

Joint Committee on the Australian Crime Commission

Inquiry: Legislative arrangements to outlaw serious and organised crime groups

Answers to Questions on Notice

Australian Taxation Office

6 November 2008

Topic: Success of Project Wickenby

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Senator POLLEY asked: There has been a lot of discussion today and in other places in relation to Project Wickenby. From your point of view, do you see that project as being successful?

Mr Cranston— I believe Project Wickenby has brought together five agencies with one outcome. I think it has been successful. If you look at some of the voluntary compliance, people have come to the ATO and disclosed their involvement in tax havens. I have got some of the figures here if you would like me to—

Senator POLLEY—You could table those or take it on notice to provide them.

Mr Cranston—We will take it on notice. We have had conversations with a number of advisers and there has been a lot of media exposure by a number of experts in this area who have basically said that Wickenby has been successful in changing people's behaviour in entering into abusive tax evasion schemes. There is probably a third level: we monitor the tax performance of people that have been involved in Wickenby after the year that they have been involved, and there has been significant improvement in their voluntary compliance levels.

Answer:

Project Wickenby, the multi-agency taskforce that was formally established in February 2006, has the objective of making Australia unattractive for promoters and participants to engage in international tax avoidance and evasion.

One of the impacts of Project Wickenby activities is seen in the Tax Office's Offshore Voluntary Disclosure Initiative (OVDI) that began in July 2007. It provides the opportunity for people to come forward and receive reduction in penalties if they voluntarily disclose matters before they come to the attention of the Tax Office. OVDI results to 20 November 2008 include the following:

- 1,250 taxpayers have taken the opportunity presented by this initiative to make a disclosure,
- 48 countries involved,
- \$65 million in omitted income disclosed, and
- \$19 million in tax liabilities raised.

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The Wickenby project itself, part way through its project term, is also producing some good results that include:

- raising \$213 million in liabilities, collecting more than \$81 million and restraining assets with a value of over \$75 million from the proceeds of criminal activity,
- increasing collections by a further \$70 million in subsequent years by those who have been subject to action by the Wickenby taskforce,
- 28 people have been charged with indictable offences, and 23 criminal investigations involving multiple parties are underway, and
- there have been 34 convictions for summary tax offences, and three people have been convicted for indictable offences. Two more are to face sentencing in the next few weeks. We expect other prosecution as Wickenby investigations continue.

We believe that Project Wickenby is sending a clear message that the Commonwealth will respond to offshore abuses of Australia's tax system. Anecdotal information indicates that this is having a deterrent effect and is building community trust and confidence in our tax system.