

Attachment A – Update of Table 5 from the Parliamentary Budget Office’s *Submission to the Standing Committee on Economics inquiry into tax deductibility*

The following tables provide an update of Table 5 from the Parliamentary Budget Office’s (PBO) *Submission to the Standing Committee on Economics inquiry into tax deductibility* for the 2013–14 and 2014–15 income years. The 2013–14 income year data is more comprehensive than 2014–15 as it captures a greater proportion of late lodgements.

This information includes the relevant interest expenses reported by domestic and multinational companies operating in Australia.

Table 5: Company interest deductions by company size (turnover), 2013–14^{(a)(b)}

Company turnover	Number of companies	Total interest expenses (\$m)	Percentage of total interest expenses claimed (%)	Total expenses (\$m)	Interest as a percentage of total expenses (%)
<\$2 million (micro)	682,823	3,759	9.0	179,797	2.1
<\$10 million (small)	53,794	2,636	6.3	210,496	1.3
<\$100 million (medium)	13,883	4,807	11.5	341,771	1.4
<\$250 million (large)	1,027	3,889	9.3	155,855	2.5
>\$250 million (very large)	880	26,824	64.0	1,157,649	2.3
Total (excluding the finance and insurance industry)	752,407	41,914	100.0	2,045,567	2.0

Source: PBO analysis based on data from the ATO.

- (a) There are some minor differences in this data to that published in Taxation Statistics 2013–14 as this submission uses more recent data (taking into account additional late tax returns).
- (b) The nature of the finance and insurance industry means that companies operating in this sector are highly leveraged. In 2013–14, companies in the finance and insurance sector claimed \$105 billion in interest expenses. The figures presented in this section exclude the finance and insurance sectors as including them would significantly skew the data.

Table 5: Company interest deductions by company size (turnover), 2014–15^{(a)(b)}

Company turnover	Number of companies	Total interest expenses (\$m)	Percentage of total interest expenses claimed (%)	Total expenses (\$m)	Interest as a percentage of total expenses (%)
<\$2 million (micro)	676,431	3,494	8.2	189,284	1.8
<\$10 million (small)	56,405	2,624	6.2	221,834	1.2
<\$100 million (medium)	15,026	5,234	12.3	381,843	1.4
<\$250 million (large)	1,174	3,755	8.8	180,719	2.1
>\$250 million (very large)	955	27,383	64.4	1,207,601	2.3
Total (excluding the finance and insurance industry)	749,991	42,490	100.0	2,181,281	1.9

Source: PBO analysis based on data from the ATO.

- (a) There are some minor differences in this data to that published in Taxation Statistics 2014–15 as this submission uses more recent data (taking into account additional late tax returns).
- (b) The nature of the finance and insurance industry means that companies operating in this sector are highly leveraged. In 2014–15, companies in the finance and insurance sector claimed \$98 billion in interest expenses. The figures presented in this section exclude the finance and insurance sectors as including them would significantly skew the data.