



## Opening statement

*Budget Estimates*

*9 November 2022*

*Chris Jordan AO, Commissioner of Taxation*

Thank you, Chair.

Before we take questions today, I have a few opening remarks.

Last Monday, our 2021-22 Annual Report was tabled and I would like to highlight a few key achievements.

In 2021-22 we collected \$648 billion in tax. Our net tax collections were up 14% from the previous year, or a \$64 billion increase. We also achieved total revenue effects of \$15.5 billion through our activities to improve taxpayer compliance.

We launched Director ID which will help prevent illegal activity and level the playing field for businesses, delivered another successful tax time, and maintained our supportive posture with the community.

We publish a more comprehensive tax gap analysis than anywhere else in the world.

Our tax performance figures for 2019-20 show we are operating at about 93% tax performance. This leaves a tax gap of 7% or \$33 billion. Tax performance estimates are a lag indicator, so this is the most recent data we have available.

These figures show a steady improvement over the last five years since we started measuring tax performance. Then, the gap was more than 8%.

The marked improvement in tax performance reflects the hard work of tax officers and Australians should be proud of how well our tax system performs.

There is still more work to do. Our four largest tax gaps by dollar value are:

- small business income tax (\$11.9 billion)
- individuals income tax (\$9 billion)
- GST (\$4.1 billion), and
- large business income tax (\$2.6 billion).

We are committed to working with all markets to improve tax performance, and have a particular focus on small business and individuals as we support Australia's economic recovery.

Also released last week was our latest Corporate Tax Transparency report. The report reveals the amount of tax paid by large corporates in 2020-21 is the highest since reporting started 8 years ago. Almost 2,500 corporate entities paid a combined \$69 billion in income tax – which is \$11.4 billion or nearly 20% more than the previous year.

The percentage of entities paying no income tax in Australia has decreased from 36% in previous years to 32%. This is a pleasing result, but it is important to note there can be legitimate reasons why a company might not pay income tax. We pay close attention to those that don't, and apply an additional layer of scrutiny to companies that report continual year-on-year losses.

The Corporate Tax Transparency report is significant because it demonstrates that we are actively assuring compliance with taxpayers who have the largest economic impact, and it provides the community with confidence that large businesses are paying the right amount of tax.

The Tax Avoidance Taskforce, which the Government has just extended until 2026 and expanded with an additional \$200 million per year, has played a key role in these results.

We welcome the extra funding which is expected to raise almost \$3 billion in additional tax receipts.

The further funding for our Shadow economy program will help us continue levelling the playing field and addressing the tax gap for the small business market, while the extension of the Personal Income Tax Program will help us to continue our work in addressing under-payment of tax in the individuals' market.

The ATO is committed to protecting the integrity and fairness of Australia's tax system for the benefit of all Australians.

Thank you, Chair, I welcome your questions.