



Commissioner's opening statement

Senate Estimates – 30 May 2023

Thank you Chair

I would like to make some opening remarks in relation to the PwC matter which I know is of great interest to this Committee, taxpayers, the tax profession, the media, and the general public.

The ATO has a proven track record of holding multinationals and their tax advisers to account.

A major part of our success is that we are ahead of the game when it comes to tax schemes potentially promoted by tax advisers.

Our dedicated and well-resourced compliance teams have the skills and training to identify and thwart schemes designed by advisers to help their clients avoid tax here in Australia.

We are not afraid to take on the big end of town. We have, and we will keep doing so.

Our job is to protect the tax revenue that is due to the Commonwealth of Australia. Revenue that we all depend on for vital services.

In this context, in January 2016, we became aware of a handful of multinationals suspiciously and quickly attempting to restructure their affairs upon the introduction of the Multinational Anti-Avoidance Law (MAAL).

Within days of becoming aware, we commenced reviews and audits of those multinationals and issued three Taxpayer Alerts in 2016, putting all significant firms and taxpayers on notice.

Our immediate action prevented any loss of revenue to the Commonwealth from a scheme to avoid the MAAL. We estimate the revenue at risk was \$180 million annually.

Another major concern was the issue of Legal Professional Privilege (LPP) where it appeared our investigation was being frustrated through false LPP claims. We had to issue further notices to obtain information that was clearly not subject to LPP such as internal PwC emails.

Despite our best efforts, due to the obstacles placed in our path, it took a long time to obtain the information requested. The content received from late 2017 raised a range of significant

concerns about artificial schemes being marketed by PwC. A significant concern also uncovered was the Collins matter: a potential breach of confidentiality in a Treasury consultation process.

Unlike many revenue authorities in other countries, we do not have criminal investigative powers. As the confidentiality breach was not a tax offence, we were unable to investigate the matter further and from 2018 we sought to refer this matter to the correct authority.

After sharing information with the Australian Federal Police over the 2018 – 2019 period, we ultimately formally referred the matter to the Tax Practitioners Board (TPB) in July 2020.

There has been a lot of information and misinformation published about this matter.

So while I am limited in what I can say due to the ongoing criminal investigation and due to strict taxpayer secrecy constraints, we are keen to be transparent and assist the Senate as much as possible.

My main messages are to reassure the community that we got on top of this early and stopped any tax loss to Australia from this egregious behaviour, and this will only harden our resolve to continue the work we do everyday, to make sure everybody pays their fair share of tax in Australia, as the community expects.