

The Treasury Laws Amendment (Combating Multinational Tax Avoidance) Bill 2017 and Diverted Profits Tax Bill 2017 [Provisions]

The TOTAL Income of the top 1900+ companies in Australia is A\$1.78 TRILLION
The amount of tax being paid by these top 1900+ companies is A\$42 Billion
This equates to a tax contribution of only 2.35% of TOTAL Incomes

If the ATO were allowed to place a ceiling on Tax Deductible expenses at 90% of TOTAL Incomes, and the current tax rates applied to just 10% of TOTAL Incomes to the 600 companies paying ZERO TAX, and the further 600+ companies paying tax on LESS THAN 10% of their Total Incomes, this action would raise an extra A\$41 billion for each of just these two years, and our Commonwealth Government budget deficit problems would come back under our control

Summarised data that the ATO published online in both December 2015 and December 2016 with respect to Corporate Report of Entity Tax, for both the 2013-14 and 2014-15 Financial Years.

- **It would appear that our Federal Parliament has not effectively analysed these numbers published by our ATO.**
- totally agree with a cut in the Company Tax Rate of 30% of Taxable Income – to significantly lower 15% - as soon as possible!
- Problem 1, only 600 of the companies on this list of 1900 actually pay 30% of Taxable Income, over 1300 do not.
- Problem 2, in 2014/15 over 600 companies paid zero tax on A\$330 billion of Total Income, by claiming 100% of their Total Incomes in Tax deductible expenses, this equates to a loss in our Tax receipts of A\$9.9 billion.
- Problem 3, in 2013/14 over 600 companies paid zero tax on A\$352 billion of Total Income, by claiming 100% of their Total Incomes in Tax deductible expenses, this equates to a loss in our Tax receipts of A\$10.5 billion.
- **320 companies have managed to obtain a Zero Taxable Income Assessment* and a Zero Tax Payable Assessment* from our ATO, in consecutive years.**
- Problem 4, some of these 600 companies have offshored many of their core operating functions - IT, HR, Payroll, Accounts, Purchasing, Procurement - into Asia but seem to be claiming a tax deductible expense in Australia for these incurred overseas costs and means Australian tax payers are subsidising their overseas employees.
- Problem 5, a further 600 companies paid tax on 10% or less of their Total Incomes, by claiming 90% or more of their Total Incomes in Tax deductible expenses, this equates to a further loss in our Tax receipts of A\$30 billion.
- Solve problem 2 and 3 and problem 4 by limiting tax deductible expenses – as recommended by the OECD, 'Limiting Base Erosion Involving Interest Deductions and Other Financial Payments, Action 4 - 2015 Final Report OECD/G20 Base Erosion and Profit Shifting Project (OECD Publishing, Paris, 2015, p. 13) – would raise and extra A\$40 billion, for Health, Education, Infrastructure and much needed and fairer GST Distribution to the states.
- Also, this ATO data indicates that the cost to drop the Company Tax Rate by 1% from 30% to 29% of Taxable Income, would cost A\$2.1 billion in the first year.
NOT A\$10 billion which is the figure being published by the Government in the media
- The reason it is only A\$2.1 billion, directly relates to the number of companies not actually paying their current tax obligations.