

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

2014 - 2015

Department/Agency: ATO

Question: SBT 4299-4300

Topic: Accounting irregularities of Large Australian proprietary companies

Reference: Hansard Page 126-128

Senator: Milne

Question:

Senator MILNE: Are you aware of any systematic accounting irregularities in the audited financial reports of large Australian proprietary companies—for example, failure to comply with accounting standards, failure to lodge accounts on time and accounts that are missing altogether? I refer you to Glencore, Tom Waterhouse and Hancock Prospecting for example—all of those have been reported in some of those capacities.

Mr Olesen: I am not close enough to give a definitive answer on that. Perhaps it would be wisest to take that on notice.

Senator MILNE: If you would take that on notice, that would be good. In terms of these financial reporting practices of large proprietary companies, what work is the tax office doing to really crack down and clean up the regulatory activities and make sure they are actually complying?

Mr Olesen: Sorry, their obligations to report financial information which is part—

Senator MILNE: Yes, because at the moment there is a suggestion that they are pretty slaphappy in terms of their financial reporting practices.

Mr Mills: There is a distinction between the reporting that they are required to do in terms of financial disclosure for ASIC purposes and the amount of information that we are able to obtain under our powers, which is much greater. That will not be in the public domain necessarily, but we have great powers to be able to access all of that information anyway.

Senator MILNE: Yes. That is why I was asking if you have got those powers and are accessing that information about systematic accounting irregularities that are turning up—

Mr Mills: Sorry. I was talking about the information in relation to tax related things, such as subsidiaries overseas and so on. Financial accounting irregularities are a matter for ASIC rather than for the tax office.

Senator MILNE: And you have not had any engagement with them about noticing any of that, or that is up to their compliance procedures et cetera?

Mr Mills: We do have a good relationship with ASIC, but I would have to take that one on notice.

Mr Reardon: As Second Commissioner Mills said, that is something for ASIC. In terms of your earlier question, we are working closely with ASIC about access to financial accounts. They are useful for us to look at as part of our information gathering and as part of our understanding of the way large corporates report, structures et cetera. As Second Commissioner Mills said, we have got a good relationship and that work is progressing.

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4299. Are you aware of any systematic accounting irregularities in the audited financial reports of large Australian proprietary companies?

No. The ATO notes that financial accounting irregularities are a matter for Australian Securities and Investments Commission (ASIC).

In any case, the ATO would be unable to disclose information concerning the taxation affairs of individual taxpayers due to the confidentiality provisions in Division 355 of Schedule 1 of the *Taxation Administration Act 1953*.

4300. And you have not had any engagement with them about noticing any of that, or that is up to their compliance procedures et cetera?

As part of our general information gathering activities, the ATO works closely with ASIC, but as noted above, systematic financial accounting irregularities are a matter for ASIC.