



Chair
Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Chair,

I wish to provide additional information to supplement the ATO testimony provided at Senate Estimates yesterday.

In response to the question: *In terms of the \$4 billion that you announced was raised on the 23rd of August for the last financial year, just interested in knowing how much is directly attributable to MAAL (the Multinational Anti-Avoidance Law), Deputy Commissioner Mark Konza responded 'The answer is nil. The MAAL only came in in 2016.'*

This answer has been misconstrued in media commentary yesterday and has misrepresented the ATO's evidence given at Senate Estimates in relation to the MAAL. While actual assessments under the MAAL have not yet been made, the MAAL has caused behavioural change and has been effective in bringing multinational taxpayers to the table to negotiate with us how they will comply with the law.

We iterated at the hearing that the MAAL bolsters the capabilities of the ATO in combatting tax avoidance and was instrumental in the closure of almost a quarter of the \$4 billion in additional assessments last year.

Our 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. 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.

A number of companies, notably Google and Facebook, have stated publicly that they will now return Australian sourced sales to Australia. This is as a result of the operation of the MAAL. We anticipate that additional taxable sales now returned to Australia will amount to over \$7 billion each year. That's \$7 billion in sales booked and the appropriate profit of these activities taxed in Australia for the first time, and locked in for the future.

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

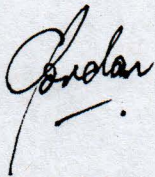
Through the Tax Avoidance Taskforce the ATO now has more than 1,000 officers dedicated to examining and overseeing multinationals and large public and private groups operating in Australia.

Our compliance and enforcement capabilities have significantly benefited from the strengthening of Australia's tax laws – particularly the changes through the MAAL and the Diverted Profits Tax to call 'game over' on delay tactics. We have achieved results. 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.

I wanted to provide you with this note because I was concerned that the interpretation of such a brief answer gave the wrong impression to the Australian community and to members of the Senate Standing Committee on Economics.

I do not want any doubt for the Australian community – they can have full confidence the ATO has the laws, the resources and the expertise to ensure the right tax is paid in Australia.

Yours sincerely

A handwritten signature in black ink, appearing to read "Jordan", with a horizontal line underneath.

Chris Jordan
Commissioner of Taxation
26 October 2017