



THE SENATE

## Economics References Committee

### Inquiry into Australia's oil and gas reserves

#### Answers to Questions on Notice—10 November 2021

##### Question—Income Taxation

**Senator PATRICK:** Sure. The reason I ask that question is I've looked at tax transparency data provided by the ATO and it comes up with a different number—a lesser number actually. In fact, over the last five tax transparency years it shows that you paid \$116 million in tax—that's for income tax which is why I was trying to break that down. When you said income tax did you mean corporate income tax? Are you including employees' PAYG in any of your numbers?

**Mr Townsend:** I don't have that level of specificity. I can get that for you on notice. I'm surprised that you have a different number. Obviously, these are numbers published by us. We put them out there; we stand by these numbers. I'd be happy to look into that and reconcile them with the numbers that you have.

**Senator PATRICK:** So we're very clear, my numbers come from the tax office, tax transparency, and only relate to corporate income tax and PRRT. You've mentioned other taxes. You said FBT and 'other taxes'.

**Mr Townsend:** These are all taxes paid to all governments, yes. This has been published in our tax—

**Senator PATRICK:** Maybe if you could provide the committee with that tax transparency report. I appreciate it is probably on your website but if you could flick it through to the secretariat

##### Answer:

The ATO tax transparency reports for 2018-19 are actually those in our 31 December 2018 Tax Transparency report. This is because INPEX is an 'early balancer' for income tax purposes as it has a 31 December financial and tax year end. The numbers reported in INPEX's 2019 Tax Transparency Report, as set out by Mr Townsend, and as queried by Senator Patrick, are yet to be released by the ATO. These will be included in the 2019-2020 data set when the ATO does release this information in December 2021.

INPEX notes that one of its subsidiaries, INPEX DLNGPL Pty Ltd, is not captured by the ATO data due to its revenue being less than the legislated threshold for release as part of the ATO dataset. INPEX voluntarily publishes this information in its own transparency report. There are no errors in the tax payable amounts quoted by INPEX. These tie to lodged income tax returns by

all INPEX Australian entities from 2011 onwards. Senator Patrick's calculations of income tax at \$116 million in tax, based off the ATO tax transparency data, are correct. However, as mentioned above, they are for calendar years ended 2014 to 2018, not the period 2011 to 2019. The amounts quoted by Senator Patrick are picked up as part of the totals in our tax transparency figures, as is the income tax contributions of INPEX DLNGPL Pty Ltd, which would add a further \$37 million in tax to the total for the period Senator Patrick is using in his calculations.

Significant income tax payments were made in 2011 – 2013 calendar years, that are not part of the Senator's data set totalling \$558 million. For completeness, including the 31 December 2020 year, the total income tax payments from 2011 to 2020 is \$722 million.

INPEX does not include employees' PAYG in any of its numbers. All payments disclosed in its tax transparency report relate to taxes which fall on the companies, not any employee. For completeness, INPEX notes that PAYG withheld from employees – while not reported publicly -- was more than \$700 million for the period 2011-2020.

A link to all our tax transparency reports can be found at: [Transparency | INPEX](#)

With respect to Senator Patrick's question on corporate structure, in Australia INPEX has one Multiple Entry Consolidated (MEC) tax group, for which INPEX Holdings Australia Pty Ltd reports for some of its Australian companies. Other entities are stand-alone branches or companies that file, and pay, their own income tax obligations. For projects, Ichthys and Prelude have a joint venture arrangement where each joint venture participant pays its own share of tax. For Ichthys LNG, there is also an incorporated downstream company, Ichthys LNG Pty Ltd, which has its own income tax obligations.

### **Question—PRRT**

**Senator PATRICK:** I wouldn't mind if you were to come back to the committee—maybe take this on notice—with the range that you've estimated from that modelling in terms of the possible PRRT that gets paid from this project. Would you consider taking that on notice and coming back to the committee with that? Could I also ask you on notice to perhaps go back and find out whether or not the PRRT estimate was ever communicated to the Australian government. I'd hate to have it on the record that the Australian government didn't look for that when perhaps they did. So it's just a confirmation.

**Mr Townsend:** Yes. I obviously will be very pleased to do that. I don't know every single aspect of what has been presented or hasn't been presented and, of course, it is more than 10 years since that would have happened. Perhaps my memory is different, but I will be happy to confirm my understanding or correct my understanding as the case may be.

### **Answer:**

INPEX confirms that it did not submit – and was not required to submit -- its forecast data set on economics, including PRRT projections, to any government regulator or department as part of the Ichthys LNG Project's approvals process.

In February 2017, INPEX made a submission to the government's PRRT Review led by Mr Michael Callaghan. The INPEX submission includes three scenarios to reflect PRRT payments when oil prices average 60USD/barrel, 80USD/barrel and 100USD/barrel. A copy of this submission is attached.

### **Question—Other regimes**

**Senator PATRICK:** You have substantial operations around the globe. How many different regimes does the company operate under? How many use a PRRT, a royalty based system or some sort of combination of both?

**Mr Townsend:** We operate in 17 countries or so today. I believe that's the number. Each country has its own, different regime. I'll have to take that one on notice as well to give a specific breakdown. I will go back to my key message here, which is that PRRT has actually worked extremely well for Australia in attracting investment like Ichthys LNG. It's propelled the country to be the leading producer of liquefied natural gas. That's not just serving us today; these projects are generating opportunities for years to come, for our kids and our grandkids, too. Ichthys has a 40-year project life

### **Answer:**

INPEX currently operates in about 20 countries around the world. Each country has its own unique regulatory, fiscal and legal regimes – no two are the same. Similarly, each country manages its oil and gas resources in a unique manner. Some countries have national oil & gas companies that participate directly in exploration and production projects. The complexity of the arrangements in place make it impossible to describe succinctly. However, some examples of how countries manage their resources include through production sharing contracts, royalty arrangements, direct government agreements, additional profits tax, and resource rent tax.

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