

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
TREASURY

Australian Taxation Office

Supplementary Budget Estimates 3 November 2005

Outcome

Topic: **Consultants and ABNs**
SBT78 **Hansard Page** **E14**

Senator Sherry asked:

On this issue of consultancies: looking at appendix 4 of the annual report, which lists the consultancies, there is Analysis Group Economics with, under 'Description', 'provide economic opinion and advice on transfer pricing arrangements' and, under 'Contract price', '\$126,500'. As far as we can determine, the corporation, at least under that name, does not have an ABN. Does the ATO have a policy of requiring consultants to have an ABN?

Ms Moody—When we engage people we obviously comply with the relevant tax law. Most places would have an ABN. If one does not, then we would go through a withholding regime associated with payments to that company. But I am not familiar with the individual case so I would have to take detail about an individual case on notice.

Senator SHERRY—I would have thought that the tax office would certainly be checking on ABNs for its own consultants, would it not?

Ms Moody—Yes. But we engage people, for instance, as individuals and we would engage people as companies, and each of those sorts of engagements would come with a range of checking requirements which might involve withholding if they did not have the appropriate number. It does not necessarily mean you would not engage them if they did not have an ABN, but you would then employ some other—

Senator Sherry--But can I be assured that the tax office is checking that its own consultants have an ABN as part of the process?

Ms Moody—I would take that on notice.

Mr Carmody—I think you can be confident—and we will confirm this—that where they are required to have an ABN and that comes to our attention we would be checking that. But where they are not required to have an ABN, then the no-ABN withholding arrangements would be applied.

Senator SHERRY—In this case we cannot find the ABN for this group.

Mr Carmody—I think that question was about international organisations, and I think this may be one of them. It was the transfer pricing consultancy that we may have had done overseas. I think there was probably good reason in that case, and I am sure there would be in any other cases.

Senator SHERRY—I look forward to the answer on notice.

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

TREASURY

Australian Taxation Office

Supplementary Budget Estimates 3 November 2005

Answer:

The Tax Office does not have a policy of requiring its suppliers (including consultants) to have an Australian Business Number (ABN) and nor is it required to by law.

Where a supplier does not quote an ABN, the Tax Office applies the relevant *no ABN withholding* provisions to determine the appropriate tax treatment of any payments to the supplier. For non-resident entities (as is the case with Analysis Group Economics), the Tax Office also considers any withholding exception provisions applying to exempt income under relevant international tax treaties.

The Tax Office, as a purchaser of services, has reviewed the specific case raised and confirm that our transactions with the supplier, Analysis Group Economics, were in accordance with appropriate taxation requirements.