unit
Cc: s22
Subject: URGENT fact check [SEC=UNCLASSIFIED]

Hello,

Can we get the attached checked urgently, including highlighted bits in particular.

Thanks,
s22

s22



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From: Smith, Susie
Sent: Tuesday, 22 August 2017 1:58 PM
To: s22 @treasury.gov.au; s22 @treasury.gov.au; s22
s22
Cc: s22; Mossop, Kathy; Payne, Fiona; Jepsen, David; O'Neill, Julia; Media Unit; Parliamentary Services
Subject: RE: FYI: Commissioner's opening statement to the Inquiry into Corporate Tax Avoidance this afternoon [SEC=UNCLASSIFIED]

Good afternoon,

Re-issuing as we have picked up a small correction on top of page 3 – to remove reference to 'net' in \$7B of sales.



20170822_22
August 2017 - C...

There are no other changes.

Regards
Susie

Susie Smith
Assistant Commissioner, Public Affairs, ATO Corporate
Australian Taxation Office
P s22 M s22

From: Smith, Susie
Sent: Tuesday, 22 August 2017 1:28 PM
To: s22 @treasury.gov.au; s22 @treasury.gov.au; s22
Cc: s22; Mossop, Kathy; Payne, Fiona; 'David Jepsen (David.Jepsen@ato.gov.au)'; Julia O'Neill (Julia.O'Neill@ato.gov.au); Media Unit; Parliamentary Services
Subject: FYI: Commissioner's opening statement to the Inquiry into Corporate Tax Avoidance this afternoon [SEC=UNCLASSIFIED]
Importance: High

Good afternoon,

Please find attached the Commissioner's opening statement to the Inquiry into Corporate Tax Avoidance this afternoon.

<< File: 20170822_22 August 2017 - CTA hearing - FINAL.pdf >>

The ATO is due to appear before the Senate Economics References Committee inquiry into Corporate Tax Avoidance from 4.20pm–5.00pm. The audio of the inquiry will be streamed live and can be listened to [here](#). The Inquiry is being telecast on Australia's Public Affairs Channel if you want to watch: <http://www.a-pac.tv/>

The statement will be distributed to key journalists after the Commissioner commences speaking. The Commissioner will not be undertaking any media interviews.

Regards
Susie

Susie Smith
Assistant Commissioner, Public Affairs, ATO Corporate
Australian Taxation Office

P s22 M s22

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Australian Taxation Office

Commissioner's Statement to the Inquiry into Corporate Tax Avoidance

Sydney - 22 August 2017

Thank you Chair.

I thank the Committee for its ongoing interest in the matter of corporate tax avoidance because it is an important issue for the Australian community. The ATO's ability to tackle tax avoidance is demonstration of how we reinforce the integrity of Australia's tax system and ensure the right amount of tax is paid in Australia. It is important for trust and confidence in our system that Australians can see that the system they participate in ensures that revenue earned here is taxed here. Just as we rightly expect every individual to pay tax, so too must the large corporate and multinational companies operating in Australia.

It has been thirty months since the ATO first appeared before you. Since that first hearing we have been keen to demonstrate to you how our actions are holding corporate taxpayers to account.

In February 2016 I said to you 'enough was enough' – that we were fed up with those corporate taxpayers choosing to engage in behaviour amounting to gaming and sneaking tactics to avoid their tax obligations.

My commitment to you at the time was that the ATO would no longer endure these tactics, and we would work assertively and energetically to engage with corporate taxpayers - Australian and foreign corporates - to ensure their affairs were in order and they were paying the right amount of tax. We would tolerate no more excuses, and no more delays.

Today I want to share with you how we have fulfilled that commitment.

The results are in.

As you have heard from the evidence of taxpayers today, the ATO has been active in our management of the corporate tax sector, including multinationals. We have upheld the principle of 'justified trust' – taxpayers must proactively engage with the ATO and show us evidence of their structures, pricing regimes, profits earned in Australia and compliance with Australia's tax laws. If they fail to do this, they no longer command our trust, and they can expect active intervention until we see appropriate transparency, engagement and ultimately, remedial action has occurred to ensure full compliance with their tax obligations.

Our engagement has been fulsome.

Since we initiated this focus on multinational companies we have **completed over 1000 reviews and audits** in a range of sectors and covering many of the household names that people see bandied about in the media. A number of entities are on the public record as disclosing their assessments or adjustments as a result of our interaction including BHP, Crown, Singtel and Rio Tinto.

This work has raised over \$4 billion in total assessments against large public groups and multinationals **in the last financial year alone**, with almost **\$2.9 billion** raised from just seven very large multinational companies. Also of this \$4 billion total, more than **\$1 billion was raised from 10 audits of companies** as part of our focus on the e-commerce sector.

For one high profile taxpayer, our compliance activities resulted in a **five-fold increase in the amount of tax they paid**.

Outside of these audits, **we have also reviewed 221 companies with at least 32 seeking to restructure their operations** as a result of our enforcement of the Multinational Anti-Avoidance Legislation – the MAAL. **We have a further 75 companies still under audit.** A number of companies, notably Google and Facebook, have stated publicly that they have restructured their Australian operations. And something not disclosed before, **we anticipate sales returned in Australia as a result of the MAAL will amount to over \$7 billion each year.** That's \$7 billion in sales **booked and the appropriate profit of these activities in Australia will be taxed in Australia for the first time.** Importantly, this includes locking in arrangements to account for future growth in sales.

We are already looking at those companies that may find themselves subject to the Diverted Profits Tax. We are actively engaging with them now to ensure there is no delay and ambiguity regarding our expectations. Taxpayers will be subject to the DPT if they do not have their house in order.

We have ensured that 'ignorance is no defence'. Further to our one- to-one engagement, over the life of this inquiry **we have ensured the rules are clear by issuing 10 taxpayer alerts.** The suite of taxpayer alerts outline key areas large corporate and multinational taxpayers must exercise diligence around including: lease in lease out arrangements, marketing hub, outbound permanent establishments, procurement hubs, related party financing, thin capitalisation and ensuring compliance with the MAAL.

We have further confirmed our view by issuing a **Practical Compliance Guideline (PCG) on marketing hubs**, and we are finalising similar guidance in relation to **related party financing arrangements**. **These guidelines overtly demonstrate our expectations for meeting the law**. They describe where we rate structures and resulting tax arrangements, and the level of attention and engagement taxpayers can expect to receive as a result.

We have presented this simply as 'zones of compliance' from green through to red. **I can assure you, feedback from industry is that no one wants to be in the red zone!** We are working with taxpayers who find themselves in zones other than green to ensure they remedy their position.

For instance, **the practical guidance on related party financing has only recently been issued (mid May), but we've already moved at least \$42 billion of corporate debt arrangements into the less risky 'green zone'** as a result of our active engagement.

Our frontline capability to this work has been enhanced and extended through the Tax Avoidance Taskforce. We now have **more than 1,000 officers** dedicated to examining and overseeing large public and private groups and multinational entities.

As I mentioned, we have benefited from the strengthening of Australia's tax laws applicable to this sector – particularly the changes more recently through the MAAL, the DPT, changes to Part IVA and transfer pricing, and the introduction of Country by Country reporting. These changes have countered a number of scenarios where taxpayers may have sought to be opportunistic and exploit perceived loopholes in Australia's tax regime, and further strengthen the ATO's position in reviewing these arrangements moving forward.

I recently described large company tax avoidance as an assailable problem.

We have marshalled our resources, we have utilised the enhancements to the law and policy framework, we have demonstrated resolve and called “time out” on delay tactics. **We have achieved results.** In doing so, we have not only **cleaned up the past** and any ‘back tax owed’ but critically, we have **locked in future arrangements** to safeguard against the insipid roundabout of repeated ‘chase and tidy up’ scenarios with taxpayers.

Our resolve remains absolute and our work necessarily continues.

Notwithstanding what I have already said, **the work of Tax Avoidance Taskforce is now focused on ensuring all remaining companies abide by the taxpayer alerts and public guidance we have issued.** To this end, we have a **number of major audits of multinational companies, as well as reviews on hundreds of other companies** to ensure they are continuing to comply with both the general tax laws and the MAAL as we uncover new structures and aggressive planning.

As an example of all this activity, important progress is being made on dealing with **excessive interest claims by multinational companies.**

We were pleased with the withdrawal of Chevron’s appeal to the High Court last week. The judgement in **Chevron is one of the most important decisions in corporate tax in Australia ever.**

Chevron sought to challenge Australia’s transfer pricing rules and the appropriate method for establishing an arms-length interest rate for a related party loan. The withdrawal of the appeal means that the decision is now final.

Our initial estimates are that the Chevron decision will bring in more than \$10 billion dollars of additional revenue over the next ten years in relation to transfer pricing of related party financing alone.

We have been very clear **this case would have direct implications for a number of cases the ATO is currently pursuing in relation to related party loans**, as well as indirect implications for other transfer pricing cases. These impacts will not be limited to the oil and gas sector, but across the entire economy.

The commitment I outlined all those months ago was that we would pursue taxpayers and ensure they achieved 'justified trust', that they complied fully with our tax laws and paid the right amount of tax – they either did the right thing or could expect the full attention of the ATO if they did not. Our actions and our results demonstrate you can confidently trust the ATO to continue to ensure large corporates and multinationals uphold their obligations as we and the Australian community expect them to.

Thank you Chair.

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Australian Taxation Office